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DRAFT ECB REGULATION CONCERNING REPORTING ON SUPERVISORY FINANCIAL  
INFORMATION

**TEMPLATE FOR COMMENTS**

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Please separate your comments per issue, citing the relevant article of the draft Regulation concerning reporting on supervisory financial information where appropriate and indicating whether you are proposing an amendment, clarification or a deletion. If you require more space for your comments, please copy page 3.



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Name of Institution/Company	AFME – Association for Financial Markets in Europe	Country	UK and Belgium
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**COMMENTS ON THE DRAFT ECB REGULATION CONCERNING REPORTING ON SUPERVISORY FINANCIAL INFORMATION**

Issue	Article	Comment	Concise statement why your comment should be taken on board
Clarification	Draft Regulation as a whole	Clarify extension of financial reporting requirements set in the CRD/CRR and EU regulation 680/2014; clarify 'sub-consolidated' and 'solo' definitions and	We would welcome clarifications on the ECB power to extend, on the basis of the SSM regulation (in particular with regard to articles 4.3 and 10), supervisory financial reporting requirements set in CRD/CRR and EU regulation 680/2014. Moreover, we also take the view that references to the application of full FINREP at sub-consolidated level should be clarified, in particular as the draft regulation significantly increases, as mentioned above, FINREP reporting requirements beyond the ones set out by the European Banking Authority (EBA) on the basis of the CRD/CRR. It would be helpful to include in the ECB regulation clear references to CRD/CRR.

		application of full FINREP beyond consolidated level	
Amendment	Article 17	Postponement of reporting dates	<p>The FINREP model proposed in the draft regulation is far reaching, in particular as regards its scope of application. Its implementation will require a degree of adaptation on the side of the industry as regards data provision and collection, IT systems, human resources etc. For example, while the aim to harmonise solo reporting throughout Europe could be a welcome development as it could become very valuable for cross-border groups, such move will need considerable time and resources to be implemented properly.</p> <p>Taking into account the considerable practical challenges mentioned above, we would propose for all first reporting reference dates to be postponed. For example, for significant supervised groups and significant supervised entities which are not part of a supervised group, we would propose for the first reference date to be postponed to 31 December 2016. It also appears that for some categories the number of templates to be submitted is considerable (e.g. currently more than 30 templates included for implementation of FINREP on an individual basis for SSM entities).</p>
Clarification	Title I and II	Risk of inconsistencies and problems as regards data requirements	<p>There is a fear that inconsistencies as regards data sourcing and requirements might arise, in particular for banks under national GAAPs. More specifically, it appears that many data points might not be required or available under the UK/US GAAP reporting for example.</p> <p>In the same light, as the solo reporting of subsidiaries and branches will have to be sent by the parent company to its relevant NCA, the short deadlines proposed for the first reporting will not allow the NCAs' teams to be able to challenge the data quality if coming from very different national GAAPs.</p>



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Amendment	Draft Regulation as a whole	Need to adapt proposed threshold	One of the objectives of the threshold proposed in the draft regulation is to exempt significant supervised groups from providing reporting on non-material (i.e. below the asset-value threshold) subsidiaries in non-participating Member States or third countries. In relation to this, we believe that the threshold could be adapted to the size of a bank to avoid reporting a large number of entities which are not relevant to a large cross-border group.
Clarification	Title II	Higher reporting costs	The FINREP model proposed in the draft regulation is likely to involve significant additional one-off as well as regular operating costs for all supervised firms. In particular for firms currently under national GAAPs, the level of investment required might be considerable, both for human resources and IT systems.
Clarification	Title II	Need for consistency and coordination	<p>There is a fear that the FINREP model proposed in the draft regulation is likely to contribute to the multiplication of reporting requirements to which banks are subject to. For example, the overall reporting burden might increase substantially if national supervisors will add FINREP at solo level to the already existing local reporting requirements.</p> <p>There might be other new reporting requirements coming into the picture in the near future (for instance ECB's AnaCredit – Analytical Credit Dataset). It would seem logical to change reporting requirements once and for all rather than a number of times within a short timeframe.</p> <p>Part of the industry will have to implement IFRS9 and is thus waiting for the corresponding changes in the regulatory and financial reporting. Also for this reason, it would be important to avoid too many changes (ie solo reporting, IFRS, ECB integrated reporting etc).</p>



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			<p>Banks already have to update reporting to comply with the recast of the balance sheet of the monetary financial institutions (MFI) sector (Regulation EU No 1071/2013 - ECB/2013/33) and will have to do so every five years.</p> <p>Moreover, the draft regulation appears to overlook recent developments and existing rules - the effective use and appropriateness of FINREP reporting as foreseen by the EBA appears not to have been tested or assessed by ECB.</p>
Amendment	Articles 8, 9	Reporting requirements for subsidiaries of significant supervised groups established in a non-participating member state or in a third country	<p>The FINREP model proposed in the draft regulation is very far-reaching as regards subsidiaries of significant supervised groups established in a non-participating member state or in a third country. We consider that these subsidiaries, not being in the remit of the ECB for their individual supervision, should not be subject to the ECB's regular regulatory reporting. Alternatively, the ECB should accept that banks provide the FINREP data on a contributing basis (i.e. data used for the consolidated FINREP) as opposed to data on a solo basis.</p>
Clarification	Draft Regulation as a whole	Proportionality	<p>We take the view that the draft Regulation should fully respect the principle of proportionality. The ECB has included some provisions in the draft regulation which seem to adopt a proportionate approach on the basis of banks' size (ie significant and less significant entities) – for example on reporting requirements, including a threshold, and on implementation periods.</p> <p>While the above is important, we would emphasize the general need to alleviate the reporting burden for all banks irrespective of size and, as suggested by the ECB in the introductory section of the draft regulation, we would encourage both ECB and NCAs to</p>



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			rely as much as possible on existing reporting systems and on data already available (not only for financial reporting purposes but also, for example, for statistical purposes).
Clarification	Article 8.3	Need to clarify references	Article 8 deals with non-SSM separate subsidiaries of significant supervised groups under IFRS or national GAAPs. Its paragraph 3 refers to the official list of SSM supervised entities – however such list does not make any reference to the €1bn threshold mentioned in the draft regulation. We believe this point and specific references need to be clarified.
General comment	Consultation period	6-weeks consultation period is too short	<p>This ECB consultation on FINREP ran for a period of 6 weeks. We believe that this period is rather short and well below the Commission’s best practice of 12-weeks deadline for public consultations.</p> <p>We would thus invite the ECB to allow more time for responses in the framework of its public consultations in the future. This will give interested respondents the chance to more thoroughly develop arguments, thus improving the overall quality of the consultation responses.</p>