

European Central Bank

**Sonnemannstraße 20
60314 Frankfurt am Main
Germany**

4 December 2014

Draft ECB Regulation on reporting of supervisory financial information

Dear Ladies and Gentlemen,

Deutsche Börse Group (DBG) welcomes the opportunity to comment on the consultation on a draft Regulation of the European Central Bank on reporting of supervisory financial information.

DBG is operating in the area of financial markets along the complete chain of trading, clearing, settlement and custody for securities, derivatives and other financial instruments and as such mainly active with regulated Financial Market Infrastructure providers.

Among others, Clearstream Banking S.A., Luxembourg and Clearstream Banking AG, Frankfurt/Main, who act as (I)CSD¹ as well as Eurex Clearing AG, Frankfurt/Main as the leading European Central Counterparty (CCP), are classified as credit institutions and are therefore within the scope of the SSM. Clearstream Holding AG is supervised on a consolidated level (Clearstream Holding group or CH group) and acts as a financial holding group under German Banking Act being recognized by BaFin as the superordinated company.

According to Article 23 of the Directive 2013/34/EU in combination with Directive 86/635/EEC and Regulation (EC) No 1606/2002 Clearstream Holding AG is exempted from setting up and disclose sub-consolidated accounts as all group entities are included in the consolidated accounts of Deutsche Börse AG. Consequently, consolidated statutory accounts are not available on supervised group (CH group) level. The figures of CH group for regulatory

¹ (International) Central Securities Depository.

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purposes are aggregated according to the provisions set out in § 10a (6) German Banking Act (KWG) based on German GAAP.

The banking activities of the regulated entities of DBG are limited in nature and are related to short term maturities only. In consequence of the importance of the group entities for the financial markets, CH group, as well as the single banking entities of DBG, are classified as systemically important though not on a global scale. However, the entities are to be seen more as systemically important financial markets infrastructures than as systemically important credit institutions and currently none of the entities are classified as a significant institution in the meaning of Article 6 SSM Regulation, which nevertheless may change in the future.

In this context, we intend to share our views and perspective on the intended reporting of supervisory financial information. Beside our reply with the foreseen template we do want to share in the following some general comments with the proposal of the ECB.

In general, we welcome the approach of the European Central Bank to harmonize the reporting of financial information to the competent authorities within the Eurozone. From our point of view, the consideration of proportionality is also appreciated. However taking the existing financial information at the national competent authorities and central banks into account, right now we see no need to request additional data from the banks or change formats and delivery channels of already delivered data. This is true also when considering the proposed regulation faced in arrangements.

According to Article 99 CRR and the delegated act regarding the consolidated financial reporting (FINREP), bank groups which are obliged to set up or set up voluntarily consolidated financial statements according to the International Financial Reporting Standards (IFRS) have to report FINREP. In the final version of Article 99 CRR the European Union has exempted the application of the unified reporting (FINREP) to other groups and single institutions for conscious reasons. In our opinion, the proposed extension of the obligation to report financial figures under FINREP or FINREP like is in our view not consistent with the intention of the EU as specified in Article 99 CRR. The national central banks already collect financial information from the institutions on a monthly level according to Regulation (EC) No 25/2009. Complementary the

national authorities (NCAs) have access to additional national required financial information according to Article 99 CRR. In the course with the national implementation of the Directive 2013/36/EU (CRD IV) only recently a variety of national reporting obligations have been changed; e.g. for Germany revised reporting obligation under FinaV have come into force in 2014.

At present, in a variety of countries regulatory reporting is prepared according to national GAAP which is also the solo accounting standard to determine. The ECB proposal - although recognizing the differences in principal - once more uses IFRS terminologies, categories and definitions which do not match in a variety of cases to national GAAPs. This is explicitly true for financial instruments outside the trading book (all categories under IFRS are not applicable under national GAAP). Article 24 CRR explicitly defines the usage of the applicable accounting framework as being the bases of CRR. Consequently, also the terminology of that accounting framework is to be the used for reporting purposes. For that reason at the present stage, the usefulness of harmonized templates and definitions is limited. In our mind, only a common accounting framework with a common understanding of accounting treatment and terminology fully harmonized reporting templates makes sense. This is why the EU has limited the use of FINREP to IFRS groups only.

Recently, the implementation of CRD IV into the reporting systems has generated massive effort for the institutions. Therefore we refuse the present approach for additional data submission by the credit institutions especially as it is temporally close to the implementation of CRD IV/CRR which continues based on delegated acts yet to come. Instead, the ECB should access the existing FINREP data and, regarding the additional data requirement, use the monthly reported balance sheet statistics according to Regulation (EC) No 25/2009 and the data collected by the NCAs.

Thus, we strongly request the ECB to review the approach critically and we would prefer to stop it at the current moment or at least to postpone. If there are still existing material deficits of information, an additional harmonized reporting system in all EU states (and not only in the Eurozone) would be worth considering, in an adequate time period but not before the end of 2016. In this case, the respective consultation and implementation time period should be extended in order to ensure a comprehensive appreciation of the

proposed regulation. In addition, in case of such an implementation the national reporting obligations should be replaced or at least reduced.

Regardless of the general reservation to the current draft regulation, we would like to comment on some topics in detail. Our Comments are inserted into your delivered template (see attachment).

We are glad to discuss the issues raised and proposals made if deemed useful.

Yours faithfully,

Jürgen Hillen

Christian Süttmann