

PUBLIC CONSULTATION

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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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
Limitation of required information	General	Disagreement	<p>In general, any reporting requirements for institutions have to be limited to the information absolutely essential for supervisory purposes, of course taking into account limited room for surrounding information potentially becoming important.</p> <p>If it is really necessary to extent already existing information this should be restricted to the extent possible.</p> <p>A standardized reporting for figures which are based on different accounting treatments (national GAAPs) which on top of that does not reflect adequate dedicated business models and business activities (e.g. German building society [Bausparkassen], trust assets and liabilities, etc.) is not an</p>

			appropriate solution. Prior to any standardized, unique reporting the underlying accounting rules needs to be fully harmonized. Up until that point in time, the available information collected on a national level should be used and matched within the system of supervisory authorities including the available statistical information in the ECBS.
Consolidated accounts	General	Missing consolidation	The group of companies on consolidated basis of supervision frequently deviates from the consolidated group under accounting standards. Furthermore, supervised groups may be sub-groups of wider non-supervised groups. The wider group will have to set up consolidated statutory accounts and consequently there will be no statutory consolidated accounts on the level of the regulated sub-group. Subsequently, setting up group figures for regulatory purposes follows dedicated rules as set by NCA or national law and related consolidation entries do not fit IFRS categories. Therefore usage of consolidated reporting templates under national GAAP (which is not harmonized) creates further difficulties.
Distinct description	Art. 4-13	Precise Proposal	<p>The proposed regulation follows the approach of proportionality according to the nature, scale and complexity of the entity's activities by declaring different dataset requirements.</p> <p>Unfortunately the different datasets linked to the classification of supervised groups and entities are adding complexity to the proposed regulation itself. Thus the descriptions do not clarify the classification of the relevant application level and the related datasets sufficiently. Only with clarification notes and Table 1 of the Consultation Paper it is nearly transparent. Consequently the proposal should be more precise.</p>
Unavailable breakdown information	Annex, Tables 2 and 4	Clarify requested data, especially when reporting applying national	In addition to the different datasets complexity is increased by the in-depth breakdowns and granularity. We think that any potential benefit created by that level of detail in many templates is marginal if existing at all, while the implementation costs, ongoing adjustments and production costs are massive and the necessary resources to do so are currently hardly available. We already criticised the requested data granularity in in our consultation response to the European Banking Au-

		GAAP	<p>thority (EBA) regarding ‘ITS on supervisory reporting requirements for institutions (CP 50)’.</p> <p>At this point, we would like to mention that the proposed templates include breakdowns of information, especially in the profit and loss statement, that is currently nowhere required. Consequently, such granular data is not available in banks’ systems. For example the separate presentation of gains and losses to be reported in tables 16.1 to 16.6 requires extensive changes, leading to a significantly longer implementation time.</p>
Level of accuracy of intra-year reports	General	No interim closure requirements should be introduced.	There is currently no requirement to close the books on a quarterly or even monthly basis in full compliance with the rules for annual statutory accounts. Recognizing some requirements for listed companies to publish quarterly financial accounts the requirement for accounting assumptions, accruals and provisions are less stringed for interim accounts than for the annual financial statement (we refer to IAS 34 ‘Interim Financial Reporting’). As such, it needs to be clarified which level of accuracy is to be reflected into the preparation of reports. Such requirement can not be higher than for interim published accounts.
Conflict of terminology	General	Mapping of national GAAP to IFRS terminology	Several data fields are required to be filled with IFRS related content which is not available under national GAAP. Moreover as the national GAAP categories may not be available under IFRS, it is unknown in which IFRS category certain national GAAP categories are to be reported. Therefore, the regulation has to set out clearly how e.g. financial assets of the banking book with no further subcategory have to be mapped to the breakdown categories 4.2 ff. In this line the useful guidance of Article 1 (4) not to report inapplicable data points is not sufficient to solve the problem. In case necessary breakdown data (e.g. financial assets of the banking book) is not reported at all certain plausibility checks to reconcile breakdowns against the totals may simply not function and could lead to data submission acceptance problems.
Equivalent data inter-	General	Statement	Currently, there is no EU-wide standardized format to transmit data which is to be used on a mandatory basis. In addition the transmission channels including encryption means vary from country



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face			<p>to county. Furthermore, the ECB consultation does neither specify the technical standards nor the transmission channels nor the recipient of the reporting data. This to us is a further argument not to add additional data request by the ECB as long as data formats and delivery channels including encryption is not harmonized. In any case, the transmission channels should be defined and include any additional ECB data request the ECB will impose despite our concerns.</p> <p>Moreover, any data already delivered, e.g. FINREP if applicable, should be submitted in the same formats as currently. Regulatory reporting software is very complex and at the moment, there only exist a few standard softwares per country. Adding new SSM-wide requirements and dedicated reporting software and channels will create effort and massive additional costs to set up the appropriate software solutions. Consequently, also the implementation time is heavily depending on the technical solution finally chosen.</p>
Period for data submission	Art. 7, 9, 11, 14	Extent and unify period for data submission	<p>The periods for data submission by the NCAs to the ECB are set out in the Articles 7 (4), 9 (2), 11 (4) and 14 (4) (The data delivery from the NCAs to the ECB is indicating a reporting by the institutions to the NCAs. However we have no come across a clear regulation in the proposal for this.)</p> <p>We suggest consistent timeframes for all entities to submit supervisory financial information to the NCAs in order to get more simplicity. Most important, the data should be delivered in accordance with COREP timeframe, thus the entities have to submit supervisory financial information by close of business of 12 May, 11 August, 11 November and 11 February (according to EBA/Op/2014/01) following the reference dates as per quarter-end.</p>
Change of classification of supervised entities	-	Define the process	<p>When the status of a supervised entity is changed (e.g. from ‘less significant’ to ‘significant’), the proposed regulation does not clarify the timetable to implement the new reporting requirement.</p> <p>We suggest a similar procedure as proposed in Articles 8 (3), 10 (7) and 13 (7). Thus if an entity is</p>



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			<p>designated as a significant supervised entity, the entity has to start the reporting with the new dataset on the first reference date which occurs 18 months after the supervised entity has been notified on the change of status.</p> <p>The same process has to be clarified if the classification of an entity is changed from significant to less significant.</p>
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