EUROPEAN CENTRAL BANK

EUROSYSTEM

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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TEMPLATE FOR COMMENTS

Name of Institution/Company	**French Banking Federation** .	Country	France

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
A dialogue between banks and the ECB			As explained in the "Questions and Answers for Public consultation", the draft ECB Regulation is the result of work undertaken over a period of more than two years. Yet, we would have wished a more constructive dialogue between the banking industry and the ECB so that the ECB would be able to take into account our costs and upgrades to answer to the reporting needs. Indeed, such a project need time to be implemented. The consequences of this broaden scope might be very different depending on the existing or not of a consolidated FINREP templates and the use of FINREP templates at solo level by the National Competent Authorities (NCA).
Short comment period			The draft ECB Regulation for the reporting of supervisory financial information deals with a very important topic. It introduces important scope changes to the current FINREP reporting and aims to extend the reporting to consolidated banks under national accounting frameworks, as well as to

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			solo entities. The additional reporting which it aims to introduce will, moreover, have a substantial impact on banks reporting processes and raises a wide range of issues. A consultation period of six weeks is too short and it is not appropriate to the importance of the topic. It is, moreover, not in line with current EU consultation practices that allow for a three month consultation period as a minimum.
Scope of entities concerned by the ECB consultation paper.			The scope of entities concerned by the ECB consultation paper is very wide. It includes groups already reporting FINREP templates on a consolidated basis, groups reporting consolidated data on local GAAP basis and single financial institutions reporting on local GAAP basis. We believe that a very special attention should be given to small credit institutions. Moreover, the FINREP model proposed in the draft regulation is very far-reaching as regards subsidiaries established in a non-participating member state or in a third country. We tend to 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. We would like to have a clear understanding of ECB's rationale, and whether the proposed reporting is the most relevant solution to meet ECB's supervisory needs.
Threshold.			The draft Regulation aims to cover all supervised entities be they significant, less significant implemented either in EU-SMM or out of SSM including out of Europe, but in accordance with the proportionality principle (e.g. less significant supervised entities will be subject to reduced reporting requirements and be given more time for implementation). However, we do not understand the rationale for the ECB • to handle with FINREP Solo regarding entities out of SSM Scope • to have set such low threshold.

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			We believe that the threshold should be defined at level that avoids reporting a large number of entities which could not be relevant for Groups and that avoids imposing undue reporting burden for small size credit institutions. We believe that the threshold should be set at a percentage of the balance sheet of the parent company. If the balance sheet of the branch or subsidiary including the inter-company offsetting, stands for more than 1% of the consolidated balance sheet of the group, it could be considered as significant.
Implementation timing and reporting burden.			The proposed implementation timing is too ambitious given that banks could start implementation project once the Regulation would have been finalized. The ECB reporting project implies important changes to the IT systems (reporting and source systems). The project could not be considered as limited to some additional developments to the existing reporting templates or processes. It should be seen as a whole project for which time is needed for achievement. Therefore a reasonable transition period should be considered. At least 18 months should be considered between the date the Regulation is entered into force and the first reference date for reporting. For significant banking groups, the reference date should not be earlier than 31 December 2016. We already have to update our reporting to comply with the recast of the balance sheet of the monetary financial institution sector (Regulation (EU) No 1071/2013 - ECB/2013/33) and will have to do so every five years . That means that we always have a significant project for the solo based reporting. Moreover, other projects are coming in the next future. They concern reporting tools (i.e. Anacredit) or the new IFRS 9 accounting standards that would be implemented in 2018 and that would imply main changes in regulatory and financial reporting for supervisory purposes. Without forgetting to mention CRD IV and CRR reforms leading to various ITS standards already implemented or to be

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			implemented. It is important for banks to avoid multiple changes in reporting processes and IT developments in a short time period due to a changing and challenging regulatory environment. There is a need of stabilization of the various prudential and accounting upcoming reforms. As we use an integrated reporting system in France, reporting FINREP on a solo basis creates reporting burden. Should the reporting not be postponed and in order to meet the ECB need of adequate data for its supervisory tasks, we believe that a less costly, efficient and swift solution could be found to be a right balance between excessive reporting burden for banks and ECB expectations related to supervisory of financial reporting. As, within IFRS reporting groups, financial institutions already send consolidated FINREP templates based on IFRS standards, those entities have elements to fulfill the reporting requirements on solo-level on IFRS basis based upon the collecting process that has been implemented. We suggest to leverage on this data collection and to submit simplified FINREP templates built on the IFRS for the selected entities. In that case, less additional costs will be incurred to collect the information. Costs will mainly concern the outputs IT developments and the process of the data quality control. In any case, banks do need a global and stable picture of the supervisory needs to have time to strengthen the data base and get reliable IT system.