

PUBLIC CONSULTATION

DRAFT ECB REGULATION CONCERNING REPORTING ON SUPERVISORY FINANCIAL INFORMATION

**TEMPLATE FOR COMMENTS**

**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
Redundancies in reporting on supervisory financial information	10	Amendment	<p>According to article 25 of the German Banking Act (KWG), German institutions have to already fulfil requirements in refer to reporting on supervisory financial information. Depending on their status as significant or less significant institution, they have to report financial information on profit and loss statement, forecast of profit and loss as well as relevant indicators on loans, financial instruments and other necessary information. The information has to be reported quarterly. Furthermore, statistics of development of balance sheet have to be reported month by month, so called BISTA.</p> <p>The requirements of Article 25 KWG as well as Article 2 FinaV give a substantial insight in financial situation of institutions – as required by ECB draft Regulation on reporting of supervisory financial information (L2 5). National competent authorities are already able to assess financial as well as capital resources of institutions on a regular and comparable basis. Therefore, ECB’s proposal will force institutions to collect and report additional data corresponding to different standards as they</p>

			<p>already capable of. We strongly propose to accept national financial information and reporting systems as eligible in case of ECB draft on reporting of supervisory financial information.</p>
<p>Inconsistencies between IFRS-based reporting of supervisory financial information and nGAAP</p>	10	Clarification	<p>We recommend acceptance of national reporting standards for the purpose of supervisory financial information as we declared before. In fact, the procedures ECB draft Regulation on reporting of supervisory financial information based on IFRS will force substantial requirements related to German institutions because of their necessity to use national accounting standards (nGAAP).</p> <p>According to ANNEX IV of ECB draft Regulation on reporting of supervisory financial information, necessary information have to be reported on IFRS related basis. Article 10 IV generally allow institutions to use national accounting frameworks, but without any information who is finally responsible for mapping accounting information based on nGAAP on required ECB's proposed IFRS-based reporting information. Without binding guidelines published by ECB or national competent authorities, the comparison of financial information between institutions of same member state and across member states according to the purpose of SSM will not be possible.</p> <p>German institutions only have to report on IFRS basis if there are a financial group and use capital markets (Article 315a (KWG) German Banking Act). Other institutions, especially less significant institutions have to generally adopt nGAAP in case of financial statements. Without guidelines published by ECB or national competent authorities to map accounting information based on nGAAP on the proposed IFRS-based draft regulation, majority of German institutions have to collect parallel data based on an accounting standard they are not allowed to use according to German Commercial Code. Furthermore, the procedures will violate COUNCIL REGULATION (EU) No 1024/2013 as (39) and (19) forbid that requirements of financial reporting will force national banking institutions to apply different accounting standards as they have to use by national law. We insist, that COUNCIL REGULATION (EU) No 1024/2013 has to be considered in case of ongoing specification of reporting on financial information.</p>



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			<p>Please take into account that comparable financial reporting indicators will be differently interpreted in refer to the actual used accounting standards (IFRS vs. nGAAP). For example, IFRS 9 financial instruments describe different requirements and consequences of asset adjustments compared to nGAAP definition in Germany. This will force limitation in comparability of data reported to the ECB by national competent authorities.</p> <p>Finally, IFRS-based reporting of financial information will force substantial consequences for German financial institutions because of necessity to use nGAAP in refer to requirements of profit and loss statements and balance sheet statements and additional IFRS to fulfil requirements in refer to reporting supervisory financial information. We insist that ECB and national competent authorities ensure that guidelines will be published to assure that financial institutions using nGAAP will not be treated disadvantageous in case of requirements of ECB draft Regulation on reporting of supervisory financial information. This would violate principles of proportionality, as set out in REGULATION (EU) No 1024/2013 as German LSI's have to fulfil reporting requirements with more than significant use of resources.</p>
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