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March 24, 2017

**Public consultation on draft amendments to the ECB regulation on reporting of supervisory financial information**

Dear Sir or Madam,

We highly appreciate the opportunity to provide input to the referenced consultation paper for a draft Regulation (EU) 2017/XXX of the European Central Bank of XX 2017 amending Regulation ECB/2015/13 on reporting of supervisory financial information (ECB/2015/13).

The Association of Foreign Banks in Germany represents the interests of currently more than 200 foreign banks and other financial services institutions which operate in Germany via subsidiary or branch. Almost all member institutions are therefore part of a cross-border banking group. Those banking groups benefit from the regulatory level playing field arising from the harmonisation of financial sector regulations within the European Union.

We hope to give constructive input for the amendment of the Regulation in the following annex. We have no objections to the disclosure of our comments.

Kind regards

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## **Proposals of the Association of Foreign Banks in Germany on draft amendments to the ECB regulation on reporting of supervisory financial information**

### **A) Shift from no reporting to FINREP reporting acc. to Art. 13 para. 2, 3, 5 and 6 in the case of less significant branches**

Regarding less significant branches that shall be required to start reporting when the total assets of the supervised branch exceeds the EUR 3 billion threshold, we do not think that the envisaged timeframe is sufficient. Starting from the next reporting reference date for quarterly reporting following two consecutive reporting reference dates on which the threshold is exceeded would from our point of view mean a implementation period of six months.

It must be still kept in mind that that FINREP on branch level is a reporting burden unprecedented so far as the FINREP reporting should regularly only apply to the (solo) institution level and the group level according to the Capital Requirements Regulation (EU) No. 575/2013 (CRR). There was until this point in time no FINREP reporting in place, contrary to the reduced reporting for less significant credit institutions total value of the assets of less than EUR 3 billion. If a branch must report for the first time, there will be a longer timeframe needed in which the branch sets up the reporting system on an organizational and technological level.

As it is appropriate to determine as a trigger the exceeding of the threshold for two consecutive reporting reference dates for quarterly reporting, the actual transition period for less significant branches that will report for the first time shall therefore be the next reporting reference date in twelve months.

**PROPOSAL: Art. 13 para. 9 sent. 1 shall be amended and a new sent. 2 shall be inserted as follows:**

**~~“Less significant credit institutions and less significant branches shall start reporting information in accordance with paragraphs 2, 3, 5 and 6 from the next reporting reference date for quarterly reporting where the total value of the assets of a less significant credit institution or a less significant branch exceeds EUR 3 billion on two consecutive reporting reference dates for quarterly reporting.~~**

**“Less significant branches shall start reporting information in accordance with paragraphs 2, 3, 5 and 6 from the next reporting reference date after twelve months for quarterly reporting where the total value of the assets of a less significant branch exceeds EUR 3 billion on two consecutive reporting reference dates for quarterly reporting.”**

### **B) Shift from FINREP reporting acc. to Art. 13 para. 2, 3, 5 and 6 to no reporting in the case of less significant branches**

Furthermore, regarding the cessation of reporting less significant branches in the case that the assets are below or equal to EUR 3 billion, it should be sufficient if the reporting threshold is undershot for two consecutive reporting reference dates in order to reduce red tape costs

arising from the reporting burden. This timeframe should also apply for the less significant credit institutions that will than apply the reduced reporting burden.

**PROPOSAL: Art. 13 para. 9 sent. 2 shall be the new sent. 3 amended as follows and in addition a new sent. 4 shall be amended as follows:**

**“~~23~~Less significant credit institutions ~~and less significant branches~~ shall start reporting information in accordance with paragraph 7 lit. a where the total value of the assets of a less significant credit institution ~~or a less significant branch~~ is below or equal to EUR 3 billion on ~~three~~ two consecutive reporting reference dates for quarterly reporting.**

**4Less significant branches shall cease reporting information in accordance with paragraph 7 lit. b where the total value of the assets of a less significant branch is below or equal to EUR 3 billion on two consecutive reporting reference dates for quarterly reporting.”**

**C) Clarification for less significant branches qualifying for the exemption rule in Art. 13 para. 7 lit. b**

As the amendment regulation shall generally apply to less significant supervised entities which are subject to national accounting frameworks from 1 January 2019, it remains unclear if there will be a “updated list of supervised entities” (cf. Art. 13 para. 9 of Regulation (EU) 2015/534) published for the purposes of the submission of reports for the **reference date 30 June 2017**.

Any clarification made by ECB on how less significant branches which had a total value of assets being below or equal EUR 3 billion **on 31 December 2016** can be sure that they do not have to report FINREP at all would be highly welcomed.