



ECB Consultation on the draft ECB Regulation on reporting of supervisory financial information

EACB Comment Paper / 27th March 2017

<u>ID</u>	Article of the draft amending regulation	Page	A Amendment D Deletion C Clarification	Detailed comment	Explanation
1	Art. 6(7), Art. 6(2) and (4), Template 17, Template 40.1, Template 40.2	8	C	<p>Point 3.1 of the consultation document and Art. 6(7) of the ECB Regulation clarify that Significant Institutions not part of a supervised group within the SSM and that do not produce consolidated financial statements for prudential purposes, but are required to produce consolidated financial statements for accounting purposes, have to submit Templates 17 and 40.2.</p> <p>By contrast, Art. 6(2) and (4) requires all Significant Institutions that are neither a branch nor part of a supervised group to submit Template 40.1.</p> <p>It thus seems that Templates 17 and 40.2 do not apply to significant SSM</p>	

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				institutions that do not produce consolidated financial statements for both prudential and accounting purposes, and such institutions would be required to submit Template 40.1. We would welcome a clarification to support this understanding.	
2	Art. 11(7), 13(9)	11, 12	A	<p>We suggest to amend the Regulation in order to avoid cliff effects between lower and enhanced reporting for LSIs due solely to temporary shifts in the size of the asset composition of an LSI. We would propose that 'Less significant credit institutions shall start reporting information in accordance with paragraphs 4 and 5 from the next reporting reference date for quarterly reporting where the total value of the assets of a less significant institution exceeds, on a consolidated basis, EUR 3 billion, on four consecutive reporting reference dates for quarterly reporting.'</p>	<p>If an institution reporting under n-GAAP exceeds the total asset threshold of € 3bn, under the current framework it would transition to the increased scope of reporting applicable at the first reporting reference date 18 months after publication of an updated list of supervised institutions. However, the new proposals excessively reduce such transitional period to 2 quarterly reporting dates.</p> <p>The scope of reporting (data points) for n-GAAP institutions with total assets equal to or less than € 3bn will in future comprise around 680 data points. The scope of reporting to be submitted by n-GAAP institutions with total assets of more than € 3bn (simplified supervisory financial reporting) comprises up to 3,000 data points. The additional reporting requirement is considerable. Moreover, the additional data relates to granular breakdowns of the totals to be reported in the data point report.</p> <p>Collecting this granular data poses considerable challenges, especially for smaller banks. A transitional period of only two reporting reference dates, and hence only six months, is far too short to allow this granular data to be determined for the first time.</p> <p>We propose to mirror the transitional period applied</p>

					when an LSI shifts to the SI category (12 months from notification), i.e. a transitional period of at least four reporting reference dates. This also applies in particular to the obligation to report a greater number of data points when the reporting thresholds have been exceeded because two smaller institutions have merged.
3	Art. 20	17	A	Art. 20 should be amended with the following paragraph: 'For reporting purposes on an individual basis, it shall apply to subsidiaries that are part of a supervised entity applying IFRS under Regulation (EC) No 1606/2002 at a group level, but that are subject to national accounting frameworks for reporting on an individual basis from 1 January 2019.'	<p>There are subsidiaries that belong to groups of SIs that apply IFRS and that at the same time report under n-GAAP on an individual basis.</p> <p>Based on the proposed Art. 20, we understand that these subsidiaries will also have to comply with the 1 January 2018 initial application date for their n-GAAP report on an individual basis, and will thus have to submit the amended templates for entities applying n-GAAP a year earlier than other n-GAAP preparers.</p> <p>This would create undue obstacles to the centralised, consistent implementation of the new reporting requirements within groups. Extending the implementation period for groups of institutions that include both LSIs and subsidiaries applying n-GAAP on an individual basis is necessary. This would constitute an harmonization of the initial application date for all entities applying n-GAAP.</p> <p>In addition, the data provided by subsidiaries for the purpose of IFRS group reporting would not be affected by this harmonized timeframe.</p>
4	Annex I, Art. 2a(c)	18	C	In the Annex I an Art. 2a has been added. This would allow NCAs to designate the entities that will report the information	

				specified in certain templates. E.g. Art. 2a(c) mandates the NCA to decide whether the information specified in Template 12 has to be reported. We would welcome a clarification indicating whether “12” means all Templates under 12 (i.e. 12.0, 12.1, 12.2) or only the information specified in 12.0.	

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