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ECB Supervisory Reporting Update

* The views expressed here are those of the presenters and do not necessarily reflect those of the ECB.

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Completeness (received/expected modules):

- Generally good and improving across all remittance groups

Validation rules (fully valid if files "accepted" by ECB):

- Persistent issues with COREP (mostly) and FINREP

- Reasons: Master Data mismatches and failing validation rules (technical problems with filing indicators / inadequate explanations)

- Regular communication helps but still room for improvement

	Received files/expected files (%)	Fully valid files/expected files (%)
Reference period: 2015 Q4	(ideal = 100%)	(ideal = 100%)
Quarterly modules (COREP incl. LE, NSFR, FINREP, AE)	SI Highest: 100% SI Remaining: 99% LSI Highest: 98% LSI Remaining: 99%	SI Highest: 98% - COREP (96%) SI Remaining: 93% - COREP (89%) LSI Highest: 95% - FINREP (83%) LSI Remaining: 96% - COREP (93%)
Monthly modules (LCR)	SI Highest: 99-100% Other remittance groups: all between 98% and 100%	All between 97% and 100%

Currently planning to launch 4 new (or updated) data collections:

– **Additional Liquidity Monitoring Metrics** (ALMM) - based on *(EU)2016/313 of 1 March 2016*

– **FINREP Solo extension** to entities required to report Simplified FINREP and Over-Simplified FINREP - based on *ECB/2015/534*

– **Liquidity Coverage Ratio** (LCR) requirements based on *(EU) 2016/428 of 23 March 2016* – will replace current LCR collection

– **Leverage Ratio** (LR) – amendments based *on (EU) 618/214 of 23 March 2016*

Overview of regular data collection – upcoming challenges

SSM Reporting requirements		Significant Institutions				Less Significant Institutions			
		SI Highest		SI Remaining		LSI Highest		LSI Remaining	
		CONS (Ultimate Parent)	SOLO (Stand Alone)	SUB-CONS (Parent with SUB)	SOLO (Separate Parent / SUBs)	CONS (Ultimate Parent)	SOLO (Stand Alone)	SUB-CONS (Parent with SUB)	SOLO (Separate Parent / SUBs)
EBA ITS									
COREP		Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
	incl. LR	Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
	incl. IP losses	Jun-14	Jun-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
FINREP	IFRS	Sep-14	Dec-15	Dec-14	Jun-16	Dec-14	Jun-17	Dec-14	Jun-17
	nGAAP	Dec-15		Jun-16		Jun-17		Jun-17	
Liquidity Coverage Ratio		Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
Net Stable Funding Ratio		Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
Large Exposures		Mar-14	Mar-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
Asset encumbrance		Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14	Dec-14
ALMM	Monthly	Apr-16	Apr-16	Apr-16	Apr-16	Apr-16	Apr-16	Apr-16	Apr-16
	Quarterly	Jun-16	Jun-16	Jun-16	Jun-16	Jun-16	Jun-16	Jun-16	Jun-16
Future Amendments to the EBA ITS									
Amended LR (as part of COREP)		Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16
Amended LCR		Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16	Sep-16
EBA ITS - EC Adoption pending									
Benchmarking Portfolios		Dec-15	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15
Non - ITS / EBA Guidelines									
Funding Plans		Dec-14 / Jun 15	Dec-14 / Jun 15	Dec-14 / Jun-15	Dec-14 / Jun-15	Dec-14 / Jun-15	Dec-14 / Jun-15	Dec-14 / Jun-15	Dec-14 / Jun-15

EBA ITS data collected by the ECB and transmitted to the EBA

Additional EBA ITS data collected by the ECB

Additional data requirements collected by the ECB (according to the ECB FINREP Regulation)

EBA ITS data to be collected by the ECB in future

EBA ITS which adoption by the European Commision is pending

- **<u>Reception of Funding Plans in XBRL format:</u>**

  - ➢ Successfully received Funding Plans for 2 reference periods and provided to the EBA

- **<u>FINREP nGAAP:</u>**

  - ➢ Successfully received for SI Highest for December 2015 reference period
  - ➢ Validation rules that do no apply have been manually accepted (a SUBA update due June 2016 will allow exclusion of non-valid rules)

- **<u>FINREP Solo (Full):</u>**

  - ➢ Successfully received for SI Highest for December 2015 reference period

- **<u>Additional Validation Checks:</u>**

  - ➢ 2nd Level Completeness and non-XBRL checks were run for SI Highest December 2015 and circulated to NCAs
  - ➢ DQ Checks will for both Q4 2015 and Q1 2016 will be circulated at the same time as the Q1 2016 data production reports

✓Release 2b Post – March 2016

- Interface to RIAD to link SUBA to the integrated master data management for the SSM

- Enhancements in the file reception process

- Enhancements in the data monitoring process

✓Release 3a – June 2016

- Enhance the Discussions functionality with email notifications and system comments on closing and re-opening

- Introduce the flexibility to apply validation rules for module(s), entity(s) and reference date(s) with configurable severity levels

- Introduce the ability to configure the entity / module / reference combinations to be disseminated to the EBA

- Introduction of a new Error Severity Level – Information

- Enhancement of the IMAS dissemination process (IMAS data flows)

- **Access to SUBA GUI for NCAs** granted as of 30 October 2015

    ➢ NCAs can monitor own submissions, failing errors, pending corrections

    ! *In case of issues in accessing SUBA GUI, please report it asap*

- New functionality on **NCA discussions** enabled in SUBA GUI

    ➢ interaction between SUP and NCAs DPTs on specific modules/errors is more agile

    ➢ NCAs notified via e-mail when discussion is opened (until e-mail alert)

    ➢ Overview reports still circulated via e-mail

    ! *NCAs should make a **proactive** use of SUBA discussions, to provide clarifications on failing VRs or missing templates*

- Fully automated **forwarding to EBA** of ITS modules for EBA sample

    ➢ All **corrections** are **immediately transmitted** to the EBA by the SUBA system, not only first submissions

Three types of additional validation checks

To be added to updated production summary report for the SI Highest, reference date Q4 2015 and sent to NCAs in April/May 2016

(i) Non-XBRL blocking validation rules

- These are cross-module validation rules, e.g. comparing FINREP and AE values

(ii) 2nd level completeness checks (agreed by WGSUP in 2015)

- Ensure the expected templates have been received relative to the reporting requirements
- Apply on template flagged as optional under 1st level completeness checks

(iii) Expert Group Data Quality Checks (defined by EGDQ in 2016)

- Deeper analysis of the data quality in the received modules, to complement the EBA validation rules.
- Contain a mix of consistency and plausibility checks

Template categories

✓ **Always required (mandatory)**: template always to be reported with values, the corresponding filing indicator must always be present (positive f.i.).

✓ **Master data dependent**: template to be reported by banks which, according to the master data information, have certain attributes (e.g.

2nd level completeness checks

Activity dependent: template to be reported as non-blank only by banks which are engaged in the activity for which the information is collected in the template.
NB: Not possible to know a priori whether a certain bank is engaged in a certain activity.

Threshold based: templates to be reported by banks which are above a threshold specified in ITS.
NB: ITS do not prevent banks below the threshold to transmit these templates with values.

✓ **Always not allowed**: templates not allowed to be reported for a specified scope of prudential reporting or accounting framework.

Template reporting obligations

- **Mandatory (M)**: template must always be included in the transmitted module. The corresponding (positive) filing indicator must be included in the XBRL instance.

- **Undetermined (U)**/Unknown: template may be included in the transmitted module. Positive, negative or missing filing indicators are acceptable and will not trigger any rejection in the system. The **assessment of whether the template has to be reported is performed** at a later stage, **after the reception of the data.**

- **Not allowed (N)**: template must not be included in the transmitted module. A negative or missing filing indicator must be included in the XBRL instance.

! **Completeness** can only be clearly assessed (in real time) for M or N templates.
For U templates, further assessment after reception is needed → checks for the 2ⁿᵈ level of completeness

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Examples of 2nd level completeness checks

Template number	Template name	Scope	Template category	Condition based on MASTER DATA	Reporting obligations		Checks for 2nd level of completeness: EXISTENCE of CONTENT	
					If condition is TRUE	If condition is FALSE	Description	Condition for Unknown templates based on reported data points
C_23.00	MKR SA COM	INDIVIDUAL	Activity dependent (and master data dependent)	attribute "WAIVERS REGARDING REPORTING OF OWN FUNDS ON INDIVIDUAL BASIS" = [NO]	U	N	Template content shall exist for banks for which the filing indicator shall exist, if they have reported exposures for commodities	{C 02.00;r570;c010}≠0
		CONSOLIDATED	Activity dependent	*No condition based on Master Data*	U	-		
F_04.01	Breakdown of financial assets by instrument and by counterparty sector: financial assets held for trading	CONSOLIDATED-IFRS	Activity dependent	*No additional condition based on Master Data*	U	-	Template content shall exist for banks for which the filing indicator shall exist, having financial assets held for trading	SUM{F 01.01; (r070,r080,r090); c010} ≠ 0
		CONSOLIDATED-nGAAP	Activity dependent	*No additional condition based on Master Data*	U	-		

Status	Validation checks run:	
	At reception (SUBA)	**After reception (SAS)**
Current *Currently shared with NCAs*	• **EBA XBRL validation rules** (blocking & non-blocking) • **Completeness checks** (1st level)	• **EBA Non-XBRL validation rules** (blocking) • **Completeness checks** (2nd level)
Due *Currently being tested & due to be shared with NCAs*		• **EGDQ checks** (Q4 2015 and Q1 2016 results to be circulated with next set of data production reports)
Future *Checks still under development*		• **EBA Non-XBRL validation rules** (non-blocking) • **Further EGDQ Checks**

- In the longer term checks run <u>after reception</u> are planned to be added to SUBA i.e. run at reception, where possible.

FINREP Requirements Overview

First Reference Date	Collected Templates	Scope of Consolidation	FINREP - Reporting Requirements
Q3 2014	Full FINREP ITS	CONS	IFRS reports of SI groups - Ultimate parent
Q4 2014	Full FINREP ITS	CONS	IFRS reports of LSI groups - Ultimate parent
			IFRS reports of SI groups - Intermediate parents (if collected by NCAs)
			IFRS reports of LSI groups - Intermediate parents (if collected by NCAs)
Q4 2015	Full FINREP ITS	CONS	IFRS reports of SI intermediate parents that are top in a SSM country
			nGAAP reports of SI groups - Ultimate parent
			nGAAP reports of SI intermediate parents that are top in a SSM country
		SOLO	IFRS and nGAAP reports of SI stand-alone entities
			IFRS and nGAAP reports of significant SSM branches of non-SSM credit institutions
Q2 2016	Full FINREP ITS	CONS	IFRS and nGAAP reports of SI intermediate parents applying CRR article 11.5
	Simplified (Annex I)	SOLO	IFRS and nGAAP reports of SI groups - Separated reports of all the parents and subsidiaries
	Over-simplified (Annex II)	SOLO	IFRS and nGAAP reports of subsidiaries of SIs outside SSM with TA > 3 bn
Q2 2017	Simplified (Annex I)	CONS	IFRS reports of LSI intermediate parents applying CRR article 11.5
			nGAAP reports of LSI groups - ultimate parents with TA > 3 bn
		SOLO	IFRS and nGAAP reports of stand-alone LSI entities with TA >= 3bn
			IFRS and nGAAP reports of less significant SSM branches of non-SSM credit institutions with TA >= 3 bn
	Over-simplified (Annex II)	SOLO	IFRS and nGAAP reports of LSI groups -Separated reports for all parents and subsidiaries with TA >= 3 bn
	Data points (Annex III)	CONS	nGAAP reports of LSI groups - Ultimate parent with TA <= 3 bn
	Data points (Annex III)	SOLO	IFRS and nGAAP reports of stand-alone LSI entities with TA < 3bn
			IFRS and nGAAP reports of LSI groups - Separated reports for all parents and subsidiaries with TA < 3 bn

FINREP Solo - Content of the Different Approaches

Full FINREP	Simplified FINREP	Over Simplified FINREP	FINREP data points
65 templates IFRS 71 templates GAAP	33 templates IFRS 38 templates nGAAP	19 templates IFRS 24 templates nGAAP	Data points coming from 10 different templates

	Full FINREP	Simplified FINREP	Over Simplified FINREP	FINREP data points
CONS	EBA Taxonomy	EBA Taxonomy + Reporting requirements	NA	Modified EBA Taxonomy + same DPM + new templates + ? Deactivation / Amendment of VRs
SOLO	EBA Taxonomy	EBA taxonomy + Reporting requirements	EBA Taxonomy + Reporting requirements	Modified EBA Taxonomy + same DPM + new templates + ? Deactivation / Amendment of VRs

Where:

Reporting Requirements = Which templates are expected per institution

- In collaboration with the EBA version 2.3.2 introduced FINREP Solo modules for IFRS and nGAAP that will now be used to collect the following:

  - ➢ Full FINREP Solo IFRS

  - ➢ Full FINREP Solo nGAAP

  - ➢ Simplified FINREP Solo IFRS

  - ➢ Simplified FINREP Solo nGAAP

  - ➢ Over Simplified FINREP Solo IFRS

  - ➢ Over Simplified FINREP Solo nGAAP

- Since Q4 2015 Full FINREP Solo for both IFRS and nGAAP have been collected

- Q2 2016 will see the same approach being used for Simplified and Over Simplified

Create the following additional modules:

- ➢ Individual (IFRS & nGAAP)

- ➢ Consolidated (nGAAP only)

** Preliminary proposal only. To be discussed with the relevant working groups.

All modules will contain both:

- ➢ the templates from the Full FINREP (including their validation rules)

- ➢ the additional new templates which will only allow for the reporting of the specific data points and will only include the relevant validation rules

Filing indicators to be used to indicate which version of the template (full or data points) they are reporting

THANK YOU