

Detailed Recommendation on the Financial Services Priority Area
Harmonise the use of XBRL for prudential reporting

**EU PROJECT ON BASELINE MEASUREMENT AND
REDUCTION OF ADMINISTRATIVE COSTS**

31st March 2009

Table of Contents

SUMMARY TABLE	6
1. BACKGROUND AND UNDERLYING PROBLEM	9
1.1 LEGAL CONTEXT	9
1.2 PROBLEM DESCRIPTION	11
1.3 EU/MEMBER STATE REMIT TO ACT	15
2. REDUCTION OBJECTIVE PURSUED AND NATURE OF THE RECOMMENDATION.....	16
2.1 OBJECTIVES OF THE INTERVENTION.....	16
2.2 DETAILED DESCRIPTION OF RECOMMENDATION	16
2.2.1 <i>ADDITIONAL SCENARIO 1: XBRL TECHNOLOGY APPLIED TO FURTHER REPORTING REQUIREMENTS</i> 17	
2.2.2 <i>ADDITIONAL SCENARIO 2: GENERAL EXAMINATION OF THE USE OF OPEN-STANDARD-BASED</i> <i>ELECTRONIC TRANSMISSION</i>	<i>17</i>
2.2.3 <i>COREP REPORTING HARMONISATION.....</i>	<i>17</i>
2.2.4 <i>XBRL TECHNOLOGY APPLIED TO FURTHER REPORTING REQUIREMENTS</i>	<i>21</i>
2.2.5 <i>GENERAL EXAMINATION OF THE USE OF OPEN-STANDARD-BASED ELECTRONIC TRANSMISSION</i>	<i>24</i>
3. IMPACT.....	29
3.1 COREP REPORTING HARMONISATION	29
3.1.1 <i>XBRL TECHNOLOGY APPLIED TO FURTHER REPORTING REQUIREMENTS</i>	<i>30</i>
3.1.2 <i>GENERAL EXAMINATION OF THE USE OF OPEN-STANDARD-BASED ELECTRONIC TRANSMISSION</i>	<i>30</i>
4. IMPLEMENTABILITY.....	32
4.1 INVESTMENT COSTS.....	32
4.1.1 <i>COREP REPORTING HARMONISATION.....</i>	<i>32</i>
4.1.2 <i>XBRL TECHNOLOGY APPLIED TO FURTHER REPORTING REQUIREMENTS</i>	<i>33</i>
4.2 COMPLEXITY	33
4.2.1 <i>COREP REPORTING HARMONISATION.....</i>	<i>33</i>
4.2.2 <i>XBRL TECHNOLOGY APPLIED TO FURTHER REPORTING REQUIREMENTS</i>	<i>34</i>
4.3 POLITICAL WILL/ OPPORTUNITIES & BARRIERS	34
4.4 TIME FRAME	34
5. IMAGE	35

ANNEX 1 – ASSUMPTIONS FOR IMPACT CALCULATIONS	36
5.1.1 <i>COREP REPORTING HARMONISATION.....</i>	36
5.1.2 <i>XBRL TECHNOLOGY APPLIED TO FURTHER REPORTING REQUIREMENTS</i>	37
ANNEX 2 – OTHER CANDIDATES FOR ELECTRONIC REPORTING	42
ANNEX 3: ARTICLES OF THE LEGISLATION IN SCOPE CONTAINING REQUIREMENTS TO REPORT	47

An introduction to Administrative Burden reduction

This Recommendation is the culmination of a process of analysis using the EU Standard Cost Model methodology. This is an EU methodology for measuring administrative costs imposed by legislation – both existing and planned. This methodology is based on the Standard Cost Model (SCM) applied in several Member States. Adapted to EU needs and resources, the EU SCM takes into account the fact that EU legislation often replaces 27 different national legislations and thus decreases operating costs at EU level.

The EU SCM breaks down administrative costs imposed by legal acts into components that can be assessed with reasonable accuracy. Those costs are then further differentiated on the basis of ‘business-as-usual’ (BAU) costs, i.e. costs that a business would incur irrespective of whether there is an Information Obligation (IO), and those costs which are the direct result of regulation. The latter constitute the administrative burden.

The total administrative cost is calculated as $P \times Q$, where:

- Q is the number of times per year (occurrences) that each Information Obligation has to be complied with multiplied by the number of businesses;
- P is the administrative cost per business of complying with the obligation. P is the sum of internal costs, consultancy costs, equipment costs and overheads.

For this project, data for calculation of the administrative cost was collected in a sample of businesses in a limited number of Member States (generally six). These are the ‘Measurement Countries’. This data was supplemented by existing, applicable data from Member States which had previously carried out SCM measurement (the ‘Baseline Countries’). The data for the remaining EU Member States (the ‘Extrapolation Countries’) was estimated through extrapolation.

The ensuing Recommendations have been defined as Type I and/or Type II. Distinguishing between Type I and Type II reduction opportunities is useful because this provides all parties involved with a clear view of the ownership of the reductions.

Type I reductions refer to changes at EU level (legal as well as changes to EU level implementing practices) and are clearly owned and adopted at EU level, though they may subsequently require transposition at national level.

Type II refers to changes at Member State level in the way transposition is approached and in implementing measures. They will deliver Improved/Good Practice in Member State transposition and implementation, and thus simplification of the business process at national level. Type II recommendations are clearly for adoption and implementation by the Member States.

For more information on the Action Programme for Reducing Administrative Burdens in the EU and the EU Standard Cost Model, see http://ec.europa.eu/enterprise/admin-burdens-reduction/home_en.htm.

Summary Table

<p>Legislative act</p>	<p>Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast):</p> <p>Article 74.2 – “Reporting of results of the verification of compliance with rules on the level of own funds”.</p> <p>Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast):</p> <p>Article 35.1–4 – “Reporting to competent authorities on compliance with rules.”</p> <p>Note: Directive 2002/83/EC Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life assurance is also in scope for the part of the Recommendation relating to expanded use of XBRL for additional reporting requirements in future</p>
<p>Information Obligation</p>	<p>IO 1) “Reporting of results of the verification of compliance with rules on the level of own funds”, (Article 74, para. 2 of Directive 2006/48/EC</p> <p>IO 2) “Reporting to competent authorities on compliance with rules” (Article 35(1–4) of Directive 2006/49/EC)</p>

Regulatory origin	Revised Basel II Accord EU Legislation (in relation to Directive 2002/83/EC)
Recommendation name	Harmonise the use of XBRL-based COMmon solvency ratio REPorting (COREP) in the EU and use as a basis for extension of XBRL reporting to other reporting requirements to and amongst supervisors
Recommendation addressed to:	National institutions
Scale of the recommendation	Structural change
Target group – Businesses targeted by the information obligation(s)	1. Harmonised COREP reporting: Credit institutions and investment firms 2. XBRL technology for further reporting requirements: Credit institutions, investment firms, life assurance undertakings
Original population (as-is)	1. Harmonise COREP reporting: 9,405 credit institutions/investment firms; 2. XBRL technology for further reporting requirements: 9,405 credit institutions/investment firms; 1,752 life insurance undertakings
Affected population (to-be)	1. COREP reporting harmonisation: 9,405 credit institutions/investment firms; 2. XBRL for further reporting requirements/ 9,405 credit institutions/investment firms; 1,752 life insurance undertakings
Specifically targeted at Small and Medium Sized Enterprises	No

Current administrative cost	<ul style="list-style-type: none"> 1. COREP reporting harmonisation: €171,814,861 2. XBRL technology applied to further reporting requirements: €7,515,455
Current administrative burden	<ul style="list-style-type: none"> 1. COREP reporting harmonisation: €128,861,146 2. XBRL technology applied to further reporting requirements: € 4,819,750
Current “business as usual” factor (as-is)	<ul style="list-style-type: none"> 1. COREP reporting harmonisation: 25% 2. XBRL technology applied to further reporting requirements: 10%
Future “business as usual” factor (to-be)	<ul style="list-style-type: none"> 1. COREP reporting harmonisation: 25% 2. XBRL technology applied to further reporting requirements: 10%
Expected administrative burden reduction in %	<ul style="list-style-type: none"> 1. COREP reporting harmonisation: 22.69% 2. XBRL technology applied to further reporting requirements: 35.25%
Expected administrative burden reduction in euro	<ul style="list-style-type: none"> 1. COREP reporting harmonisation: €29,243,136 2. XBRL technology applied to further reporting requirements: € 1,698,962
Source of the recommendation	Consortium

1. Background and underlying problem

1.1 Legal context

Under the Revised Basel II Accord¹ credit institutions and investment firms are required to report risk-related data (i.e. the level of own funds) to competent authorities in order to support the latter in their supervisory duties. The commitments in this Accord have been translated into EU legislation by means of two Directives.

These are:

- Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions, which not only lays down rules concerning the taking up and pursuit of the business of credit institutions, but also on the extension of activity, prudential supervision and disclosure. Credit institutions are undertakings that receive deposits or other repayable funds from the public and that grant credits for their own account, or which are electronic money institutions within the meaning of Directive 2000/46/EC² (cf. Art. 4 of Directive 2006/48/EC).
- Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions, which aims to ensure the consistent application of international guidelines for capital requirements adopted by the Basel Committee on Banking Supervision ("Basel II") in June 2004³. It lays down the capital adequacy requirements applying to investment firms and credit institutions, the rules for their calculation and the rules for their prudential supervision. Investment firms are defined as legal persons whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or

¹ Basel II: Revised international capital framework, Bank for International Settlements; <http://www.bis.org/publ/bcbsca.htm>.

² Directive 2000/46/EC of the European Parliament and of the Council of 18 September 2000 on the taking up, pursuit of and prudential supervision of the business of electronic money institutions; <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0046:EN:HTML>.

³ Op. cit.

more investment activities on a professional basis, excluding credit institutions, certain local firms and firms which are only authorised to provide the service of investment advice and/or receive and transmit orders from investors without holding money or securities belonging to their clients and which for that reason may not at any time place themselves in debt with those clients (cf. Art. 3. (b) of Directive 2006/49/EC and Art. 4.1(1) of Directive 2004/39/EC) (“MiFID”)⁴.

These Directives give rise to the principal Information Obligations (IOs) to which these Recommendations relate. They are:

- IO 1) “Reporting of results of the verification of compliance with rules on the level of own funds” (Article 74, para. 2 of Directive 2006/48/EC);
- IO 2) “Reporting to competent authorities on compliance with rules (Article 35(1–4) of Directive 2006/49/EC).

Article 74(2) of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006⁵ defines the requirement for credit institutions to report the results of the verification of compliance with rules on the level of own funds.

The calculations to verify the compliance of credit institutions with the obligations regarding the minimum level of own funds must be carried out not less than twice each year. The credit institutions must communicate the results and any component data required to the competent authorities.

⁴ Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC; <http://eur-lex.europa.eu/LexUriServ/site/en/consleg/2004/L/02004L0039-20060428-en.pdf>.

⁵ Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast) http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/L_177/L_17720060630en0010200.pdf.

Article 35 (1–4) of Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006⁶ contains provisions on the reporting requirements with which investment firms and credit institutions have to comply with regard to capital adequacy.

At the request of the European Commission, we extended our consideration of the impact of COREP reporting based on XBRL technology to looking at the potential for the use of XBRL in relation to other reporting requirements, and the use of open-standard-based electronic transmission, both in relation to IOs under the two Directives above and to IOs under the third Directive in scope of the Financial Services Priority Area, i.e.

Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life assurance.⁷

Directive 2002/83/EC on life assurance recasts a number of pre-existing directives in force into one single act. It replaces all the Directives adopted in the area of life insurance since 1979 and includes the provisions relating to supervision, the solvency of insurance undertakings and the freedom to provide life-assurance services in the EU. Life assurance undertakings are undertakings which have an official authorisation in accordance with Article 4 of Directive 2002/83/EC to perform life assurance activities, annuities and supplementary insurances (cf. Art. 1, 2 of Directive 2002/83/EC).

1.2 Problem description

Financial markets are crucial to the functioning of modern economies. The more integrated they are, the more efficient the allocation of capital and long-run economic performance will be. Completing the single market in financial services is thus a crucial part of the European Commission's objective to achieve more and better jobs in a more dynamic, innovative and attractive Europe⁸.

⁶ Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast); http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/L_177/L_17720060630en02010255.pdf.

⁷ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0083:EN:HTML>.

⁸ http://ec.europa.eu/internal_market/top_layer/index_24_en.htm.

Moreover, as the European Council noted in October 2008, “...recent events have accelerated the need to strengthen the supervision of the European financial sector, particularly cross-border groups, and to implement urgently the Ecofin Council's roadmap, and the speeding up of work to strengthen the rules on stability, including work on the Capital Requirements Directive.”⁹

In October 2008, the European Commission conferred a mandate on a High-Level Group on Financial Supervision in the EU (the ‘de Larosière Group’), chaired by Jacques de Larosière¹⁰, to give advice on the future of European financial regulation and supervision. This group published a report on 25 February 2009, stated that “(...) The appropriateness of current arrangements also fails from an efficiency standpoint. Currently, financial institutions operating in different markets have to cope with different national supervisory rules and practices. They have to commit extensive resources to deal with numerous supervisors and differing supervisory requirements, for example in the area of reporting. This entails administrative costs without any added value. The ongoing compliance cost as a percentage of operating expenses for large banks and financial conglomerates is on average around 1%. Large pan-EU institutions could save at least several million euros every year, if they could benefit from a more streamlined supervisory structure.”¹¹

Administrative costs and burden are created due to the failure to harmonise the reporting requirements across Member States, as institutions have to familiarise themselves with the specific reporting requirements across Member States, and have to implement changes to systems in order to comply with the specific national requirements. As a result, the key players impacted by this problem are mainly the multinational financial institutions.

⁹ Brussels European Council – 15 & 16 October 2008 – Presidency Conclusions

¹⁰ *Inter alia*, a former Managing Director of the International Monetary Fund and President of the European Bank for Reconstruction and Development.

¹¹ The High-Level Group on Financial Supervision in the EU – de Larosière report – Brussels, 25.02.2009; http://ec.europa.eu/internal_market/finances/docs/de_larosiere_report_en.pdf

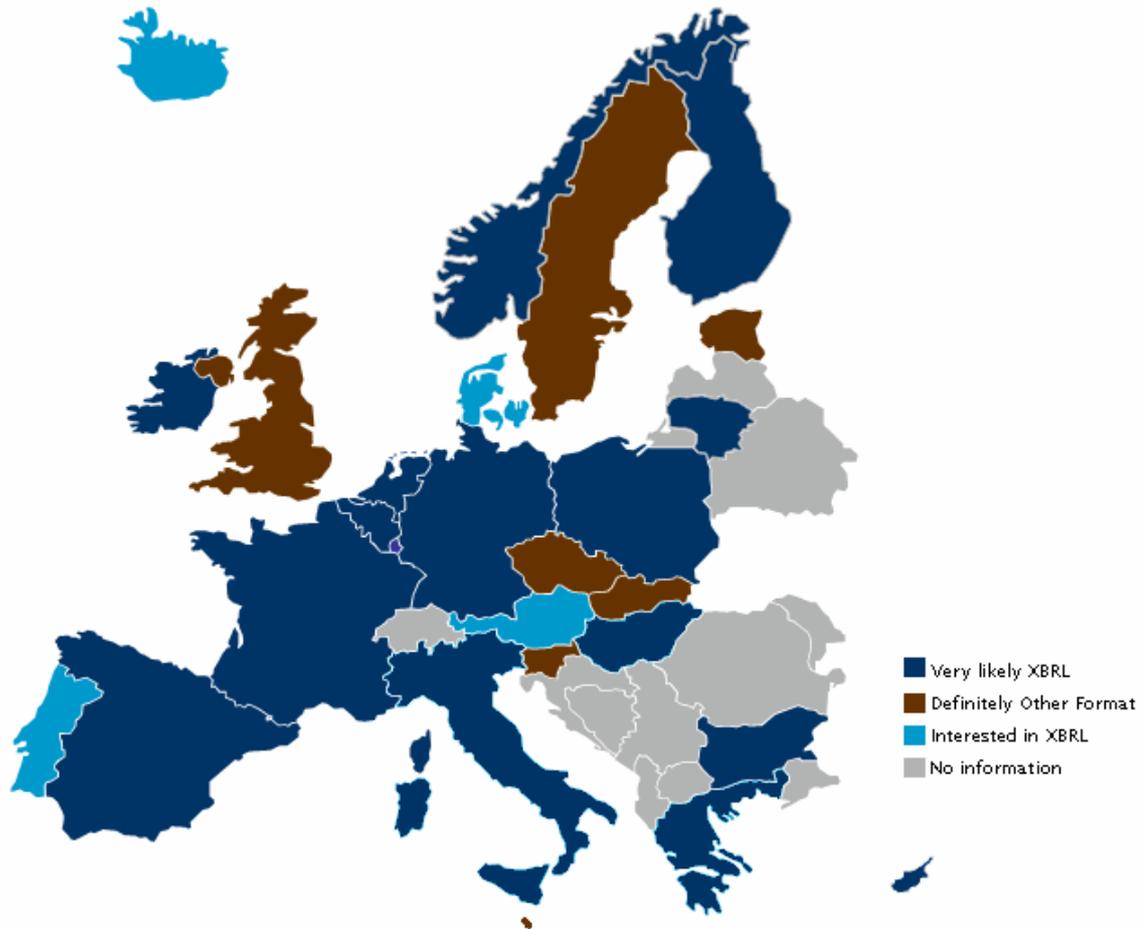
In addition to imposing an increased burden on the industry, the lack of a harmonised reporting structure also impedes the efficient exchange of information among Member States. As a recent example of supervisory difficulties, the de Larosière group pointed out specifically that no common reporting formats have been agreed.

The Committee of European Banking Supervisors (CEBS) has initiated a common framework for addressing this. Known as COREP (COmmon solvency ratio REPorting – COREP), this aims at harmonisation of reporting of solvency requirements. CEBS initiated this work in support of the reporting required under Basel II.

As part of the adoption of the COREP framework across the European Economic Area, some countries (marked in dark blue in the map of Europe below) have decided to use XBRL (eXtensible Business Reporting Language), a type of XML ((eXtensible Markup Language) that is specific to business reporting, and which is described in further detail in Chapter 3.

However, as the map shows, the adoption of XBRL is not universal across this region.

Figure 1: XBRL in Europe¹²



Source: CEBS Secretariat Ltd. COREP/FINREP XBRL Project

In order to address the problems associated with reporting, consideration was given in connection with this Recommendation not only to the reporting to competent authorities of results of the verification of compliance with rules on the level of own funds and with regard to capital adequacy, but also to other reporting requirements with a view to expanding the use of XBRL or another open-standard-based system electronic transmission of data to the competent authorities. A number of reporting requirements were identified as potential candidates and are discussed in this report. Annex 4 contains

¹² http://www.corep.info/corepTaxonomy/corep_taxonomy_in_europe.html.

a short description of the relevant IOs, the administrative burden and the associated business-as-usual cost.

As a result of this work, the Recommendation is to harmonise use of Common solvency ratio REPorting (COREP) in the EU, and use this as a basis for applying XBRL technology to additional reporting requirements.

The current administrative burden and business-as-usual (BAU) cost related to IO 1) and IO 2) are €128,861,146, respectively €42,953,715.

As indicated above, a number of other reporting requirements were identified as potential candidates for use of XBRL technology in future. The total administrative burden and business-as-usual cost related to the IOs relating to these is €6,740,156, respectively €775,299.

Annex 2 contains a short description of the IOs, and detail on the administrative burden and business-as-usual cost.

1.3 EU/Member State remit to act

Currently, this Recommendation is a 'Type II' recommendation aimed at harmonising the use of technology amongst national institutions as well as excluding the possibility of national add-ons to the COREP reporting standards.

However, given the urge to converge towards high global standards on an EU-level, the Recommendation might in the future be translated into an EU requirement enforced by a 'European Union Supervisory Structure' and thus might become a Joint 'Type I / Type II'. Moreover, as this Impact Fiche was being issued, the European Commission launched a consultation on the improvement of supervision for the financial services sector, following the de Larosière report.

2. Reduction objective pursued and nature of the Recommendation

2.1 Objectives of the intervention

Following the identification of the main problems related to reporting (cf. also the previous Chapter), i.e. the differing supervisory requirements in the area of reporting and the different stages which have been reached in the use of XBRL, we recommend harmonisation in the use of COREP/XBRL, and using this harmonisation as a basis for more extensive use of XBRL for reporting requirements in the area of financial services..

Harmonisation of both reporting format and reporting technology will contribute to the objective of reducing the administrative burden for the financial services industry, and is also an important factor in ease of information sharing amongst supervisory authorities and enhances comparability between national entities of an international firm.

The Recommendation does not harm the policy objective as the content and frequency of reporting established in the Directive are not changed and the broader policy objectives of the European Commission in terms of completing the single market in financial services are clearly also served.

It should be noted that the Recommendation does require ruling out the possibility of national add-ons to the COREP reporting standards.

2.2 Detailed description of Recommendation

As noted above, the principal Recommendation is to harmonise COREP reporting and to use this as a basis for harmonised use of XBRL more widely across the financial services area. The Recommendation aims at easing the business process which financial institutions have to fulfil for complying with the IOs in scope. Multinational institutions are the target group.

This section first describes the current situation ('as-is') before describing the situation which will result from implementing the Recommendation. The following Chapter will then

discuss the SCM parameters which it changes and the impact on the Administrative Burden of implementing the Recommendation.

The Recommendation is based on examination of the impact of harmonising COREP/XBRL reporting and the following two scenarios, which were considered at the request of the European Commission:

2.2.1 Additional scenario 1: XBRL technology applied to further reporting requirements

This comprised a detailed examination of whether XBRL technology could be applied to further reporting requirements (all three directives).

2.2.2 Additional scenario 2: General examination of the use of open-standard-based electronic transmission

This was a more general examination of the use of open-standard-based electronic transmission of financial information (beyond XBRL/COREP) by financial institutions to public authorities.

2.2.3 COREP reporting harmonisation

2.2.3.1 Current situation 'as-is':

The business process for complying with this IO involves:

1. Check that the own funds are at all times more than or equal to the sum of the capital requirements for credit risk and dilution risk in respect of all business activities, for position risk, settlement and counter-party risk, for large exposures, for foreign exchange risk and for commodities risk, for operational risk etc.
2. Report the results to the relevant national authorities.

The Committee of European Banking Supervisors (CEBS) originally initiated the COREP framework (COmmon solvency ratio REPorting) in support of the reporting which this requires.

COREP reporting makes use of XBRL technology. XBRL is an open standard which supports information modelling and the expression of semantic meaning commonly required in business reporting. XBRL is a standards-based way to communicate business and financial

information. These communications are defined by metadata set out in taxonomies. Taxonomies capture the definition of individual reporting concepts as well as the relationships between concepts and other semantic meaning.

The COREP taxonomy provides an XBRL representation of the CEBS Common Reporting Framework. The taxonomy represents 18 templates:

- Overview and group solvency details (2);
- Credit Risk (7);
- Market Risk (6);
- Operational Risk (3).

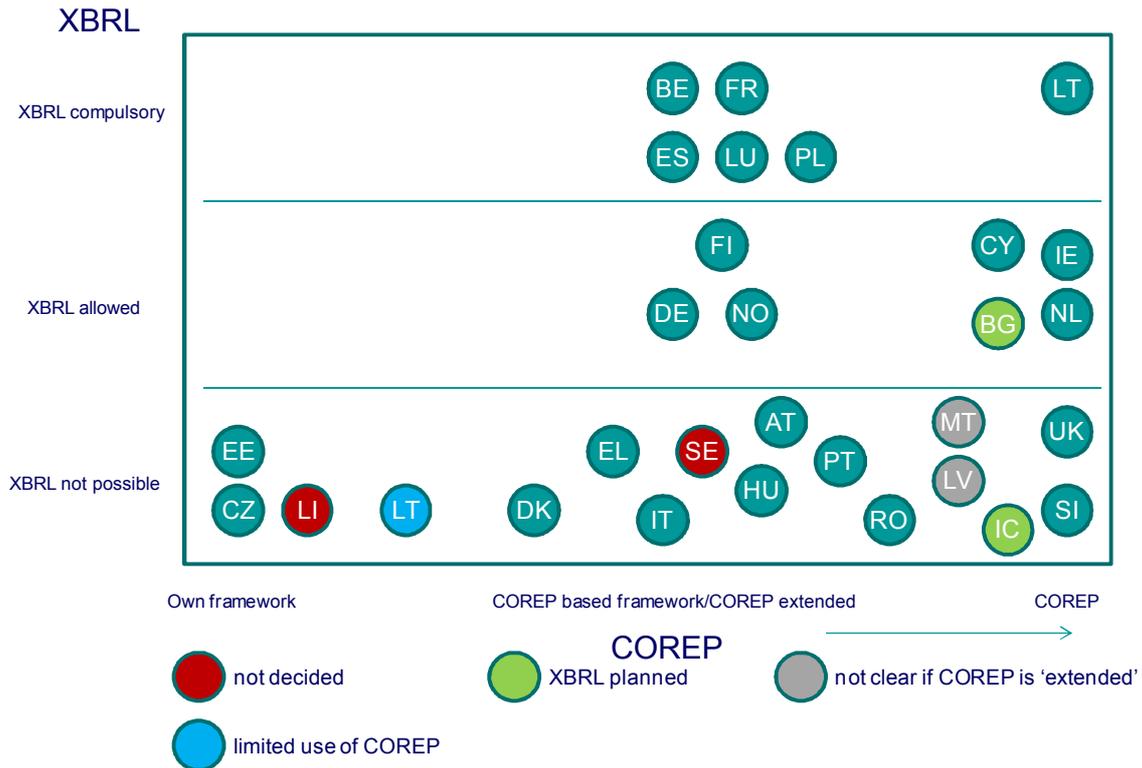
However, the actual implementation of the taxonomies is not fully aligned across EU Member States as some countries have developed national extension taxonomies. Second, not all countries use XBRL.

The Figure below summarises the actual state of implementation per country. The Figure is based on the information provided available from COREP, which provides a table with a generic overview of how the CEBS Guidelines on Common Reporting are or will be used at national level¹³.

¹³ http://www.corep.info/corepTaxonomy/corep_adoption.html.

Figure 2: Use of XBRL and COREP in Europe

XBRL/COREP



By Capgemini/Deloitte/Ramboll Management.

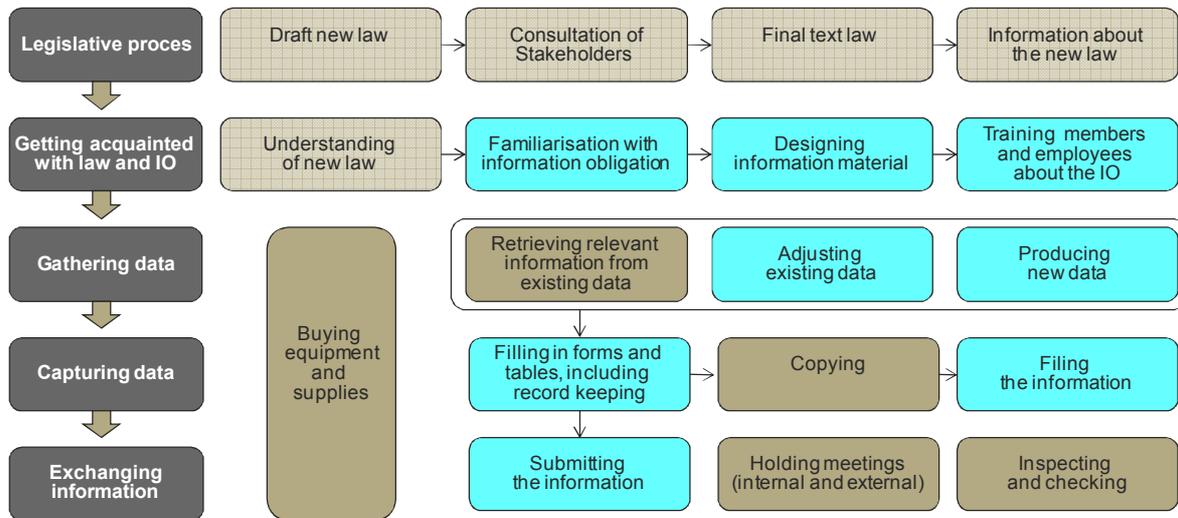
2.2.3.2 Future situation 'to-be':

If the way Basel II prudential reporting is conducted were harmonised, this would be done by means of:

- (1) applying standardised COREP-templates;
- (2) excluding the possibility of adding additional reporting fields to the templates at a national level;
- (3) applying XBRL as the standard open-standard-based electronic transmission of financial information.

In the overview below, the COREP XBRL recommendation is 'mapped' against the SCM standard activities, showing (in a lighter colour) exactly where in this process this Recommendation can add value.

Figure 3: Influence of Recommendation on generic process, based on SCM activities



By Capgemini/Deloitte/Ramboll Management.

The Recommendation achieves the following in relation to the following activities:

- Familiarisation with Information Obligation: by excluding the possibility of national add-ons to the COREP reporting standards, there is no need to become familiar with differences in reporting requirements at national level;
- Designing information material: as the COREP reporting will be harmonised across Member States, information material design will be standardised across Member States;
- Training members and employees about the IO: training preparation can be handled at the headquarters of an international institution as the reporting obligations will be identical in all Member States where the financial institution operates;
- Adjusting existing data: when using a standardised taxonomy on an XBRL platform, adjusting existing data becomes easier;
- Producing new data: new data will be produced in a standardised taxonomy on an XBRL platform;
- Filling in forms and tables, including record keeping: XBRL provides a standard that makes it easier to fill out forms and tables;
- Filing the information: using XBRL to file information internally will make the filing system of any business more efficient;

- Submitting the information: as XBRL is a standards-based way of communicating financial information, submitting information may provide benefits over the long term (economy of scale, etc.) to businesses.

2.2.4 XBRL technology applied to further reporting requirements

2.2.4.1 Current situation 'as-is':

In addition to the obligation for credit institutions and investment firms to report on the level of own funds, financial institutions are subject to other reporting requirements on a periodic or ad hoc basis. These requirements are in the Articles set out in Annex 3. The reporting related to these requirements is currently not subject to a standardised taxonomy, such as COREP.

2.2.4.2 Future situation ('to-be'):

As CEBS has already developed an XBRL taxonomy for their COREP templates, using XBRL for other IOs might lead to efficiency gains.

While standardising the existing COREP templates and mandating both the use and technical implementation of a data standard will lead to administrative burden reductions, there are other ways of achieving synergy gains. Information Obligations arising from the Directives mentioned that have not been included in the COREP framework could benefit from the existing framework by reusing data definitions and the filing architecture already in place.

The Information Obligations to which this could apply can be categorised as follows:

- Regular periodic reporting or exception reporting:
 - Limits exceptions;
 - Occurrence exceptions.
- Reporting of events and/or reporting of lists of facts;
- Common reporting facts (such as Exposures) or uncommon facts.

The use of electronic reporting allows for automation of:

- data collection at the credit institution, investment firm or assurance undertaking;

- reporting;
- processing by the regulator.

This results in:

- Faster reporting;
- Accurate reporting;
- Faster responses.

Based on the criteria mentioned above, the Information Obligations, as already mentioned in this paragraph, can be classified as follows:

- List reporting of common reporting facts (either periodic or exception);
- Periodic reporting of lists of uncommon reporting facts;
- Exception reporting of lists of uncommon reporting facts;
- Exception reporting of events.

The Table below shows the Information Obligations identified in the Directives in scope that are not covered by COREP and scored on the criteria mentioned above.

Generally, the IOs can be evaluated as follows:

- IOs that require lists of common COREP elements. These are likely to benefit from using XBRL with the COREP data definitions;
- IOs requiring periodic lists of data. These will benefit from the use of XBRL;
- IOs asking for reporting of the occurrence of exceptional events. These not benefit directly from the use of XBRL.

Table 1: Information Obligations identified in the Directives in scope that are not covered by COREP

Information Obligation	Characteristics*	Recommendation
2006/48, Article 21(1) "Reporting by companies on qualifying shareholdings"	List Uncommon Periodic	Create data definitions and report in a COREP extension, or the next version of the COREP taxonomy
2006/48, Article 110 (1) "Reporting of Large Exposures to competent authorities"	List Common Periodic	Create report in a COREP extension, or the next version of the COREP taxonomy, reusing COREP elements

Information Obligation	Characteristics*	Recommendation
2006/48, Article 111 (4) “Reporting of exposures exceeding the legal limits”	Event Common Exception	No substantial benefits expected
2006/48, Article 138 (2) “Keep a track record of significant transactions between parent company and subsidiary other than large exposures”	List Uncommon Exception	Create data definitions and report in a COREP extension, or the next version of the COREP taxonomy
2006/48, Article 111 (2) “Information on specific monitoring of exposures of more than 20% of own funds”	Event Uncommon Exception	No substantial benefits expected
2006/49, Article 30 (2) “Reporting of overall exposures to individual clients and groups of connected clients”	List Common Periodic	Create report in a COREP extension, or the next version of the COREP taxonomy, reusing COREP elements
2006/49, Article 31 (e) “Reporting of exceeding limits regarding exposures to clients or group of connected clients”	List Uncommon Periodic	Create data definitions and report in a COREP extension, or the next version of the COREP taxonomy
2006/49, Article 45 (2) “Notification of exceeding limits set by internal strategy”	List Common Exception	Create report in a COREP extension, or the next version of the COREP taxonomy, reusing COREP elements
2006/49, Article 35 (5) “Reporting of cases where counter parties default on their obligations”	List Uncommon Exception	No substantial benefits expected

Information Obligation	Characteristics*	Recommendation
2006/49, Article 18 (4) “Notification of exceeding limits regarding trading book business to the authorities”	Event Common Exception	No substantial benefits expected
2002/83, Article 15 (3) “Notification to authorities of the names of shareholders, members and sizes of holdings”	List Uncommon Periodic	Create data definitions and report in a COREP extension, the next version of the COREP taxonomy

By Capgemini/Deloitte/Ramboll Management.

Infrastructure, data, reporting and legal standardisation combined lead to so-called network effects. The more transmitters and receivers can use the same standards, the more valuable the network will be.

By adding more data definitions to the framework, the framework itself will be more valuable, both to the reporting organizations and to the regulators.

Finally, a common language describing data definitions and reporting obligations is valuable to the legislator as well, as it makes it possible monitor the use of the standards.

2.2.5 General examination of the use of open-standard-based electronic transmission

As indicated above, we also carried out a general examination of the use open-standard-based electronic transmission to assess its appropriateness for use in financial reporting.

XBRL is a type of XML ((eXtensible Markup Language) that is specific to business reporting. XML is a World Wide Web Consortium (W3C) standard that allows information to be stored, exchanged and processed by computers applications. Since the year 2000, there has been a tendency to replace EDIFACT (Electronic Data Interchange for Administration, Commerce and Trade) by XML as the basis for electronic exchanges. Throughout the world XML is accepted as an open standard, which has resulted in XML being used in a wider range of

applications compared to EDIFACT (an international Electronic Data Interchange – EDI – standard).

XBRL is an internationally recognised open standard being developed by a non-profit making international consortium, the XBRL Consortium¹⁴. The use of XBRL is growing rapidly around the world. Among the major organisations which have implemented XBRL are the National Bank of Belgium, the Bank of Japan, the Bank of Spain and the Tokyo Stock Exchange.¹⁵

XBRL is a language for the electronic communication of business and financial data. Worldwide every country works with its own accounting standards for writing company reports. These reports are static and users need to re-enter the data they need, which is very time-consuming and fault sensitive. XBRL allows companies to add their own items by extending their local XBRL taxonomy in order to relate these items directly to standard accounting terms required in its annual filing and reporting.

At present some other XML projects in the financial sector are closely related to XBRL. In contrast to XBRL – which is specialised in business reporting – these initiatives (FinXML, FIXML and OFX) are transaction-oriented specifications for specific purposes. If these transaction-oriented specifications grow and develop further, the need for a business reporting standard will increase, while these transactions need to be captured in a standard way.

A short overview is given below:

- FinXML (Financial XML)

FinXML is an XML based standard for data interchange focussing on capital markets instruments and straight to processing. Financial institutions or other

¹⁴ XBRL International is a non-profit consortium of approximately 550 organisations worldwide working together to build the XBRL language and promote and support its adoption

¹⁵ <http://www.xbrl.org/XBRLinAction/>

organisations can send highly structured financial messages in electronic form using cross-applications. FinXML is managed by the FinXML consortium, which is responsible for the definition of FinXML and its spread worldwide¹⁶.

- **FIXML (Financial information Exchange Markup Language)**
FIXML is an XML vocabulary based on the FIX (Financial Information Exchange) protocol and takes advantage of a flexible message structure. FIXML will satisfy the needs of FIX for improving the global trading process by facilitating the exchange of real-time securities transactions. The comparison with OFX (see below) is not valid in terms of the end-users: FIX is focussed on institutional businesses and OFX on the retail market¹⁷.
- **OFX (Open Financial Exchange)**
OFX is a standard-based specification for the electronic exchange of financial data between financial institutions, businesses and consumers via the Internet. The activities of OFX are focussed on payments and funds transfer. OFX facilitates streamlining of the process by connecting to multiple customer interfaces, processors and systems integrators. It features full data synchronisation and complete error recovery. At present, many banks in the United States are using OFX, which is the most widely accepted standard for exchanging financial information between consumers and financial service providers¹⁸.
- **SOAP (Simple Object Access Protocol)**
SOAP is a simple XML-based protocol to let applications exchange information in a distributed environment. It consists of three parts: an envelope that defines a framework for describing what is in a message and how to process it, a set of encoding rules for expressing instances of application-defined data types, and a

¹⁶ www.finxml.org.

¹⁷ <http://xml.coverpages.org/fixml.html>.

¹⁸ <http://www.ofx.net/>.

convention for representing remote procedure calls and responses. SOAP can potentially be used in combination with a variety of other protocols, for example, in combination with HTTP and HTTP Extension Frameworks. SOAP 1.2 became a W3C recommendation on 24 June 2004¹⁹.

In order to examine the usefulness of other approaches (beyond COREP) to open-standard-based electronic transmission of financial information from financial institutions to public authorities, the standards mentioned above have been evaluated against some criteria. These are set out in the Table below.

Table 2: Examination of other approaches (beyond COREP) to open-standard-based electronic transmission

Criteria	FinXML	FIXML	OFX	SOAP
Proven technology	Yes	Yes	Yes	Yes
Degree of acceptance (within EU)	No	No	No	Yes
Degree of acceptance (within the Financial sector)	Yes	Yes	Yes	No
Data security	Yes	Yes	Yes	Yes
Size message fits in range of scale	Yes	Yes	Yes	Yes
Submitting in own software	Yes	Yes	Yes	Yes
Open standard	No	No	Yes	Yes
Implementation costs	High	High	High	High

By Capgemini/Deloitte/Ramboll Management.

Some other standards are not directly related to XBRL. Related functions that are out of scope of XBRL are handled by other technologies. Security and authentication of XBRL data can be accomplished with XML Digital Signature. Business transactions (versus business reports), such as Interactive Financial eXchange (IFX), Open Financial Exchange (OFX) 2, Association for Cooperative Operations Research and Development (ACORD) and others. Other protocols such as Universal Description, Discovery, and Integration (UDDI) for

¹⁹ <http://www.w3schools.com/soap/default.asp>

describing web services, also work in tandem with XBRL. UDDI is a “platform-independent framework for describing services, discovering businesses, and integrating business services by using the Internet”.²⁰

As XBRL is the current de facto standard for Basel II reporting in the European Union, other data standards will not, however, result in more benefits to the regulated organisations.

²⁰ http://www.w3schools.com/WSDL/wsd_uddi.asp

3. Impact

3.1 COREP reporting harmonisation

As indicated in Chapter 1.2, the key players impacted by the current failure to harmonise solvency reporting requirements are the multinational financial institutions.

The benefits of using a harmonised reporting structure are:

- Higher data transparency;
- Better search capabilities;
- Lower reporting costs;
- Improved comparability;
- Better information disclosure;
- More reliable information;
- Reduction of erroneous data;
- Better information access and sharing.

In addition to the qualitative benefits, we have estimated the potential burden reduction per SCM activity category. The impact is estimated for multinational institutions in all countries due to the harmonisation of COREP reporting, and for all entities in countries where XBRL is currently not yet used.

Table 3: Potential burden reduction per SCM activity category and per country type

Activity	Activity weighting (%)	Impact on multinational institutions in Member States where XBRL is already used (%)	Impact on all institutions in Member States where XBRL is not yet used (%)
Getting acquainted with law and IO	25	25	25
Gathering data	25	Only qualitative benefits	Only qualitative benefits
Capturing data	40	30	50
Exchanging information	10	15	90
Average weighted burden reduction (%)		19.75	35.25

By Capgemini/Deloitte/Ramboll Management.

The resulting impact of the reduction in administrative burden for the Measurement and Baseline countries is in Annex 1.

3.1.1 XBRL technology applied to further reporting requirements

As more countries use XBRL, other IOs could be subject to development of standardised reporting templates (see Chapter 2.2.3). Both financial institutions and National supervisors (and possibly an eventual a 'European Union Supervisory Structure') will benefit from a harmonised reporting framework.

In addition to the qualitative benefits listed in 3.1.1, we have estimated the potential burden reduction per SCM activity category. This is shown in the Table below. The calculation of impact on the different standard activities is based on general, experience-based assumptions for eGovernment type solutions. The general assumptions are explained in Annex 2 and adapted to the specific nature of this recommendation.

Table 4: Potential burden reduction per SCM activity category

Activity	Activity weighting (%)	Impact (%)
Getting acquainted with law and IO	25	25
Gathering data	25	Only qualitative benefits
Capturing data	40	50
Exchanging information	10	90
Average weighted burden reduction %		35,25

By Capgemini/Deloitte/Ramboll Management.

The resulting impact of the reduction in administrative burden for the Measurement and Baseline Countries Member State is in Annex 1.

3.1.2 General examination of the use of open-standard-based electronic transmission

Given that COREP/XBRL has been specifically designed for the purposes of reporting between companies and supervisory authorities, and given that COREP has already been adopted in several Member States, and given that a working group in CEBS is currently

working on harmonising COREP, we do not consider it opportune to consider replacing COREP/XBRL by an alternative electronic transmission standard.

A CEBS consultation paper regarding a more harmonised reporting across Europe under COREP is scheduled for December 2009.

4. Implementability

4.1 Investment costs

4.1.1 COREP reporting harmonisation

The instalment of a harmonised XBRL/COREP solution will require investments on the part of both the financial industry as well as supervisory authorities. The investment costs are expected to be high.

To be able to judge the investment costs of harmonising COREP reporting by the use of XBRL, the relevant component parts of standardisation need to be described.

As can be seen with the implementation of Basel II in the European Union Member states, standardisation is built on several layers:

- 1) Actual transposition of EU Directives in national legislation (legal standardisation)
 - a) Full or partial implementation of Directives;
 - b) “Pure” implementation of EU Directives, or mixed implementation of reporting requirements with national reporting objectives.
- 2) Filing requirements (reporting standardisation);
 - a) Use and possible extension of internationally accepted templates;
 - b) Methods and techniques used for template extension.
- 3) Acceptance of electronic filing (data standardization):
 - a) Allowing the use of data standards for submitting reports;
 - b) Use of internationally accepted templates (e.g. COREP);
 - c) Use of internationally accepted data standards (such as XBRL).
- 4) Submission requirements (infrastructure standardisation)
 - a) Technical solution for filing electronic reports, including communication protocol.

The level of investment cost will depend considerably on the degree to which current IT solutions will need improvement with regard to the four layers described above.

While the expected investment costs are expected to be high for both Governments and institutions, it should be noted that XBRL is already being used in many reporting areas and across the world by accounting bodies, major financial regulators, governments and an increasing number of major corporates are adopting XBRL.

4.1.2 XBRL technology applied to further reporting requirements

If and once the XBRL technology is applied EU-wide, the development and adoption of other taxonomy templates is only a small investment for Governments, respectively for the financial institutions, compared to the initial system investments.

4.2 Complexity

4.2.1 COREP reporting harmonisation

From their inception, the COREP templates were a good starting point for most of the Member States, as most countries had similar reporting regulations in place already (based on Basel I) and needed to move towards the new framework anyway.

Most countries have, however, extended the templates with their own specific reporting regulations and/or specific interpretation of the Directives.

For reporting entities, achieving a substantial reduction in the administrative burden requires the harmonisation of all four layers of standardisation (see Chapter 4.1.1):

- 1) Actual transposition of EU Directives in national legislations (legal standardisation);
- 2) Filing requirements (reporting standardisation);
- 3) Acceptance of electronic filing (data standardisation);
- 4) Submission requirements (infrastructure standardisation).

Secondly, as illustrated in 1.2, some countries have adopted a format other than XBRL. For instance in the Netherlands, next to XBRL, e-line is used by many financial institutions; the conversion from one information sharing system to another system might bring additional complexity.

Thirdly, COREP needs to be harmonised across Member States. As long as the legal frameworks are not aligned, a technical standard will not bring the envisaged reduction in administrative burden.

4.2.2 XBRL technology applied to further reporting requirements

The same issues apply as for COREP reporting (see 4.2.1).

4.3 Political will/opportunities & barriers

A CEBS consultation paper regarding more harmonised reporting across Europe under COREP is scheduled for December 2009. Reaction to that will provide an indication of the extent of political will and the obstacles.

4.4 Time frame

The introduction of COREP_XBRL is regarded as a structural change over a longer period of time. Nevertheless, steps are already clearly being taken to get this under way, but it is unlikely that the full impact will be felt until after 2012.

The main time-consuming element in developing the XBRL solution is the standardisation of templates and interoperability of data and systems. The standardisation of templates would require a harmonisation of reporting requirements across all EU Member States.

A first step in the harmonisation will be the work currently under development by CEBS. In a second stage, a XBRL working group will work out a technical solution.

5. Image

The highest level of irritation, for each of the IOs mentioned in this report is currently 2.

As this recommendation is useful in enhancing business efficiency in relation to multiple demands for information, internal and external, a reduction of the irritation factor in relation to multiple demands of information may be expected.

More specifically, this recommendation enhances the efficiency for the industry and the supervisors in the following ways:

- for the industry, this tool is useful to enhance the efficiency of multiple demand of information – internally and externally;
- for supervisors, this tool enhances the cooperation and exchange of information between supervisors;
- faster feedback (warnings/errors) are possible;
- simultaneous dissemination of legislation;
- possible use by credit institutions for the consolidation of Basel II reporting within holdings.

Annex 1 – assumptions for impact calculations

5.1.1 COREP reporting harmonisation

In line with the impact assumptions listed in chapter 3.1.1., the impact of the Recommendation has been calculated for the Measurement and Baseline countries.

In countries where XBRL is not used, a reduction potential of 35.25% is applied in line with the calculations there. In countries with 'compulsory' or 'allowed' use of XBRL, a reduction potential of 19.75% is applied for multinational financial institutions.

Some Baseline Countries applied different segmentation criteria from those used for the Measurement countries. In order to apply a harmonised "burden reduction calculation" approach, it was necessary to 'translate' some original segmentations into the standard segmentation that was applied in this study, i.e. local financial institutions and multinational financial institutions. This exercise is reflected in the column 'Translated' segment.

Table 5: Potential burden reduction for the Measurement and Baseline countries

Country	Segment description	'Translated' segment	Current Admin. Burden (€)	Use of XBRL	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Austria	large banks	multinational	859,589	No	35.25%	303,005	556,584
	medium banks	multinational	24,867	No	35.25%	8,766	16,101
	medium banks	multinational	1,976,569	No	35.25%	696,741	1,279,828
	small banks	local	5,756,798	No	35.25%	2,029,271	3,727,527
	Total		8,617,823			3,037,783	5,580,041
Denmark	large	multinational	719,883	No	35.25%	253,759	466,124
	small	local	2,549,585	No	35.25%	898,729	1,650,856
	Total		3,269,468			1,152,487	2,116,981
Germany	local		10,338,682	Allowed	0.00%	0	10,338,682
	multinational		6,380,619	Allowed	19.75%	1,260,172	5,120,447
	Total		16,719,301			1,260,172	15,459,129
Italy	local		1,303,148	No	35.25%	459,360	843,788
	multinational		673,166	No	35.25%	237,291	435,875
	Total		1,976,315			696,651	1,279,664

Country	Segment description	'Translated' segment	Current Admin. Burden (€)	Use of XBRL	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Lithuania	local		6,912	No	35.25%	2,436	4,476
	multinational		61,380	No	35.25%	21,636	39,744
	Total		68,292			24,073	44,219
Luxembourg	local		15,120	Compulsory	0.00%	0	15,120
	multinational		624,780	Compulsory	19.75%	123,394	501,386
	Total		639,900			123,394	516,506
Netherlands	local		3,605,000	Allowed	0.00%	0	3,605,000
	multinational		103,302	Allowed	19.75%	20,402	82,900
	Total		3,708,302			20,402	3,687,900
Poland	local		1,173,600	Compulsory	0.00%	0	1,173,600
	multinational		461,616	Compulsory	19.75%	91,169	370,447
	Total		1,635,216			91,169	1,544,047
Slovenia	local		54,649	No	35.25%	19,264	35,385
	multinational		70,020	No	35.25%	24,682	45,338
	Total		124,669			43,946	80,723
Spain	local		4,150,069	Compulsory	0.00%	0	4,150,069
	multinational		2,566,348	Compulsory	19.75%	506,854	2,059,494
	Total		6,716,418			506,854	6,209,564

By Capgemini/Deloitte/Ramboll Management.

5.1.2 XBRL technology applied to further reporting requirements

In line with the impact assumptions listed in chapter 3,1,2, the impact of the Recommendation has been calculated per Measurement and Baseline country for those IOs where a potential benefit could be realised (see 2.2.2).

Directive 2006/48, Article 21(1)

“Reporting by companies on qualifying shareholdings”

Table 6: Potential burden reduction for the Measurement and Baseline countries

Country	Segment description	Current Admin. Burden (€)	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Austria	non-segmented IO	48,906	35,25%	17,239	31,667
Denmark	financial institutions	55	35,25%	20	36

Country	Segment description	Current Admin. Burden (€)	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Germany	a - institutes not covered by association	5,066	35,25%	1,786	3,280
Germany	b - institutes covered by association	10,081	35.25%	3,554	6,527
Italy	non-segmented IO	43,424	35.25%	15,307	28,117
Lithuania	non-segmented IO	0	35.25%	0	0
Luxembourg	non-segmented IO	9,408	35.25%	3,316	6,092
Netherlands	non-segmented IO	2,348	35.25%	828	1,520
Poland	non-segmented IO	0	35.25%	0	0
Slovenia	non-segmented IO	488	35.25%	172	316
Spain	non-segmented IO	3,264	35.25%	1,151	2,113

By Capgemini/Deloitte/Ramboll Management.

2006/48, Article 110 (1)

“Reporting of Large Exposures to competent authorities”

Table 7: Potential burden reduction for the Measurement and Baseline countries

Country	Segment description	Current Admin. Burden (€)	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Austria	non-segmented IO	516,431	35.25	182,042	334,389
Denmark	non-segmented IO	49,156	35.25	17,327	31,828
Germany	non-segmented IO	534,722	35.25	188,490	346,233
Italy	non-segmented IO	160,864	35.25	56,704	104,159
Lithuania	non-segmented IO	1,968	35.25	694	1,274
Luxembourg	non-segmented IO	16,611	35.25	5,855	10,756
Netherlands	non-segmented IO	39,195	35.25	13,816	25,379
Poland	non-segmented IO	22,820	35.25	8,044	14,776
Slovenia	non-segmented IO	1,663	35.25	586	1,076

By Capgemini/Deloitte/Ramboll Management.

2006/48, Article 138 (2)

“Keep a track record of significant transactions between parent company and subsidiary other than large exposures”

Table 8: Potential burden reduction for the Measurement and Baseline countries

Country	Segment description	Current Admin. Burden (€)	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Austria	non-segmented IO	1,536	35.25	541	995
Denmark	non-segmented IO	6,656	35.25	2,346	4,310
Germany	non-segmented IO	56	35.25	20	36
Luxembourg	non-segmented IO	0	35.25	0	0
Netherlands	non-segmented IO	0	35.25	0	0
Poland	non-segmented IO	0	35.25	0	0
Spain	non-segmented IO	0	35.25	0	0

By Capgemini/Deloitte/Ramboll Management.

2006/49, Article 30 (2)

“Reporting of overall exposures to individual clients and groups of connected clients”

Table 9: Potential burden reduction for the Measurement and Baseline countries

Country	Segment description	Current Admin. Burden (€)	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Austria	non-segmented IO	220,998	35.25	77,902	143,096
Denmark	non-segmented IO	65,541	35.25	23,103	42,438
Germany	non-segmented IO	71,155	35.25	25,082	46,073
Lithuania	non-segmented IO	1,536	35.25	541	995
Luxembourg	non-segmented IO	14,784	35.25	5,211	9,573
Netherlands	non-segmented IO	249,905	35.25	88,091	161,813
Poland	non-segmented IO	20,800	35.25	7,332	13,468
Slovenia	non-segmented IO	1,824	35.25	643	1,181

By Capgemini/Deloitte/Ramboll Management.

2006/49, Article 31 (e)

“Reporting of exceeding limits regarding exposures to clients or group of connected clients”

Table 10: Potential burden reduction for the Measurement and Baseline countries

Country	Segment description	Current Admin. Burden (€)	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Denmark	financial institutions	14,727	35,25%	5,191	9,536
Lithuania	non-segmented IO	0	35,25%	0	0
Luxembourg	non-segmented IO	0	35,25%	0	0
Netherlands	non-segmented IO	14,264	35,25%	5,028	9,236
Poland	non-segmented IO	8,880	35,25%	3,130	5,750
Slovenia	non-segmented IO	760	35,25%	268	492
Spain	non-segmented IO	4,256	35,25%	1,500	2,756

By Capgemini/Deloitte/Ramboll Management.

2006/49, Article 45 (2)

“Notification of exceeding limits set by internal strategy”

Table 11: Potential burden reduction for the Measurement and Baseline countries

Country	Segment description	Current Admin. Burden (€)	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Austria	non-segmented IO	0	35.25	0	0
Denmark	non-segmented IO	0	35.25	0	0
Germany	non-segmented IO	0	35.25	0	0
Italy	non-segmented IO	800	35.25	282	518
Lithuania	non-segmented IO	16	35.25	6	10
Luxembourg	non-segmented IO	0	35.25	0	0
Netherlands	non-segmented IO	0	35,25%	0	0
Poland	non-segmented IO	168	35,25%	59	109
Slovenia	non-segmented IO	0	35,25%	0	0
Spain	non-segmented IO	192	35,25%	68	124

By Capgemini/Deloitte/Ramboll Management.

2002/83, Article 15 (3)

“Notification to authorities of the names of shareholders, members and sizes of holdings”

Table 12: Potential burden reduction for the Measurement and Baseline countries

Country	Segment description	Current Admin. Burden (€)	Reduction %	Burden reduction (€)	New Admin. Burden (€)
Austria	insurance companies	9,984	35.25	3,519	6,465
Denmark	financial institutions	48	35.25	17	31
Germany	non-segmented IO	292	35.25	103	189
Lithuania	non-segmented IO	64	35.25	23	41
Luxembourg	non-segmented IO	1,884	35.25	664	1,220
Netherlands	non-segmented IO	25,793	35.25	9,092	16,701
Poland	non-segmented IO	816	35.25	288	528
Slovenia	non-segmented IO	2,888	35.25	1,018	1,870
Spain	non-segmented IO	7,296	35.25	2,572	4,724

By Capgemini/Deloitte/Ramboll Management.

Annex 2 – other candidates for electronic reporting

Table 13: Other candidates for electronic reporting related to the Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions

Short description of IO	Current administrative burden (€)	Current “business-as-usual” cost (€)
<p>“Reporting by companies on qualifying shareholdings” – Article 21(1):</p> <p>At least once a year, the undertaking has to inform the competent authorities of the names of shareholders and members possessing qualifying holdings and the sizes of such holdings as shown, for example, by the information received at the annual general meetings of shareholders and members or as a result of compliance with the regulations relating to companies listed on stock exchanges.</p>	€174,357	€0
<p>“Reporting of Large Exposures to competent authorities” – Article 110(1):</p> <p>A credit institution shall report every large exposure to the authorities. Member States shall provide that reporting is to be carried out in accordance with 1 of the 2 methods described in the frequency description.</p>	€2,325,897	€775,299
<p>“Reporting of exposures exceeding the legal limits” – Article 111 (4):</p> <p>A credit institution may not incur an exposure to a client or group of connected clients the value of which exceed 25 % of its own funds. This limit shall be reduced to 20 % when the client or group of connected clients is the parent undertaking or subsidiary of the credit institution. A credit institution may not incur large exposures which in total exceed</p>	€88,438	€0

Short description of IO	Current administrative burden (€)	Current "business-as-usual" cost (€)
<p>800 % of its own funds.</p> <p>A credit institution shall at all times comply with the limits mentioned above in respect of its exposures. If in an exceptional case exposures exceed those limits, that fact shall be reported without delay to the competent authorities.</p>		
<p>"Keep a track record of significant transactions between parent company and subsidiary other than large exposures" – Article 138(2):</p> <p>Competent authorities shall require the reporting by the credit institution of any significant transaction with these entities other than the large exposures in article 110. These significant transactions shall be subject to overview by the competent authorities.</p>	€8,248	€0
<p>"Information on specific monitoring of exposures of more than 20% of own funds" – Article 111 (2):</p> <p>A credit institution may not incur an exposure to a client (...) the value of which exceeds 20 of its own funds if that client (...)is the parent undertaking or subsidiary of the credit institution and/or one or more subsidiaries of that parent undertaking. MS may exempt the exposures incurred to such clients from the 20 % limit if they provide for specific monitoring of such exposures by other measures or procedures, and inform the Commission and the European Banking Committee."</p>	€1,821,687	€0

Table 14: Other candidates for electronic reporting related to the Directive 2006/49/EC on the capital adequacy of investment firms and credit

Short description of IO	Current administrative burden (€)	Current "business as usual" cost (€)
<p>"Reporting of overall exposures to individual clients and groups of connected clients" – Article 30 (2):</p> <p>Institutions' overall exposures to individual clients and groups of connected clients calculated in accordance with paragraph 4 shall be reported in accordance with Article 110 of Directive 2006/48/EC.</p> <p>This article states that the institutions can choose to report in accordance with one of the following two methods:</p> <ul style="list-style-type: none"> –Reporting at least once a year, combined with reporting during the year of new exposures and any increases in existing exposures. –Reporting at least four times a year. 	€1,692,626	€0
<p>"Reporting of exceeding limits regarding exposures to clients or group of connected clients" – Article 31 (e):</p> <p>Institutions shall report to the competent authorities every three months all cases where the limits laid down in Article 111(1) and (2) of Directive 2006/48/EC have been exceeded during the preceding three months. In each case in which the limits have been exceeded the amount of the excess and the name of the client concerned shall be reported.</p>	€384,853	€0

Short description of IO	Current administrative burden (€)	Current "business as usual" cost (€)
<p>"Notification of exceeding limits set by internal strategy" – Article 45 (2):</p> <p>Where an investment firm has been permitted to exceed the legal limits on large exposures (Art. 111) and therefore has set itself internal limits for such exposures, it shall notify the competent authority without delay of the size and nature of any excess of the internal limits and of the counterparty</p>	€3,815	€0
<p>"Reporting of cases where counterparties default on their obligations" – Article 35 (5):</p> <p>The competent authorities shall oblige institutions to report to them immediately any case in which their counter parties in repurchase and reverse repurchase agreements or securities and commodities–lending and securities and commodities–borrowing transactions default on their obligations.</p>	€5,610	€0
<p>"Notification of exceeding limits regarding trading book business to the authorities" – Article 18 (4):</p> <p>If an institution should happen for more than a short period to have the trading–book business exceeding 5% of its total business or exceeding EUR 15 million or either, or has the trading–book business exceeding 6% of their total business and EUR 20 million, it shall be required to meet the capital requirements, calculated in accordance with the methods and options laid down in Articles 28 to 32 and Annexes I, II and VI in respect of its trading–book business and to notify the competent authority thereof.</p>	€4,671	€0

Table 15: Other candidates for electronic reporting related to the Directive 2002/83/EC on life assurance

Short description of IO	Current administrative burden (€)	Current “business-as-usual” cost (€)
<p>Notification to authorities of the names of shareholders, members and sizes of holdings – Article 15 (3):</p> <p>At least once a year, the undertakings shall inform the competent authorities of the names of shareholders and members possessing qualifying holdings and the sizes of such holdings as shown, for example, by the information received at the annual general meetings of shareholders and members or as a result of compliance with the regulations relating to companies listed on stock exchanges.</p>	€229,954	€0

Annex 3: Articles of the legislation in scope containing requirements to report

Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions:

- Article 21(1) (second sentence): Reporting by companies on qualifying shareholdings. At least once a year, the undertakings has to inform the competent authorities of the names of shareholders and members possessing qualifying holdings and the sizes of such holdings as shown, for example, by the information received at the annual general meetings of shareholders and members or as a result of compliance with the regulations relating to companies listed on stock exchanges
- Article 110 (1): Reporting of Large Exposures to competent authorities. A credit institution shall report every large exposure to the authorities. Member States shall provide that reporting is to be carried out in accordance with one of the two methods of reporting:
 - at least once a year, combined with reporting during the year of all new exposures and any increases in existing large exposures of at least 20%
 - at least 4 times a year.
- Article 111 (4): Reporting of exposures exceeding the legal limits. A credit institution may not incur an exposure to a client or group of connected clients the value of which exceed 25 % of its own funds. This limit shall be reduced to 20 % when the client or group of connected clients is the parent undertaking or subsidiary of the credit institution. A credit institution may not incur large exposures which in total exceed 800 % of its own funds. A credit institution shall at all times comply with the limits mentioned above in respect of its exposures. If in an exceptional case exposures exceed those limits, that fact shall be reported without delay to the competent authorities.
- Article 138 (2): Keep a track record of significant transactions between parent company and subsidiary other than large exposures. Competent authorities shall require the reporting by the credit institution of any significant transaction with

these entities other than the large exposures in article 110. These significant transactions shall be subject to overview by the competent authorities.

- Article 111 (2): Information on specific monitoring of exposures of more than 20% of own funds. A credit institutions may not incur an exposure to a client (...) the value of which exceed 20 of its own funds if that client (...)is the parent undertaking or subsidiary of the credit institution and/or one or more subsidiaries of that parent undertaking. MS may exempt the exposures incurred to such clients from the 20 % limit if they provide for specific monitoring of such exposures by other measures or procedures, and inform the Commission and the European Banking Committee."

Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions:

- Article 30 (2): Reporting of overall exposures to individual clients and groups of connected clients. Institutions' overall exposures to individual clients and groups of connected clients calculated in accordance with paragraph 4 shall be reported in accordance with Article 110 of Directive 2006/48/EC. This article states that the institutions can choose to report in accordance with one of the following two methods:
 - Reporting at least once a year, combined with reporting during the year of new exposures and any increases in existing exposures.
 - Reporting at least four times a year.
- Article 31 (e): Reporting of exceeding limits regarding exposures to clients or group of connected clients. Institutions shall report to the competent authorities every three months all cases where the limits laid down in Article 111(1) and (2) of Directive 2006/48/EC have been exceeded during the preceding three months. In each case in which the limits have been exceeded the amount of the excess and the name of the client concerned shall be reported.
- Article 45 (2): Notification of exceeding limits set by internal strategy. Where an investment firm has been permitted to exceed the legal limits on large exposures (Art. 111) and therefore has set itself internal limits for such exposures, it shall notify the competent authority without delay of the size and nature of any excess of the internal limits and of the counterparty.

- Article 35 (5): Reporting of cases where counter parties default on their obligations. The competent authorities shall oblige institutions to report to them immediately any case in which their counter parties in repurchase and reverse repurchase agreements or securities and commodities–lending and securities and commodities–borrowing transactions default on their obligations.
- Article 18 (4): Notification of exceeding limits regarding trading book business to the authorities. If an institution should happen for more than a short period to have the trading–book business exceeding 5 % of its total business or exceeding EUR 15 million or either, or has the trading–book business exceeding 6 % of their total business and EUR 20 million, it shall be required to meet the capital requirements, calculated in accordance with the methods and options laid down in Articles 28 to 32 and Annexes I, II and VI in respect of its trading–book business and to notify the competent authority thereof.

Directive 2002/83/EC on life assurance:

- Article 15 (3): Notification to authorities of the names of shareholders, members and sizes of holdings. At least once a year, the undertakings shall inform the competent authorities of the names of shareholders and members possessing qualifying holdings and the sizes of such holdings as shown, for example, by the information received at the annual general meetings of shareholders and members or as a result of compliance with the regulations relating to companies listed on stock exchanges.