

MEMORANDUM
CEBS Consultative Panel – COREP Initiative

The expert group of the CEBS Consultative Panel appreciates and acknowledges the achievements of COREP in the field of standardization of reporting formats and definition of terms as discussed at the October, 14th meeting in Paris.

However, the volume of requested information still remains excessive. Panel experts strongly believe that the COREP framework in its current form includes a large amount of data that is not meaningful for standardised reporting and that it will significantly impact the administrative burden of banks – and supervisors.

The panel expert group is aware of the ambitious nature of its earlier proposal when it asked for a simple framework focusing on relevant information, reducing substantially the total amount of information to be reported and aiming at material uniformity throughout the EU. However, the gap between what supervisors consider to be “core” (approx. 1.000 fields) and what supervisors decided to be part of COREP (approx. 14.000 fields) is huge. In other words, under the current proposal banks in different European jurisdictions will be confronted with material differences in regulatory reporting requirements. This, however, is in direct contrast to CEBS own COREP goals of convergence and level playing field. In this context, the Panel expert group remains particularly concerned about the remaining ‘additional information’ templates as these are indicative of the degree of inconsistency in the reporting requirements across jurisdictions, further undermining CEBS convergence goal.

When it comes to regular reporting, the expert group continues to believe that standard reporting is insufficient to exchange such a substantial range of information with great benefit and would like to highlight again that COREP is not the only available tool for prudential supervision. Under Basel II regulators will have a range of complementary supervisory tools in place to require information within a context rather than relying purely on an extensive number of detailed data providing limited value. The common reporting standards should not seek to duplicate any of these supplementary tools as it would cause substantial internal requirements for little gain.

In light of the above, the Panel expert group deeply regrets that with the current COREP proposal an important opportunity to achieve a common reporting focused on value adding information has been missed.

During the October, 14th meeting the CEBS COREP Group has indicated that it would be unlikely for European regulators to agree on any material changes to the current COREP proposal. This indication has been a disappointment for the Panel expert group and it means that CEBS own goals of convergence, level playing field and reduced administrative burden have been missed by COREP.

Whilst the Panel expert group continues to favour an early publication of a final COREP framework (and national implementation of the same) in order to allow banks sufficient time for implementation, the current proposal needs improvement. To this end the Panel expert group urges CEBS to engage in a constructive dialogue beyond the specific items agreed upon in the October, 14th meeting (e.g. the reporting requirements for credit risk mitigation and the related technological challenges for banks with central risk databases). Given the aforementioned time constraint and the challenge ahead the Panel expert group suggests to establish at short notice a mixed expert committee with participants from the industry and the regulators to develop a meaningful alternative to the current proposal. The Panel expert group believes this to be of high importance as the current proposal includes a large amount of data that is not meaningful for regulators nor banks. To that extend, it is just an additional administrative burden on the industry.

Appendix: Participating Banks

CP Member	Nominated Experts
Hugo Banziger, Deutsche Bank	Ralf Leiber, Deutsche Bank Joerg Hornischer, Deutsche Bank
Richard Gossage, RBS	Adrian Haines, RBS Jonathan Gray, RBS Glenn Woodcock, RBS
Carl-Johan Granvik, Nordea Klaus Willerslev Olsen, Danish Bankers Association	Johan Giertz, Nordea Hans Jaeger, Nordea
Herbert Pichler, FEC Austria	Gerhard Motlik, Erste Bank Helmut Starnbacher, RBZ/RBG Austria
Freddy v. d. Spiegel, Fortisbank	Alain Debrauwere, Fortisbank