

Single Rulebook Q&A

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Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - FINREP (incl. FB&NPE)
Article	430
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
Article/Paragraph	FINREP guidance
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	FINREP template F44.03 Share based payments
Question	<p>In template 44.3 Staff expenses by type of benefits, in row 0020 Share based payments are requested. For the whole template the following validation rule applies: v3988_s: {F 44.03} >= 0 (for all rows and with severity level error). This is suggesting share based payments can never be a negative amount, which we believe is not always the case (as a result of changes in the fair value of the liability recognised). Can you please amend the Validation rule by excluding row 0020 from this rule?</p>
Background on the question	<p>The guidance on the row 0020 Share based payments is as follows: Annex V. part 2. Art 311. For reporting of staff expenses by type of benefits, the following definitions shall be used: b. 'Share based payments' shall include the amount recognised in the reference period as staff expenses for share based payments; IFRS 2.44 An entity shall disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period. IFRS2.30: For cash-settled share-based payment transactions, the entity shall measure the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the entity shall remeasure the fair value of the liability at the end of each reporting period</p>

	<p>and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. During a reporting period you can have negative share based payments amounts, e.g. in case you do not have actual cost but only negative fair value adjustments (for example the stock price has decreased).</p>
EBA answer	<p>Paragraph 311 (b) of Part, 2, Annex V to Regulation (EU) No 2021/451 (ITS on supervisory reporting) defines share-based payments as including “the amount recognised in the reference period as staff expenses for share based payments”.</p> <p>Even if the stock price has decreased, the value of the stock will remain positive, even after the fair value adjustment is made, and then the payment based on shares will remain as well positive.</p> <p>Template F44.3 aims at identifying the expenses and not only the variations in fair value. Consequently, the validation rule v3988_s will not be amended to exclude row 0020.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5831</p>

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