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**FBF RESPONSE TO THE DISCUSSION PAPER ON PILLAR 3 DATA HUB
PROCESSES AND POSSIBLE PRACTICAL IMPLICATIONS (EBA/DP/2023/01)**

I -General comments.

The French Banking Federation (FBF) represents the interests of the banking industry in France. Its membership is composed of all credit institutions authorised as banks and doing business in France, i.e. 326 commercial, cooperative and mutual banks. FBF member banks have more than 34,000 permanent branches in France. They employ 349,100 people in France and around the world, and service 48 million customers.

The French Banking Federation (FBF) appreciates the opportunity to comment on the discussion paper on Pillar 3 data hub processes and possible practical implications (EBA/DP/2023/01).

We welcome the data hub Pillar 3 project to make prudential information disclosed by institutions in their financial reports readily available through a single electronic access point on EBA's website and to enhance market discipline by facilitating access to usable and comparable Pillar 3 information.

However, we question the timeline and the following implementation aspects of the project.

Date of publication of Pillar 3 data in institutions' financial statements vs date of submission of Pillar 3 data to the EBA and publication of this data on the EBA website.

We understand from our reading that article 434 (1) of CRR3 allows financial institutions to submit Pillar 3 data to the EBA, either "*no later than*" the date of publication of the financial statements, or "*as soon as possible thereafter*", i.e. within a reasonable period of time.

The submission of Pillar 3 data by financial institutions to the EBA and the publication of Pillar 3 data in the financial statements by financial institutions are therefore neither directly correlated nor synchronised.

Indeed, it is of the utmost importance for institutions that financial communication does not depend on prudential communication. In fact, the financial and prudential channels for communicating the information are different channels that come together but must not be intertwined. Moreover, the filing of the required financial statements of financial institutions with the financial market authorities is subject to strict rules and cannot depend on the date of submission of Pillar 3 data to the EBA. It is therefore crucial that the sequencing attached to the Pillar 3 disclosures provided for in the CRR is maintained within the P3DH submission process (i.e. submission to the EBA no later than the date of publication or as soon as possible thereafter)

Moreover, we understand from paragraph 30 of the Discussion paper that the EBA has a different understanding of article 434(1) of CRR3, which should be read as requiring from institutions that they submit to the EBA the relevant information in the first place, and *only later publish on their website, if they wish to do so*.

The French Banking Federation respectfully disagrees with such a reading of article 434(1) CRR3, its meaning and clear intent only being to centralize the Pillar 3 information in a single tool hosted by the EBA, but not to restrain institutions' freedom to publish the said information on their website if they so wish, under the timeline provided by CRR3.

Timeline.

Uncertainties are still pending over many aspects of the implementation of the Pillar 3 data hub implementation. In particular, the IT solutions (right of access / authorisation to the EBA website, validation process for data submission by institutions, etc.) are not yet known. So, it is very important that EBA clarify the IT aspect as soon as possible, as the institutions will need to plan IT costs and evaluate the best IT implementation.

Besides, according to the DP, other aspects will be considered before finalizing the Pillar 3 data hub. The results of the pilot exercise will be taken into account and also the future amendments of the Pillar 3 ITS due to the Basel III implementation and CRR3 amendments.

In that context, the tentative timeline of 2025 that the EBA expects the P3DH to become operational appears unrealistic as regards the stakes in terms of financial communication for institutions, the tasks remaining to be fulfilled and as it seems that the pilot exercise is splitting somehow. A partial or incomplete implementation of the project would generate an operational risk for both the banks and the EBA.

Therefore, we believe that it is worth to have the whole picture of the Pillar 3 data hub solution before launching the entire data hub process. As a consequence, we strongly demand the EBA to revert to European banks with an exhaustive list of pre-requisites before the implementation. We would advocate as a last recourse solution to postpone the full functionality of the Pillar 3 data hub until all the aspects of the project have been fully finalised and a dry run exercise has been successfully implemented.

Responsibility of disclosures made on the EBA website.

In accordance with Article 434(4) of the CRR3, while we agree that financial institutions are responsible of the accuracy of pillar 3 data submitted to the EBA, we would like to highlight that the EBA is fully responsible of the disclosures published on its website, as it is not of the responsibility of financial institutions to intervene in case of any discrepancies or technical problems in the EBA environment.

II – Answers to the questions related to the consultation.

Section 2. Process for institutions.

Questions for Large and Other institutions

General

Q1: In your view, which are the main benefits in operational terms that the new EBA legal mandate would bring to Large and Other institutions? And the main challenges? Would you agree that given the complexity of Large institutions, when compared to SNCIs, the proposed solution in terms of process for the Large and Other institutions is a well-balanced one? Please explain why.

As the data hub Pillar 3 project will make prudential information disclosed by institutions readily available through a single electronic access point on EBA's website and help enhance market discipline by facilitating access to usable and comparable Pillar 3 information the project seems to raise several challenges for Large and Other institutions.

First, it is crucial for institutions that financial communication does not depend on prudential communication and the proposed process seems to introduce a constraint on the publication of the financial statements as the consultation paper proposes a process where Institutions "will submit to the EBA in the first place and later publish on their website (if they decide to do so)" (Par. 30). As a consequence, we think that the first publication should remain at the hand of large institutions, which will simultaneously communicate the data to the EBA.

Regarding the timeline of the project, as uncertainties remain over many aspects of the implementation of the Pillar 3 data hub (in particular on the IT solutions and the outcome of the pilot exercise) we question the tentative timeline of 2025 that the EBA expects the P3DH. Further challenges identified are detailed on the dedicated questions.

Sign-off.

Q2: Would you agree with the current EBA considerations on the sign-off process (i.e., submission of Pillar 3 information by the institutions is performed once the sign-off is complete and accompanied by the corresponding confirmation)? Would you have any other suggestions or comments on this point?

Further clarifications on the sign-off process as it is proposed by the EBA in the Consultation paper would be welcome. The details of the process do not appear clearly on the consultation paper and particularly regarding the frequency of the sign-off that would be requested under the P3DH process.

If by « sign off process », it is meant only the necessary signing on Pillar 3 disclosure as required since CRR2, then no need to add a sign off requirement as long as it is already automated. If not, we reassert the need of clarification in the Discussion Paper.

Q3: In addition to the sign off of information by institutions of the PDF report and xBRL-CSV report upon submission, which will be republished without any transformation, do you see the need of an additional sign-off process of information contained in these files once they are on the EBA dissemination portal and before opening the portal to the public, beyond the preview for the technical acceptance step? If you see this need, how long would you deem

necessary for the signing-off process? How would you see the process for this additional signing-off within the institutions, including who should provide this signing off?

As stated on Question 2, the sign-off process would require further clarifications. However, Institutions do not see any need for an additional sign-off before the publication on the EBA dissemination portal. Such requirement would add unnecessary burden with limited added value.

Submission/publication date

Q4: Would end-June as limit date for year-end submission be adequate for most of the jurisdictions / institutions? Should a different window be defined? Which one and for which reasons? Would you see any advantages of having more flexibility as regards the timing for this submission? Why? What would be, in your view, a proper window-period for the different interim reports?

The proposed deadline for year-end submission set at end-June appears suitable. We reassert however that this limit date would be acceptable only for the first publication: shall the banks perform a new submission, the deadline should be postponed.

Questions on qualitative information

Q5: Do you agree that at this stage the inclusion of this information in the PDF report is the best approach?

At this stage, the PDF format appears suitable.

Q6: Views are asked on the possibility to request this information in the future in machine readable format like block tagging. Would you consider any other format (than PDF) better suited for the purpose? Would ODF (OpenDocumentFormat) better serve this purpose? Why?

The PDF format has the advantage to be well-known, widely spread and fits with a common use. The internal security features are sufficient enough for the submission task. Furthermore, PDF are already compatible with Office documents (Word, Excel, Powerpoint...) so we deem there is no need to search after another solution.

Question on future feasibility study.

Q7: Would you agree that having a centralised calculation for Large and Other institutions (as it is required for SNCIs) would bring some benefits? How would you measure these benefits in relation to the described main potential challenges? Please refer to the challenges described in the respective sub-section of this Discussion Paper, providing your views to each one of the points.

The benefits of the centralisation of the calculation of the Pillar 3 information in the Datahub for Large and Other institutions appear clearly unbalanced compared to downsides listed below:

- Preparation of the qualitative information: The formalisation of the narrative for Large and other institutions is complex and appears to be a difficult task to automatize. Furthermore, the process for the preparation of the narrative for SNCIs has not been yet defined and Large and Other institutions cannot assess based on the information provided in the consultation paper if the P3DH would be suitable for the production of such qualitative information.

- Signing-off: a centralised calculation would require the setting of a signing-off process that would be more complex for Large and other institutions as regards the organisation of such institutions and the complexity of the disclosures compared to SNCIs
- Timeline: a centralised Pillar 3 disclosures production would put a constraint on the Institutions as regards the timing of their publications. It is crucial for Large and other institutions to keep the full responsibility on the timing of their publications.
- Mapping tool : to this date, Pillar 3 data are not all mapped with supervisory reportings (namely COREP). Only a Pillar 3 fully mapped with COREP would enable to clear benefits from a centralised platform. We are way far from this stage of development.

In addition, institutions are private economic agents that see it crucial to keep full responsibility on their financial communication towards the market.

Q8: What would your opinion be as regards full alignment of the process for all institutions vs benefits that a decentralised calculation of disclosures figures might represent at the moment? When providing your answer, please consider aspects like efficiency, accuracy, burden for institutions, flexibility in terms of publication date and any other challenges or benefits mentioned in this Discussion Paper or others that you deem relevant.

A full alignment of the process would not bring significant benefits as regard the disclosure process compared to a decentralised process. It is worth underlying that the disclosures for Large and Other institutions cannot be easily automatized especially for the qualitative information that are much more elaborated for such institutions as compared to SNCIs. A full alignment would bring, in the respondents' opinion, additional burden as it would require the setting of a heavy review and validation process prior to the publication. Furthermore, the process for SNCIs does not appear to be fully achieved and an alignment seems challenging to fully assess as regards the concerns raised in Question 7.

Q9: In terms of costs, would the P3DH reduce the costs of producing the Pillar 3 reports for Large and Other institutions if these reports are produced centrally by the EBA on the basis of the supervisory reporting data?

The production of the Pillar 3 reports for Large and Other institutions centrally by the EBA would not reduce the associated costs as the concerned institutions would still have to produce the figures and control the outcome of the Data hub. In fact, such process could lead to an increase of the costs as it would require not only the production of the Pillar 3 Information but also the control of the EBA's information especially on the qualitative information and the setting of a validation process.

Furthermore, an additional cost is to be envisaged in case of mandatory acquisition of new software licences linked to the proposed protocol.

Q10: Would you see any other positive or negative impacts on your current disclosures process if the P3DH process for SNCIs is extended to Large and Other institutions?

We do not agree with the extension of the process, particularly in regard of the bond that large institutions have stroke with their national competent authorities.

Q11: Would you have any particular observations on the possibility to implement the “technical acceptance” step? How do you see this step in terms of relevance to the whole process, time needed to conclude it and “automatic acceptance” in case no answer is provided by the institution (considered as non-objection to publication)?

As regards the technical acceptance, it is our belief that this step should be subject to a formal acceptance by the Institution to ensure the correctness of the data published on the EBA’s website. The absence of response should then not be understood as a validation of the publication. The technical acceptance could take the form of a simple and mandatory “click and submit” functionality on the P3DH.

Questions for SNCIs

General

Q12: In your view, which are the main benefits, in operational terms, that the new EBA legal mandate will bring to SNCIs? And the main challenges? Would you have any views on the challenge related to those disclosure requirements where there are not similar reporting requirements and therefore reporting data? Would you anticipate / identify any specific situation where this could be the case? Do you agree that the new proposed approach reduces the burden for SNCIs as regards the Pillar 3 disclosures preparation? Please explain why.

Submission of qualitative information

Q13: Feedback is asked on how to set up the process for the submission of qualitative information by SNCIs. The feedback should cover the process for the qualitative information required in the tables specified in the comprehensive Pillar 3 ITS and the process for the accompanying narrative to quantitative templates.

Q14: For the submission of qualitative information by the SNCIs, which formats / approaches would you consider more viable in operational terms? What would be your views as regards the submission of a PDF report? And on the use of a block tagging approach? Would you consider any other format (than PDF) better suited for the purpose? Would ODF (OpenDocumentFormat) better serve this purpose? Why?

Sign-off of Pillar 3 reports.

Q15: In your view, how could the sign-off of the Pillar 3 reports prepared by the EBA be done by SNCIs?

Timeframe for publication

Q16: Would you agree with the definition of a common date to publish the required disclosure information to all the SNCIs? Should this common date be linked to the supervisory reporting deadlines (for instance, “x” number of months following the legal deadline for the submission of the supervisory data)? If not, how could this common date be defined in order to ensure that this information is disclosed on a timely manner to the market?

Q17: Would end-June be regarded as an appropriate date for this purpose? How well would this date work in conjunction with the audit processes?

Language of disclosures

Q18: Which are your views in relation to the language challenges presented in the sub-section for SNCIs? Which possible solutions could be, in your view, pursued?

Final question on this section (for all institutions)

Q19: Would you have any aspects related to the process for institutions that is not covered by the previous questions but you would still like to highlight?

Section 3. EBA process for P3DH.

Q20: Data dissemination: do you think the P3DH would significantly reduce the time of searching and downloading of data?

The centralisation of the Pillar 3 publications would indeed reduce the time for searching and downloading the related data, especially for benchmarking with peers. However, this benefit is limited as far as the banks do not always resort- to this type of exercise (generally once a year).

Q21: Data dissemination: would you agree that the tools to be developed would increase the usage of the Pillar 3 data and, as such, better promote market discipline?

It is still difficult to assess the impact of the tools on the usage of Pillar 3 data as the consultation paper does not yet provide a final view on the data dissemination process.

Q22: Would you see any challenges in the described process that would deserve further consideration by the EBA?

There may be a risk of misunderstanding in the qualitative and narrative information disclosed along the analyses conducted by the EBA that could affect market transparency and reputation risk if we do not have communication tools at our hand. We hope that the EBA will propose on its website tools to enable the public to understand what is made available to them (financial and prudential culture is not widely spread, including among investors).

Q23: In your view, how would you tackle the requirements of Article 432 of the CRR (non-material, proprietary and confidential information) in accordance with the proposed process?

Article 432 of CRR stipulates that information in disclosures shall be regarded as material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. It is at this stage unclear how this would be jeopardized if the proposed process was implemented. We kindly ask the EBA to clarify what is at stake in regard of article 432 with the proposed P3DH.

Q24: As regards the archiving period to be considered by the EBA under the respective legal provision, what is the number of years set in your jurisdiction as regards the storage for information included in the institutions' financial reports?

The relevant archiving period would be 10 years.

Section 4. Process for users of Pillar 3 data.

Q25: What are users of information views on how the timeline for availability of information in the EBA P3DH should look like? Some options could be further explored by the EBA, if considered useful, like automatic alerts or the preparation of dashboard of reports for specific periods.

Q26: What are the users views on the approach proposed in terms of visualization and bulk downloading tools? What kind of functionalities and tools would be useful for users in this regard?

We kindly request guidance from the EBA through a list of possibilities proposed by the platform (fields selection, values possible for themes, reportings or institution, countries, size of institutions,).

Q27: Would you have any other suggestions, from a user perspective, that could be considered by the EBA when developing the P3DH and the users' interface?

No particular suggestion at this stage but we strongly promote for the maintaining of exchanges with the EBA while developments/changes in the interface or the hub's structure are made. Recurrent bilateral exchanges (at least on a yearly basis) should be planned to enable banks to be aware of EBA roadmap in terms of structuring evolutions.

Section 5. P3DH and synergies with other projects.

Q28: Would you have any comments or observations on the presented links and synergies with other on-going projects?

We kindly ask the EBA to perform this cross-projects analysis as far as European banks are highly less informed about all the other on-going projects (ESAP, ESEF, IREF, etc.). We highly support the detection and the sharing of such synergies as far as we are supportive for no additional financial or technical burden for European banks.

As for the transparency exercise, it would be interesting to capitalize on it if it was at the hand of banks in terms of production. However, this exercise consists in the approval of figures produced by the EBA. We then do not support an alignment with an exercise for which we do not have the responsibility. We even campaign for the suppression of the transparency exercise as it is now performed.

Section 6. LEI: EBA use case for regulatory reporting.

Q29: Do you agree that there is merit in leveraging the vLEI solution as a decentralized organizational digital identity management system?

Further to the presentation of the product to the participants in the exercise pilot, occurred on 19th March 2024, we recommend waiting for participants feed-back after this exercise to plan a post-mortem meeting and evaluate possible improvement areas. We understand that IT experts amid European banks are still investigating about this vLEI solution.

Besides, we wonder about the relevancy of this solution proposed without capitalizing on existing hubs/processes (including authentication certificates) between institutions and their national competent authorities/local supervisors. We are also reluctant to multiply the number of platforms and we lobby for the limitation of initiatives in this topic (EASF, ESEF, etc.) The acceptance by banks will indeed highly rely on synergies with other projects / regulatory reportings planning to utilize the same environment in future. Nevertheless, we would like to reiterate our above-mentioned comments due to the existing process.

Q30: If you agree with Q29, do you agree that the EBA Pillar 3 reporting use case represents an opportunity to introduce vLEI into the market? And what are the main challenges that you perceive in the practical implementation of the vLEI from your point of view? If you disagree with Q29, are there alternative options you would suggest the EBA consider?

See answer to Q29.

Q31: If you agree on the adoption of the vLEI for Pillar 3, what should the EBA do to facilitate its practical application and promote market acceptance?

See answer to Q29.

Section 7. Policy implications.

Resubmission policy

Q32: Please provide your views for each one of the particularities that would need to be defined or further clarified as regards the resubmission policy.

The EBA must take into consideration all resubmissions published by institutions so that consistency is ensured with supervisory reportings (namely COREP statements).

Q33: Do you have any comments regarding the resubmission of disclosure data and the process of the publication via the EBA? Do you see specific requirements regarding the process and timing EBA will republish updated disclosure figures?

Q34: Do you identify any other aspects that would need to be taken into account when defining the final resubmission policy? Which ones and why?

Final question on this section

Q35: Would you have any other observation or comments on any of the aspects covered in this section?