# FINAL PEER REVIEW REPORT

PEER REVIEW OF THE ITS ON SUPERVISORY
REPORTING REQUIREMENTS
FEBRUARY 2017

EBA EUROPEAN BANKING AUTHORITY

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# Executive Summary

This Peer Review Report provides an **overview and assessment of competent authorities' (CAs') procedures and processes in the area of supervisory reporting.** For the first time, the European Banking Authority (EBA) has conducted a peer review of a legally binding act (Implementing Technical Standard (ITS) on Supervisory Reporting (Regulation (EU) No 680/2014 of 16 April 2014). The main goal of this peer review was to assess the processes put in place by CAs in the context of supervisory reporting, such as the procedures and IT systems used to collect data and ensure data quality, the process of dealing with enquiries by reporting institutions and issues of governance or measures taken with regard to updates to the reporting framework. In line with previous peer review exercises, in addition to assessing the implementation of the standard, this report also identifies a number of best practices based on the findings of the review.

The report is based on the findings of three consecutive stages of the review. First, self-assessments were conducted by CAs based on an agreed questionnaire. Subsequently, those self-assessments were reviewed by peer review teams composed of EBA staff members and volunteers from the CAs. Finally, further reviews were carried out during on-site visits by the peer review teams to all participating CAs.

Some of the key findings of the peer review are presented below.

*Validation process and quality assessment*

Master data – which capture any information necessary to manage, store and forward data submitted by institutions – are an essential element of the reporting process. Master data shall be updated on a regular basis, at least quarterly, and communicated to the European Central Bank (ECB) (in the context of the sequential approach[1]) and/or to the EBA well in advance of a reporting deadline.

Regarding the management of institutions' submissions and resubmissions, processes which limit the need for manual operations are considered to be best practice. Some of the IT systems put in place enable CAs to monitor (re-)submissions on a more detailed level, for example with regard to missing templates, failure to adhere to validation rules and other data quality issues. It is considered best practice for CAs to carry out the data quality checks as soon as possible after receiving the data from the institutions.

As regards the nature of the checks, completeness of data is often assessed immediately upon receipt of a submission, and this is considered important to assure data quality. In order to verify the correctness of submitted data, many CAs carry out additional data quality checks over and

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[1] The sequential approach is defined as the data collection within the single supervisory mechanism (SSM), whereby banks submit their data to national supervisors, who then report to the ECB.

above checks for compliance with the EBA's validation rules, in particular consistency and plausibility checks. For this purpose, some CAs have developed IT tools that facilitate comparisons and cross-checks between different data sets, and supporting, for example, the monitoring of quality issues relating to key risk indicators (KRIs). With a view to improving the consistency of data, performing horizontal and/or thematic analyses of data reported in certain groups of templates is regarded as best practice. With regard to timeliness, some CAs have developed an expanded set of tools to work towards and enforce timely submissions by institutions. In a broader sense, communication with institutions – whether in form of automated feedback upon submission or contacts between CAs' staff and supervised institutions in the process of data quality assurance – is also seen as a crucial means to improve the data quality of institutions' submissions.

In terms of IT solutions, some CAs require their supervised institutions to submit their data in XBRL format, thereby reducing the operational risks associated with the conversion of data from other formats (Excel, XML, etc.) to the XBLR taxonomy.

*Update to reporting standards*

Changes to the reporting framework are frequent and may entail a certain level of uncertainty with regard to content and IT aspects for both CAs and reporting institutions. To the extent possible, those changes have to be anticipated to foster a smooth transition to the next version of the reporting framework. Consequently, the CAs have established well-documented processes for the implementation of updates to the reporting framework, which include, for example, contributions to the testing of taxonomy versions or validation rules in order to support a timely application of the amended version of the ITS on Supervisory Reporting.

Nevertheless, easier access to the Single Rulebook and the ITS on Supervisory Reporting, for both CAs' staff and reporting institutions, may be provided, for example, through consolidated interactive tools. This would facilitate communication on amendments made and assist in focusing appropriate effort on changed areas.

*EBA's questions and answers tool*

The Single Rulebook questions and answers (Q&A) tool represents an important tool to support and promote the Single Rulebook and harmonisation of reporting practices across the EU. In relation to the reporting framework, the tool provides additional guidance, for example on the interpretation of reporting instructions or validation rules. Amongst the best practices observed, some CAs challenge the application of the guidance provided by the Single Rulebook Q&A by assessing the institutions' data against the Q&A in order to strengthen the focus of the institutions on the EBA's Q&A tool.

*Resources and governance*

In order to smooth the reporting process of and make the CAs' top and middle management aware of possible issues with data quality, CAs have implemented different governance

frameworks. It is considered best practice to manage closely the information flow regarding reporting-related issues and to keep all the staff involved or interested in reporting issues informed in due time, in particular both middle and top management. To improve CAs' staff knowledge of reporting and to disseminate this knowledge to the supervised entities, the provision of internal and external training and the development of a communication policy may be regarded as crucial.

In addition to contributing to the identification of best practices, on-site visits serve as a platform for CAs' experts to exchange views on reporting practices with members of the peer review team, to discuss commonly existing challenges and to develop a broad network of expertise. At the same time, CAs can also provide additional feedback regarding areas for improvement of practices. A short summary of the suggestions made by the CAs has been embedded in the report.

The table below shows the final outcome of the peer review with regard to those questions in the self-assessment questionnaire that were subject to benchmarking (six in total). Generally, most CAs have put in place consistent and comprehensive processes and IT systems to ensure timely, complete and correct data reporting. No significantly negative outliers were identified in this regard. The results below take into account the findings of all steps of this peer review.

The six benchmarked questions were the following:

Q1.     Please describe your CA's processes for the setting up and maintenance of each institution's reporting requirements (expected templates/business cards if applicable). Please explain how your processes include input from staff involved in direct supervision, where relevant.

Q3.     Please describe how your CA

(a) monitors the receipt of submissions and resubmissions from institutions;

(b) monitors that the EBA has accepted the submissions and resubmissions; and

(c) enforces correct and timely submissions when submissions fail or are late, including issuing sanctions.

Q8. Please describe your CA's data quality management process (please specify tools, steps, interactions (internally within your authority, with the EBA and in case of the SSM – also the ECB, externally with institutions) and anticipated future internal enhancements of the process).

Q16.    Please describe your CA's process (including time horizons) to implement updates to the reporting framework, including communication with institutions.

Q21.    Please describe your CA's internal process to follow the 'supervisory reporting' Q&A of EBA's Q&A tool from the submission of a question to the design and publication of answers.

Q28.    Please describe your CA's management (i.e. executive level/middle managers) involvement, responsibilities and oversight in the validation process.

| MS | Q1 | Q3 | Q8 | Q16 | Q21 | Q28 |
|---|---|---|---|---|---|---|
| AT | FCP | FCP | FCP | FCP | FCP | FI |
| BE | LCP | FCP | PCP | FCP | LCP | FI |
| BG | PCP | FCP | LCP | LCP | LCP | FI |
| CY | LCP | FCP | LCP | FCP (upgrade) | LCP (upgrade) | PI |
| CZ | FCP | LCP | FCP | LCP | FCP | FI |
| DE | FCP | FCP | FCP | FCP | FCP | FI |
| DK | FCP | FCP | FCP | LCP | FCP | FI |
| ECB/SSM | FCP | FCP | FCP | FCP | FCP (upgrade) | FI |
| EE | LCP | FCP | LCP | FCP | LCP | LI |
| EL | LCP | LCP | LCP | LCP | LCP | LI (upgrade) |
| ES – BdE | FCP | FCP | FCP | FCP(upgrade) | PCP | FI |
| ES – CNMV | FCP | FCP | FCP | FCP | LCP | NI |
| FI | FCP | FCP | LCP | FCP | LCP (upgrade) | FI |
| FR | LCP | FCP | LCP | FCP | FCP | FI |
| HR – CNB | LCP | FCP | LCP | LCP | FCP (upgrade) | FI |
| HR – HANFA | PCP | PCP | PCP | LCP | WP | LI |
| HU | LCP | LCP | LCP | FCP (upgrade) | FCP (upgrade) | LI |
| IE | FCP | LCP | LCP | FCP | LCP | FI |
| IS | LCP | LCP | PCP | FCP | PCP | FI |
| IT | FCP | FCP | FCP | FCP | FCP | FI |
| LI | FCP (upgrade) | LCP | LCP | FCP | LCP | FI |
| LT | PCP | FCP | LCP | PCP | LCP | LI |
| LU | LCP | FCP | LCP | FCP | LCP | FI |
| LV | LCP | FCP | LCP | LCP | FCP | PI |
| MT | FCP | FCP | PCP | LCP | PCP | LI |
| NL | FCP | FCP | FCP | FCP | FCP | FI |
| NO | FCP | LCP | LCP | LCP | PCP | LI |
| PL | FCP | FCP | FCP | FCP | FCP | FI |
| PT | LCP | FCP | LCP | FCP | LCP | PI |
| RO – NBR | LCP | LCP | LCP | LCP | PCP | FI |
| RO – ASF | LCP | PCP | PCP | PCP | PCP | PI |

| MS | Q1 | Q3 | Q8 | Q16 | Q21 | Q28 |
|---|---|---|---|---|---|---|
| SE | LCP | FCP (upgrade) | FCP (upgrade) | FCP (upgrade) | LCP | FI |
| SI | FCP | FCP | FCP | FCP | LCP | FI |
| SK | PCP (upgrade) | PCP | PCP | PCP | PCP | PI |
| UK – PRA | FCP | FCP | FCP | FCP | FCP | LI |
| UK – FCA | FCP | FCP | PCP | FCP | WP | FI |

**Key**

Green: fully comprehensive process (FCP) or CA fully involved (FI).

Yellow: largely comprehensive process (LCP) or CA largely involved (LI).

Orange: partially comprehensive process (PCP) or CA partially Involved (PI).

Red: weak process (WP) or CA not involved (NI).

ASF, Autoritatea de Supraveghere Financiară (Financial Supervisory Authority); BdE, Banco de España (Bank of Spain); CNB, Croatian National Bank; CNMV, Comisión Nacional del Mercado de Valores (National Securities Market Commission); FCA, Financial Conduct Authority; HANFA, Hrvatska Agencija Za Nadzor Financijskih Usluga (Croatian Financial Services Supervisory Agency); NBR, Banca Nationala a României (National Bank of Romania); PRA, Prudential Regulation Authority.

# Background and rationale

## Introduction

This document presents a summary of the factual results of the first phase of the peer review, namely the self-assessment by CAs of how they implement and perform quality assurance with regard to the data submissions from individual institutions as well as the process in place for implementing changes to the ITS on Supervisory Reporting.[2] It provides the results of assessment performed by peers and the analysis of the responses of the non-benchmarked questions. It also presents the results of the on-site visits, revealing the main differences in the procedures applied by CAs in the context of the ITS on Supervisory Reporting, confirming the best practices observed at a previous stage ('Review by peers') and further explaining those best practices through live demonstration and detailed presentation given during the on-site visits.

On 18 December 2015, the EBA asked CAs to complete a self-assessment questionnaire (SAQ) containing 33 questions concerning four general areas. CAs were asked to send their completed self-assessments to the EBA by 5 February 2016. Thereafter, EBA staff, together with some volunteers from CAs, carried out the review by peers to confirm or reject the self-assessment done by the CAs and analyse the non-benchmarked responses. At that stage, Workstream 2 (WS 2) identified some potential good practices[3] to be shared with a view to improving supervisory convergence in the EU. At the same time, some areas for improvement were also observed, especially in relation to updates of the ITS on Supervisory Reporting.

From June to September 2016, EBA staff, together with volunteers from the CAs, visited all the CAs participating in this peer review. The EBA suggested that the aim of this phase of the peer review should be to validate the assessment of the benchmarked questions based only on a desk-based analysis and to better understand the procedures and processes implemented in the various CAs with a view to identifying best practices.

## Mandate

The main objective of this peer review, as defined in the Terms of Reference approved by the EBA's Board of Supervisors (BoS) on 27 October 2015, is to deliver an assessment of the supervisory practices of the CAs in the context of the ITS on Supervisory Reporting, with a focus on the processes put in place to ensure the completeness, timeliness and correctness of the data reported by institutions to CAs and by CAs to the EBA (validation and quality assurance), and to

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[2] The results of the self-assessment are included as Annex 4.

[3] The EBA Founding Regulation states, in Article 30.2(c), that the peer review shall include an assessment of best practices developed by some CAs. After the desk-based analysis (phases 2 and 3 of the peer review), the Review Panel shall assess the observed good practices as possible best practice(s) in the next parts of its work, including when conducting on-site visits.

support the implementation of updates of the ITS on Supervisory Reporting by institutions across the EU.

In addition, this peer review seeks to assess how CAs take into account the answers to questions on the ITS on Supervisory Reporting raised under the EBA's questions and answers (Q&A) tool and to evaluate certain aspects with regard to the scope and proportionality of the ITS on Supervisory Reporting.

However, the peer review process broadly abstains from assessing the annexes to the ITS on Supervisory Reporting or the templates related to data on liquidity, except for the data on non-performing exposures, forbearance and asset encumbrance. Furthermore, the data analysed as part of the peer review were limited to the data submitted by the credit institutions to the CAs for the reporting reference date 30 June 2015, in order to assess recent results in terms of data reporting and have a view of the actual reporting practices.

This peer review should also identify any best practices developed by CAs, in order to make other CAs aware of them and allow them to possibly adopt such practices.

Accordingly, the peer review includes an assessment of how CAs assess whether or not individual banks have duly provided the sought data:

(a) in the required format and frequency as defined in

- Chapter II – Reporting reference and remittance dates and reporting thresholds

- Chapter III – Format and frequency of reporting on own funds, own funds requirements and financial information

- Chapter IV – Format and frequency of specific reporting obligations on losses stemming from lending collateralised by immovable property according to Article 101 of Regulation (EU) No 575/2013

- Chapter V – Format and frequency of reporting on large exposures on an individual and a consolidated basis

- Chapter VI – Format and frequency of reporting on leverage ratio on an individual and a consolidated basis

- Chapter VIIa – Format and frequency of reporting on asset encumbrance on an individual and a consolidated basis;

(b) taking into account the answers provided in the EBA's Single Rulebook Q&A tool on supervisory reporting;

(c) in accordance with the accompanying Data Point Model and Taxonomies for Implementing Technical Standard on Supervisory Reporting, including any relevant framework release patches/updates.

At the end of the exercise, the Review Panel is able to:

- issue a report with a description of supervisory practices;

- identify best practices for supervisors;

- express its views on the adequacy of the current ITS on Supervisory Reporting and the potential areas for improvement.

The EBA BoS Voting Members, who are the CAs for the CRD IV/CRR package (Capital Requirements Directive [Directive 2013/36/EU]/Capital Requirements Regulation [Regulation (EU) No 575/2013]) of the 28 EU Member States, are subject to the EBA peer review of the ITS on Supervisory Reporting, plus the SSM. Supervisors from the European Economic Area–European Free Trade Area (EEA-EFTA) countries that are observers at the EBA BoS (Iceland, Liechtenstein, Norway) also participated in the exercise.

With a view to conducting a comprehensive exercise, the EBA proposed to include in its peer review the CAs supervising investment firms that are subject to the CRD IV/CRR package (and which are different from the EBA's BoS members). Accordingly, four Member States whose CAs supervise investment firms and which are not EBA BoS members have agreed to participate in the EBA peer review on supervisory reporting requirements, namely CNMV (Spain), HANFA (Croatia), ASF (Romania) and the FCA (United Kingdom).[4]

A complete list of the CAs that participated in the peer review can be found in Annex 1.

## Reference to the EBA Founding Regulation

The Review Panel conducts independent peer reviews based on self-assessments provided by CAs.

Peer review exercises are conducted in accordance with the provisions of Article 30 of the EBA Founding Regulation and the EBA decision establishing the Review Panel. A peer review entails an assessment of the effectiveness of the supervisory activities of CAs and of the implementation of the provisions of Article 30 by CAs and a comparison with peers. The peer reviews shall include an assessment of:

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[4] CNMV, Comision Nacional del Mercado de Valores (National Securities Market Commission); HANFA, Hrvatska agencija za nadzor financijskih usluga (Croatian Financial Services Supervisory Agency); ASF, Autoritatea de Supraveghere Financiară (Financial Supervisory Authority); FCA, Financial Conduct Authority. They were involved only in the first two phases of the review (SAQ and review by peers).

- the adequacy of resources and governance arrangements of CAs, especially regarding the application of regulatory technical standards (RTS) and ITS;

- the degree of convergence reached in the application of European Community legislation and in supervisory practices;

- the best practices developed by CAs.

At the end of the peer review, the EBA is entitled to submit an opinion to the European Commission if the peer review or any other information acquired in carrying out its tasks shows that a legislative initiative is necessary to ensure the further harmonisation of prudential rules (Article 30.3a of the EBA Founding Regulation). The EBA also has to make the best practices that can be identified from the peer review publicly available. In addition, all other results of the peer review may be disclosed publicly, subject to the agreement of the CA that is the subject of the peer review (Article 30.4 of the EBA Founding Regulation).

## Methodology

The peer review followed the EBA Review Panel methodology for the conduct of peer reviews (EBA BoS 2012 107) approved in June 2012. In line with the methodology, each peer review has four phases:

- Phase 1 – preparatory

  - Preparation and finalisation of a self-assessment questionnaire.

- Phase 2 – self-assessment

  - CAs are asked to submit their initial self-assessments.

- Phase 3 – review by peers

  - The Review Panel considers the questions, self-assessments and benchmarks, revising them as necessary in order to promote consistency of responses across CAs.

- Phase 4 – on-site visits

  - Small teams visit a number of CAs.

Until now, the EBA has performed peer reviews only of EBA Guidelines. The current peer review exercise is the first time the EBA has performed a peer review of a binding technical standard. The EBA's Review Panel methodology presents some difficulties in its application to this type of peer review and, accordingly, the Review Panel members approved a slight variation of the methodology for performing this peer review at the Review Panel meeting on 7 December 2015.

According to the EBA Review Panel methodology, the EBA is expected to establish a benchmark to facilitate a transparent and objective evaluation of the extent to which each CA is effectively implementing the supervisory provision or practice that is the subject of the peer review and to what degree intended supervisory outcomes are being achieved. Furthermore, the methodology specifies that the benchmark be clearly set out at the beginning of each exercise. In so doing, the EBA has to use a specific grade scale ranging from 'fully applied' to 'not applied', including two additional categories, 'not applicable' and 'non-contributing', to categorise the level of compliance reached by each CA. As the ITS on Supervisory Reporting is subject to maximum harmonisation, the application of the usual grade scales is not relevant for the assessment, although the associated supervisory practice can be subject to benchmarking. The Review Panel members agreed to use another set of benchmarking criteria, as follows:

- *Fully comprehensive process*: A practice may be considered to be 'fully comprehensive' when all assessment criteria as specified in the benchmarks are met without any significant deficiencies.

- *Largely comprehensive process:* A practice may be considered to be 'largely comprehensive' when some of the assessment criteria are met with some deficiencies provided these do not give rise to any concerns about the overall effectiveness of the processes of the CA, and no material risks are left unaddressed.

- *Partially comprehensive process:* A practice may be considered to be 'partially comprehensive' when some of the assessment criteria are met with deficiencies affecting the overall effectiveness of the processes of the CA, resulting in the situation that some material risks are left unaddressed.

- *Weak process:* A practice may be considered to be 'weak' when the assessment criteria are not met at all or to an important degree, resulting in a significant deficiency in the effectiveness of the processes of the CA.

- *Not applicable*: A practice under review may be considered 'not applicable' when it does not apply given the nature of a CA's market.

- *Non-contributing*: A CA shall be classified as 'non-contributing' if it has not provided its contribution within the prescribed deadline.

# 1. Summary of the responses to the self-assessment questionnaire

CAs from 31 EEA countries completed their self-assessment and submitted it to the Review Panel.[5] Table 1 summarises all the answers received to the six benchmarked questions. A list of the questions included in the SAQ is given in Annex 2 and a detailed summary of all self-assessments from all respondents is provided in Annex 3.

Table 1: Overall summary table of numbers of answers

| | Fully comprehensive process[6] | Largely comprehensive process[7] | Partially comprehensive process[8] | Weak process[9] | N/A | Non-contributing |
|---|---|---|---|---|---|---|
| AT | 6 | 0 | 0 | 0 | 0 | 0 |
| BE | 2 | 3 | 1 | 0 | 0 | 0 |
| BG | 2 | 3 | 1 | 0 | 0 | 0 |
| CY | 2 | 3 | 1 | 0 | 0 | 0 |
| CZ | 5 | 1 | 0 | 0 | 0 | 0 |
| DE | 5 | 1 | 0 | 0 | 0 | 0 |
| DK | 5 | 1 | 0 | 0 | 0 | 0 |
| ECB | 5 | 1 | 0 | 0 | 0 | 0 |
| EE | 2 | 4 | 0 | 0 | 0 | 0 |
| EL | 0 | 5 | 1 | 0 | 0 | 0 |
| ES – BdE | 3 | 2 | 1 | 0 | 0 | 0 |
| ES – CNMV | 5 | 1 | 0 | 0 | 0 | 0 |
| FI | 4 | 1 | 1 | 0 | 0 | 0 |
| FR | 4 | 2 | 0 | 0 | 0 | 0 |
| HR – CNB | 2 | 4 | 0 | 0 | 0 | 0 |
| HR – HANFA | 1 | 0 | 4 | 0 | 1 | 0 |
| HU | 0 | 5 | 1 | 0 | 0 | 0 |
| IE | 2 | 4 | 0 | 0 | 0 | 0 |
| IS | 2 | 2 | 2 | 0 | 0 | 0 |
| IT | 6 | 0 | 0 | 0 | 0 | 0 |
| LI | 1 | 5 | 0 | 0 | 0 | 0 |

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[5] Note that the ECB/SSM and the four CAs supervising investment firms – where the CAs represented on the EBA's BoS are not the supervisors of these firms – are also part of this peer review exercise.

[6] Or 'fully involved', as proposed in Q28.

[7] Or 'largely involved', as proposed in Q28.

[8] Or 'partially involved', as proposed in Q28.

[9] Or 'not involved', as proposed in Q28.

| | Fully comprehensive process[6] | Largely comprehensive process[7] | Partially comprehensive process[8] | Weak process[9] | N/A | Non-contributing |
|---|---|---|---|---|---|---|
| **LT** | 1 | 3 | 2 | 0 | 0 | 0 |
| **LU** | 3 | 2 | 1 | 0 | 0 | 0 |
| **LV** | 2 | 3 | 1 | 0 | 0 | 0 |
| **MT** | 3 | 1 | 2 | 0 | 0 | 0 |
| **NL** | 5 | 1 | 0 | 0 | 0 | 0 |
| **NO** | 0 | 5 | 1 | 0 | 0 | 0 |
| **PL** | 6 | 0 | 0 | 0 | 0 | 0 |
| **PT** | 2 | 2 | 2 | 0 | 0 | 0 |
| **RO – NBR** | 1 | 4 | 1 | 0 | 0 | 0 |
| **RO – ASF** | 0 | 1 | 5 | 0 | 0 | 0 |
| **SE** | 1 | 4 | 1 | 0 | 0 | 0 |
| **SI** | 5 | 1 | 0 | 0 | 0 | 0 |
| **SK** | 0 | 0 | 4 | 2 | 0 | 0 |
| **UK – PRA** | 4 | 2 | 0 | 0 | 0 | 0 |
| **UK – FCA** | 2 | 2 | 1 | 1 | 0 | 0 |

# 2. Review by peers

This section of the Peer Review Report presents the results of the third phase of the peer review, namely the review by peers. This third step began with the establishment of Workstream 2 (WS 2). WS 2 was divided into three clusters, each of which reviewed part of the self-assessment questionnaire. Each cluster was composed of two or three volunteers from CAs plus one EBA staff member, who collectively reviewed the CAs' self-assessment of the benchmarked questions and analysed the non-benchmarked questions. Some good practices were identified at this stage and are further elaborated in Section 3 by taking into account the outcomes of the on-site visits.

Table 2: WS 2 clusters performing the assessment of the responses provided by the CAs

|  | Questions assessed | Participants |
| --- | --- | --- |
| Cluster 1 | Q1 to Q15 | AT, IE, IT and EBA |
| Cluster 2 | Q16 to Q23 | HU, PT and EBA |
| Cluster 3 | Q24 to Q33 | ECB, FR and EBA |

During the review of the self-assessment questionnaire, WS 2, with the assistance of EBA staff, contacted some of the CAs to obtain further information either on the criteria the CAs were supposed to meet or on the non-benchmarked questions. The CAs contacted generally provided the requested details, but the level and the quality of the answers were very much dependent on the resources available in the CAs. Potential best practices were identified at this stage from the results of the analysis of the SAQ combined with the review conducted by the peers. The report analyses below the outcomes of these two first stages.

As a result of the review, WS 2 modified some CAs' self-assessment, either upgrading or downgrading it.

## 2.1 Validation and quality assurance

## The setting up and maintenance of reporting requirements

In this section, only Question 1 (Q1) was benchmarked.[10]

During the self-assessment phase, the processes were deemed to be 'fully comprehensive' by 13 CAs, 'largely comprehensive' by 19 CAs and 'partially comprehensive' by three CAs. One CA assessed its process as 'weak'.

As regards criterion (i), all CAs have defined a strategy for the identification and maintenance of institutions' reporting requirements. Most CAs went into considerable detail, in particular regarding their internal organisation, how the competences/skills of different functional areas (IT, statistics, supervision) can be exploited and appropriate coordination arrangements. For criterion (ii) – the testing of the data collection system – although most CAs self-assessed as 'fully comprehensive' or 'largely comprehensive', only a few provided an accurate description. In respect of criteria (iii) and (iv) – the maintenance of a register of institutions' reporting requirements – all the CAs reported having such a register, although five CAs appear not to be compliant with these benchmarked criteria. Finally, criterion (v) – the validation of communicated changes – seems to be met by most of the CAs. Following the review by WS 2, four CAs were upgraded from 'largely comprehensive' to 'fully comprehensive'. While the majority of CAs were assessed as 'fully comprehensive' or 'largely comprehensive', three CAs were 'partially comprehensive' and for one CA a 'weak process' had to be confirmed.

Table 3: Assessment of the benchmarked responses – Question 1

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Largely comprehensive | LI | Largely comprehensive |
| BG | Partially comprehensive | LT | Partially comprehensive |
| CY | Largely comprehensive | LU | Largely comprehensive |
| CZ | Fully comprehensive | LV | Largely comprehensive |
| DE | Fully comprehensive | MT | Fully comprehensive |
| DK | Fully comprehensive | NL | Fully comprehensive |
| ECB | Fully comprehensive | NO | Fully comprehensive (upgraded) |
| EE | Largely comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Largely comprehensive |
| ES – BdE | Fully comprehensive | RO – NBR | Largely comprehensive |
| ES-CNMV | Fully comprehensive | RO – ASF | Largely comprehensive |
| FI | Fully comprehensive | SE | Largely comprehensive |
| FR | Largely comprehensive | SI | Fully comprehensive |

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[10] The benchmarking criteria for Q1 are as follows: (i) the CA has established a strategy for the identification and maintenance of institutions' reporting requirements; (ii) the CA has tested the collection system; (iii) the CA keeps a register of institutions' reporting requirements; (iv) the CA has a documented process to ensure that the register is up to date; and (v) the CA validates (and challenges if necessary) the accuracy of every change communicated by the institution.

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| HR – CNB | Largely comprehensive | SK | Weak process |
| HR – HANFA | Partially comprehensive | UK – PRA | Fully comprehensive (upgraded) |
| HU | Largely comprehensive | UK – FCA | Fully comprehensive (upgraded) |
| IE | Fully comprehensive (upgraded) | | |
| IS | Largely comprehensive | | |

In response to Question 2, the majority of CAs reported that they validate the correctness of reporting requirements on a monthly or quarterly basis. Two CAs explicitly stated that they carry out this check only semi-annually and three CAs do so only yearly. Some CAs did not respond with a specific schedule, but referred to triggers and requests, noting that, for this question, multiple choices are possible.

Figure 1: Frequency with which CAs validate that the reporting requirements are correct
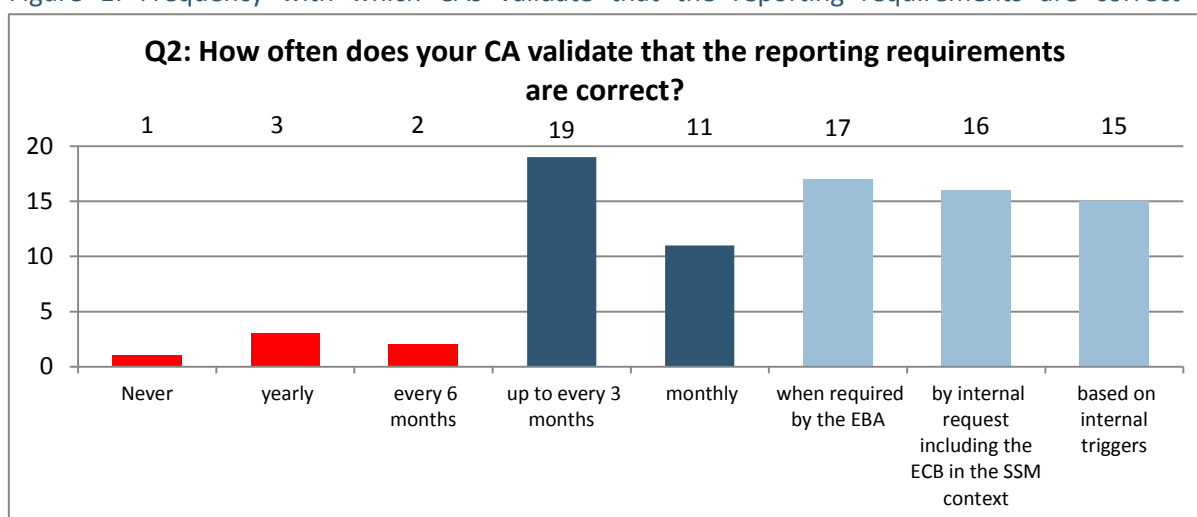


## Monitoring data submissions

Questions 3 to 7 formed the second set of questions concerning validation and quality assurance. The aim of these questions was to assess how CAs monitor data submissions and resubmissions. Responses to one question (Q3) were benchmarked, while Questions 4, 5 and 6 requested statistical figures and Question 7 addressed the application of the threshold as described in Article 4 of the ITS.

Question 3

The answers to this question were benchmarked against seven criteria to assess CAs' monitoring of receipt of (re)submissions, their monitoring of successful submission to the EBA and how CAs enforce correct and timely submissions when these fail or are late.[11]

One question that arose in the SSM context was how CAs should monitor whether or not the EBA has accepted submissions and resubmissions, because in this case it is not the CA, but the ECB that submits the data to the EBA. The view of WS 2 was that the criterion is fulfilled if the CA directly checks with the EBA, or receives confirmation from the ECB, that the (re)submission has been accepted by the EBA. In consequence, it should be a good practice to monitor the complete process of a submission as indicated also in Section 3.

*Potential good practice observed on Q3*

A potential good practice might be to, as some CAs do, issue fines in cases of late or incorrect submissions. At present, few CAs implement such a process to enforce correct and timely submissions.

During the self-assessment phase, 21 CAs deemed their processes to be 'fully comprehensive', 12 CAs considered their processes 'largely comprehensive' and three CAs assessed their processes as 'partially comprehensive'. The Peer Review Panel agreed with most of the self-assessments, but in three CAs processes were upgraded from 'largely comprehensive' to 'fully comprehensive'.

Table 4: Assessment of the benchmarked responses – Question 3

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Fully comprehensive (upgraded) | LI | Largely comprehensive |
| BG | Fully comprehensive | LT | Fully comprehensive |
| CY | Fully comprehensive | LU | Fully comprehensive |
| CZ | Largely comprehensive | LV | Fully comprehensive |
| DE | Fully comprehensive (upgraded) | MT | Fully comprehensive |
| DK | Fully comprehensive | NL | Fully comprehensive |
| ECB | Fully comprehensive | NO | Largely comprehensive |
| EE | Fully comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Fully comprehensive |

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[11] The benchmarking criteria for Q3 are as follows: (i) the CA has established an automated system for receipt of institutions' data submissions; (ii) from the deadline for the institutions to submit ITS remittance data to the CA, the CA is always aware of which submissions have been received successfully and which are still missing/expected; (iii) the CA is always aware of which requested resubmissions have been received and which are still missing/expected; (iv) at the agreed deadline for the CA to submit the institutions' reporting requirements to the EBA, the CA is aware of which submissions have been successfully received by the EBA and which are outstanding; (v) the CA always forwards all resubmissions to the EBA (assuming data improvement from previous submission); (vi) the CA is always aware of which resubmissions have been received successfully by the EBA, and ensures that rejected resubmissions are corrected and resubmitted; and (vii) the CA takes remedial action in the case of late or incorrect submissions.

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| ES – BdE | Fully comprehensive | RO – NBR | Largely comprehensive |
| ES – CNMV | Fully comprehensive | RO – ASF | Partially comprehensive |
| FI | Fully comprehensive | SE | Largely comprehensive |
| FR | Fully comprehensive | SI | Fully comprehensive |
| HR – CNB | Fully comprehensive | SK | Partially comprehensive |
| HR – HANFA | Partially comprehensive | UK – PRA | Fully comprehensive |
| HU | Largely comprehensive | UK – FCA | Fully comprehensive (upgraded) |
| IE | Largely comprehensive | | |
| IS | Largely comprehensive | | |

Question 4

Question 4 (Q4) assessed what proportion of required submissions were received on or before the remittance due date for the reference date 30 June 2015. Twenty-seven CAs reported having received 95-100% of submissions by the due date. The other CAs had a lower success rate, with two CAs receiving fewer than half of the required submissions by the due date.

Figure 2: Percentage of required submissions that were received on or before the remittance due date (June 2015)
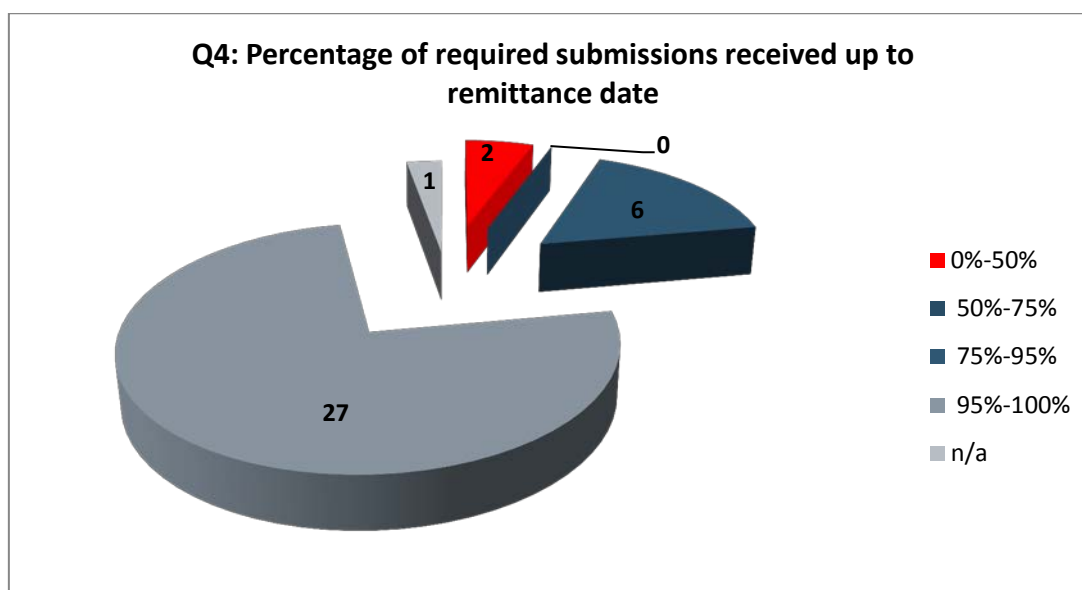


Question 5

The aim of Question 5 (Q5) was to identify the maximum time taken by CAs to first contact an institution whose required submission(s) has (have) not been received by the due date. The responses showed that 26 out of 36 respondents contact an institution in the case of missing submissions within two days after the remittance due date. Note that two CAs do not contact institutions for the first time until more than one week after the remittance due date.

Figure 3: Time taken for a CA to contact an institution whose required submission(s) has (have) not been received by the due date
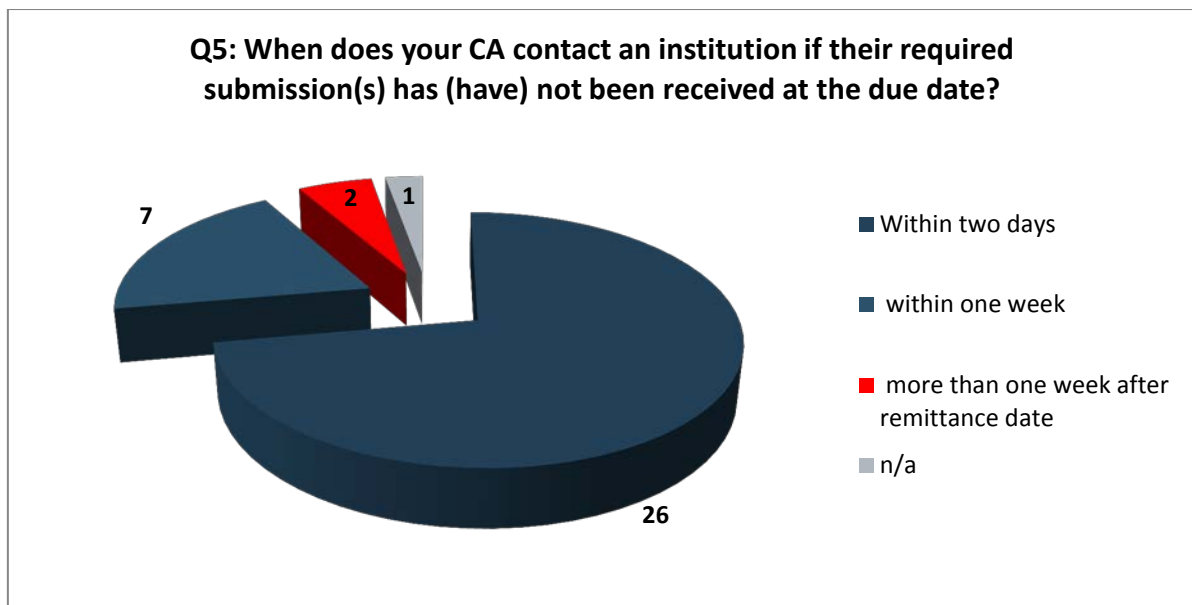


Question 6

Question 6 (Q6) attempted to capture the average number of submissions needed for an institution to provide all the required templates for the 30 June 2015 reporting reference date. The responses to Q6 indicate that, on average, fewer than three attempts at submission were sufficient to provide all the required templates. Four CAs needed three or more attempts, while others were unable to calculate this figure.

Figure 4: Average number of submission attempts needed for an institution to provide all the required templates

**Q6: How many attempts at submissions were necessary on average, per institution, to receive all the required templates?**



Legend:
- 1
- more than 1 and less than 3
- 3 or more
- else please specify if difficult to calculate
- n/a
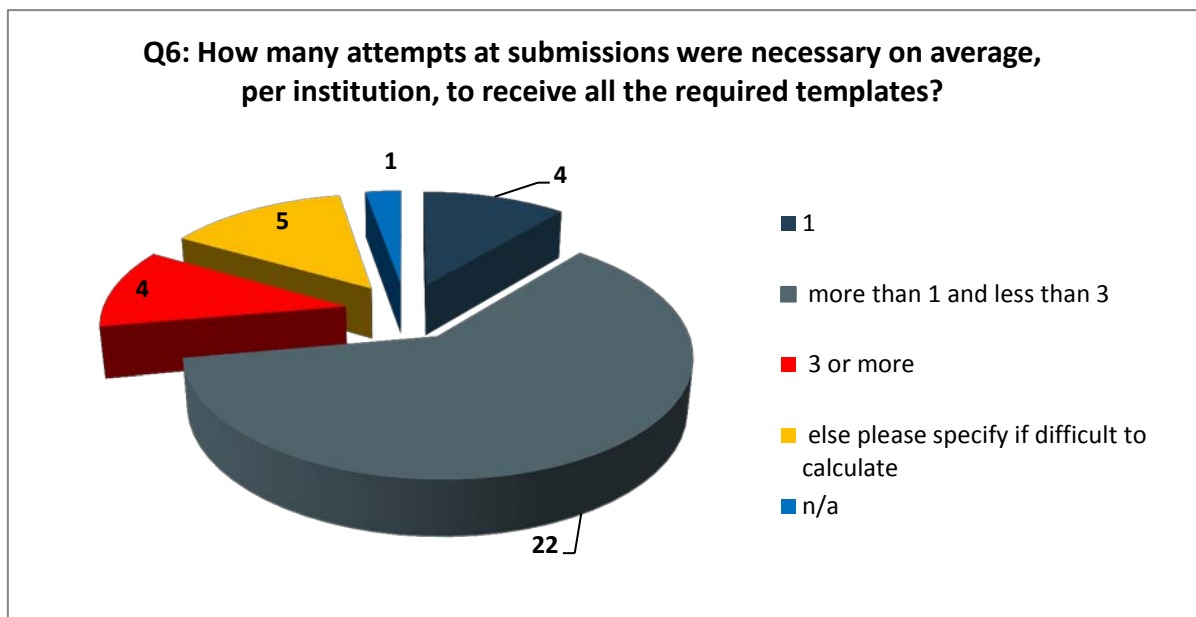
Question 7

Question 7 (Q7) focused on how the CA checks the correct application of the threshold described in Article 4 of the ITS on Supervisory Reporting.[12]

Most CAs verify the correct application of the threshold described in Article 4 by manual analysis after receipt of the modules; very few have no process in place yet. Most CAs have developed some completeness checks to verify that the reporting requirements have been fulfilled, in particular that threshold-based templates are reported when expected. These checks include a completeness check of the data useful to compute the thresholds and the application of the entry/exit criteria to determine whether or not an institution is required to supply a particular template. One CA verifies the correct application of the thresholds using variance analysis.

As of the reference date December 2015, the ECB started verifying that SSM authorities report threshold-based templates when expected. Some CAs plan to add these checks to their IT systems, whilst other authorities do not because they will rely on ECB analysis or because they have a small number of institutions/modules to validate and assume they can continue doing this manually.

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[12] Some of the templates have to be filled only in if a threshold is met (e.g. if the non-domestic exposure exceeds a certain percentage of all exposures). Article 4 of the ITS on Supervisory Reporting contains the 'entry and exit criteria', i.e. it defines in detail from which reference date onwards the data have to be submitted (or no longer have to be submitted if the threshold is no longer met).

*Potential good practice observed on Q7*

Outside the SSM, only two CAs had implemented completeness checks for data useful to compute thresholds and which are run automatically. Therefore, adding a completeness check to verify that data for computing the thresholds are always reported in due time may be considered good practice, although the implementation of this type of check in the IT systems seems to be difficult because of the complexity of computing the entry and exit criteria. These completeness checks have been regarded as good practice and are further elaborated in Section 3.

Another possible beneficial approach might be the use of a program that calculates the thresholds and fills a dedicated internal data point with all necessary information. Monitoring that the institutions are fulfilling their responsibilities with regard to the submission of data that are subject to thresholds is regarded as good practice, even though it is, first and foremost, the obligation of the institutions to ensure that they comply with the ITS on Supervisory Reporting.

# Validation and quality assurance

Questions 8 to 13 on validation and quality assurance assessed CAs' data quality management process. Responses to Question 8 (Q8) were benchmarked against six criteria on the set-up and procedures of the data quality assessment.[13] Question 9 (Q9) elicits more detail about how the validation rules of the ITS on Supervisory Reporting are applied in CAs. Question 10 (Q10) then assesses the use of additional quality checks and Questions 11 to 13 ask for further statistical data concerning data submissions.

Question 8

In response to Question 8 on the data quality management process, 10 CAs self-assessed their processes as 'fully comprehensive', 19 CAs considered their processes 'largely comprehensive' and seven CAs considered them 'partially comprehensive'. During the review of data quality management processes the self-assessment of three CAs was upgraded.

Table 5: Assessment of the benchmarked responses – Question 8

| MS | Assessment | MS | Assessment |
|----|------------|----|------------|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Partially comprehensive | LI | Largely comprehensive |
| BG | Largely comprehensive | LT | Largely comprehensive |

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[13] The benchmarking criteria for Q8 are as follows: (i) the CA has a documented and implemented process for data quality assessment; (ii) the CA has an internal manual/user guide describing the range of IT tools used for data quality assessment, predefined procedural steps and ways of interacting with reporting institutions; (iii) the CA has a process using one tool/various tools to perform quality checks on the data received; (iv) the CA performs data quality checks on all submissions/resubmissions received to assure that the data are of high quality; (v) all data quality issues raised (e.g. by the EBA, the ECB or others) are always followed up and resolved and the resubmission of corrected data without undue delay is monitored; and (vi) the CA has, and adheres to, a predefined process, for following up with reporting institutions any data issues that require clarification and short timelines for doing so (e.g. specifies a number of business days for providing answers and comments and requesting resubmissions if necessary).

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| CY | Largely comprehensive | LU | Largely comprehensive |
| CZ | Fully comprehensive | LV | Fully comprehensive (upgraded) |
| DE | Fully comprehensive | MT | Partially comprehensive |
| DK | Fully comprehensive | NL | Fully comprehensive (upgraded) |
| ECB | Fully comprehensive | NO | Largely comprehensive |
| EE | Largely comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Largely comprehensive |
| ES – BdE | Fully comprehensive (upgraded) | RO – NBR | Largely comprehensive |
| ES – CNMV | Fully comprehensive | RO – ASF | Partially comprehensive |
| FI | Largely comprehensive | SE | Largely comprehensive |
| FR | Largely comprehensive | SI | Fully comprehensive |
| HR – CNB | Largely comprehensive | SK | Partially comprehensive |
| HR – HANFA | Partially comprehensive | UK – PRA | Fully comprehensive |
| HU | Largely comprehensive | UK – FCA | Partially comprehensive |
| IE | Largely comprehensive | | |
| IS | Partially comprehensive | | |

With the exception of two CAs, the validation rules are run automatically. Non-SSM countries are more likely to verify systematically the data needed to calculate the key risk indicators (KRIs). Variance analysis is often applied after the receipt of the modules. Criteria (i) and (ii), which capture the documentation of quality assurance processes and tools, are more rarely met because processes have not been documented yet or the user manuals are currently under review.

In the case of criteria (v) and (vi), on the follow-up of issues raised about data, a difference between CAs in SSM countries and CAs in non-SSM countries can be observed: in SSM countries, there are more requests to follow up on data issues because the sample of reporting entities for which data are submitted to the ECB is greater than the EBA sample, in particular because of the role of the ECB as the CA for significant institutions.

Some conclusions from the answers provided by CAs are summarised below:

▪ CAs are improving their national data quality assessment and their interaction with the reporting institutions.

▪ Recent and future developments in DQA (data quality assurance) are focused on the application of additional checks to ITS data.

Question 9

From the responses provided in the self-assessments it is evident that the application of the validation rules of the ITS on Supervisory Reporting differs widely from one CA to another and is mainly dependent on the national IT system. In some countries all validation rules are treated as blocking and, as a result, CAs might not be able to access the data. However, other CAs do not block any submissions and can access the submitted data, albeit the quality of the data is not

checked. From a first assessment, possible good practice would seem to be to block data submissions that fail to comply with validation rules (to enforce data quality), while still enabling able to access them (so that data are available). This requires that the IT system in place has the functionality to work like this. This aspect was further assessed during on-site visits and some best practices are identified in Section 3.

Question 10

Question 10 (Q10) assessed the extent to which CAs use additional quality checks, the source, quantity and nature of these checks, and which templates are checked. It should be noted that almost all CAs use additional quality checks. Among those CAs that do use additional quality checks the quantity (from 60 to over 900) and nature of checks (Common Reporting (COREP) vs. Financial Reporting Framework (FINREP)) differ widely. The main sources of additional checks are the EBA, the ECB and own checks.

*Potential good practice observed on Q10*

A potential good practice is the publication of these checks on the CA's website. The relevant EBA Standing Committees and their subgroups should assess how to enable wider sharing of these checks and the possible creation of a comprehensive list.

Question 11

According to the responses to Question 11 (Q11), 32 CAs start validating data as soon as they are received, whereas two CAs start only after the remittance due date. However, without taking into account the quality checks applied and the application of ITS validation rules, it is difficult to draw any conclusion from these findings.

Figure 5: Time taken for CAs to start validating data



Q11: When does your CA first start validating the received data?

- directly when received
- more than one week before remittance date
- within one week before the remittance date
- only after the remittance date
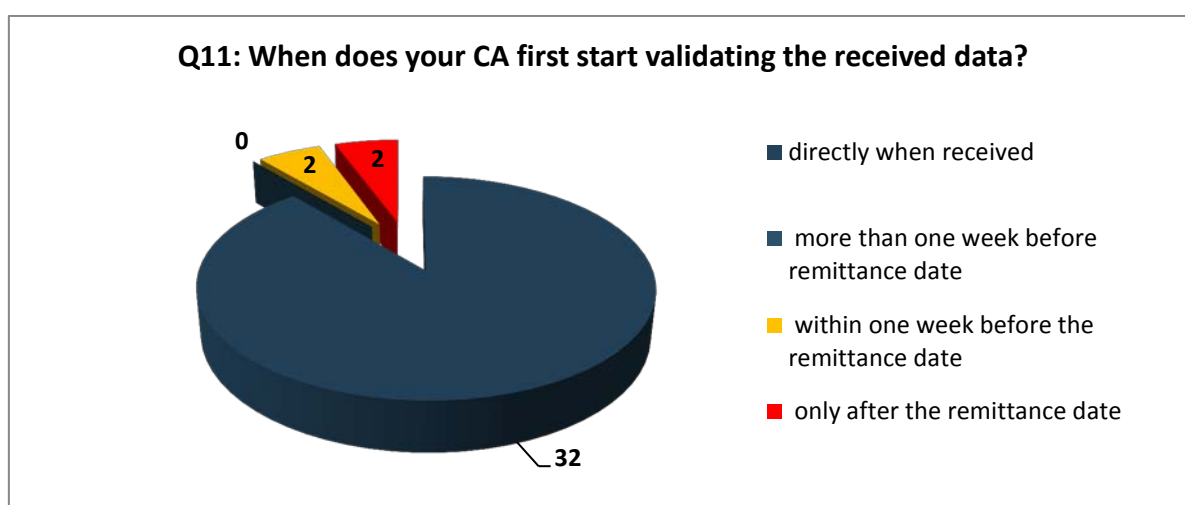
Question 12

In the majority of CAs, the proportion of submissions that need to be amended after receipt is less than 50%.

Figure 6: Percentage of submissions that need to be amended after receipt



**Q12: What percentage of submissions needed to be amended after being initially received?**

- 0%-50%
- 50%-75%
- 75%-95%
- 95%-100%
- n/a
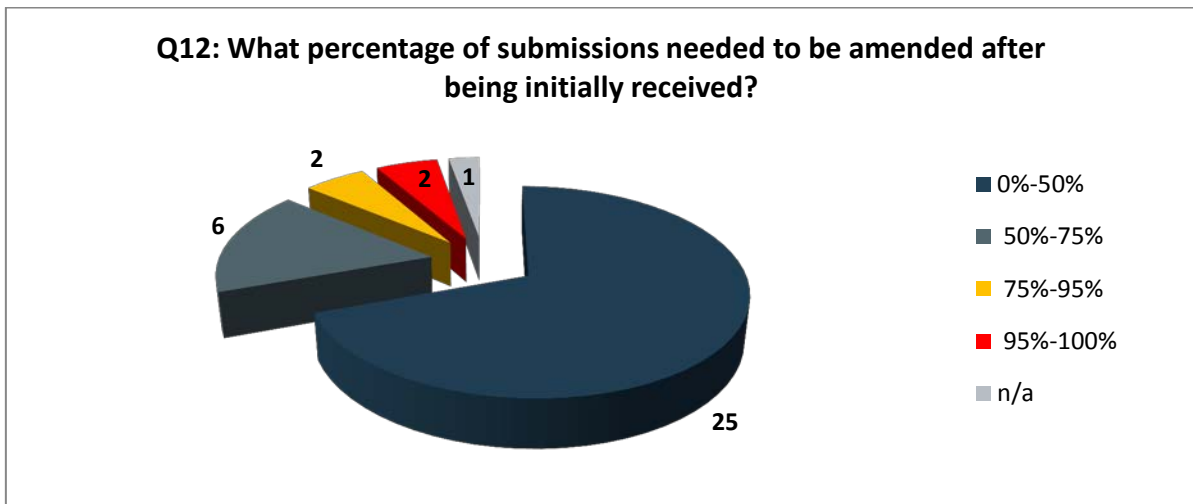
Question 13

In response to Question 13 (Q13), six CAs said that, on average, submissions needed to be amended at least twice, of which one CA reported that submissions needed to be amended more than four times on average.

Figure 7: On average, number of times that each submission is amended



**Q13: On average, how many times is each submission amended?**

- 0-0.9
- 1-1.9
- 2-3.9
- >4
- n/a
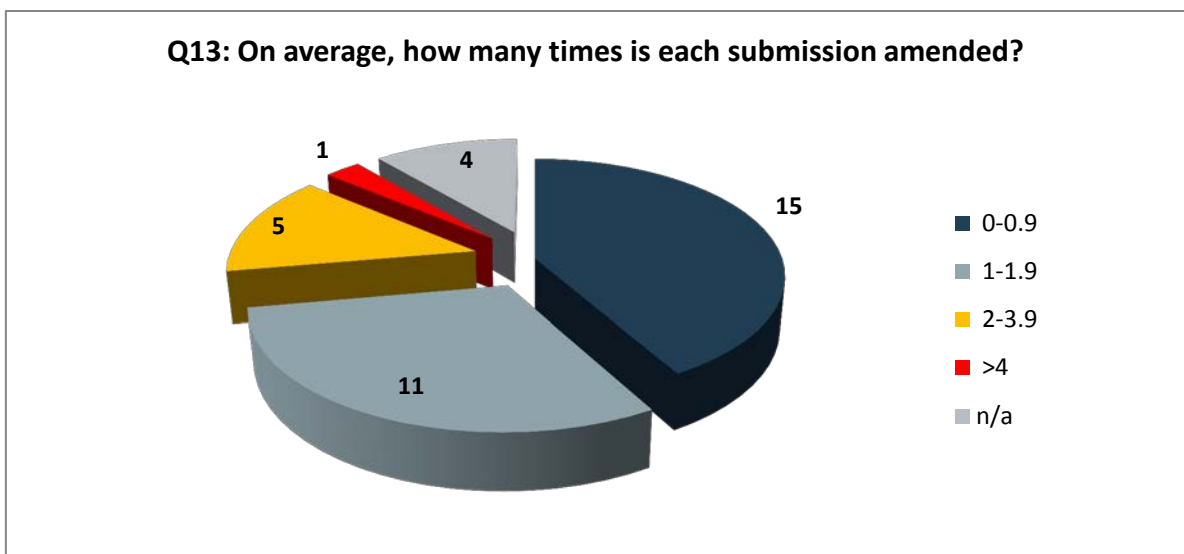
## IT solutions

Table 6 shows CAs' responses to Question 14 (Q14).

Table 6: Submission format of the reporting

| Submission format | | CAs |
|---|---|---|
| **Only EBA-XBRL taxonomy** | 13 | BE, DK, ECB, FR, IS, LI, LT, LU, LV, PT, SE, UK – PRA, UK – FCA |
| **EBA-XBRL taxonomy + other formats** | 4 | EE, ES2, FI, NO |
| **National XBRL taxonomy** | 4 | DE, ES – BdE, IE, PL |
| **National specific formats** | 7 | AT, CZ, HR – CNB, HU, IT, NL, SI |
| **Excel** | 8 | BG, CY, EL, HR – HANFA, MT, RO – ASF, RO – NBR, SK |

It is worth noting that the format for submissions from CAs to the ECB in the sequential approach is 'EBA-XBRL taxonomy'.

Question 15 (Q15) assessed the ability of the CAs to receive submissions or resubmissions for a previous version of the reporting framework. Almost all respondents confirmed that they could accept submissions for a previous version, but three replied that this is not possible. It should be noted that two of these three CAs only deal with investment firms and the third CA is from an EEA country.

## 2.2    Implementation of updates to the reporting standards

Question 16 (Q16) sought to better understand the processes CAs use to implement updates to the reporting framework, including communication with institutions.

Table 7: Assessment of the benchmarked responses – Question 16

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Fully comprehensive | LI | Fully comprehensive (upgraded) |
| BG | Largely comprehensive | LT | Partially comprehensive |
| CY | Largely comprehensive (downgraded) | LU | Fully comprehensive |
| CZ | Largely comprehensive (downgraded) | LV | Largely comprehensive |
| DE | Fully comprehensive | MT | Largely comprehensive |
| DK | Largely comprehensive | NL | Fully comprehensive |
| ECB | Fully comprehensive | NO | Largely comprehensive |

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| EE | Fully comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Fully comprehensive |
| ES – BdE | Largely comprehensive | RO – NBR | Largely comprehensive |
| ES – CNMV | Fully comprehensive | RO – ASF | Partially comprehensive |
| FI | Fully comprehensive | SE | Largely comprehensive |
| FR | Fully comprehensive | SI | Fully comprehensive |
| HR – CNB | Fully comprehensive (upgraded) | SK | Partially comprehensive |
| HR – HANFA | Largely comprehensive (upgraded) | UK –PRA | Fully comprehensive |
| HU | Largely comprehensive | UK – FCA | Fully comprehensive |
| IE | Fully comprehensive | | |
| IS | Fully comprehensive | | |

The review of the SAQ resulted in some observations including:

▪ The process of updating CAs' reporting systems to incorporate changes in the ITS on Supervisory Reporting and the taxonomy is very much dependent on the functionality of IT systems at the national/SSM level and their flexibility with regard to changes.

▪ The level of information provided by CAs in their self-assessments was quite variable. Some CAs provided extensive details whilst other responses were less detailed, which may lead to a wrong perception of the processes/procedures.

▪ The identification of good practices was quite challenging when based only on a desk-based analysis. As stated above, some CAs provided a great deal of detail, and this helped to identify potential good practice. However, this led to some bias in that the reviewers were influenced more by the ability of CAs to explain their processes than by the underlying practices. The good practices observed at this stage are further assessed in Section 3.

During the self-assessment phase, 20 CAs ranked their processes as 'fully comprehensive', while 12 CAs considered their processes 'largely comprehensive' and four rated them 'partially comprehensive'. As a result of the peer review, three CAs were upgraded and two were downgraded because not all criteria were met.

*Potential good practices observed on Q16*

The identified good practices have the following features in common:

▪ Changes to the reporting standards are analysed and the adoption of the internal systems and processes are usually planned before the publication of the final ITS on the EBA's website.

▪ Close and formal cooperation between technical and policy experts is implemented.

▪ Changes are communicated to staff and reporting institutions in a clear and timely manner using several communication channels and training is provided if necessary.

- IT systems are subject to internal and external testing of before the first application date as this is an important element of change management.

All these features are embedded in the set of best practices identified after the on-site visits.

Question 17 (Q17) was focused on when the CAs initiate their internal processes and planning for implementing updates to the reporting framework. Most CAs are keen to start the process as early as possible. As a good practice, internal processes for updating implementation should start at the latest when the DPM and XBRL versions are published. Figure 8 summarises the results. This good practice was confirmed as best practice following the on-site visit phase.

Figure 8: Responses to Question 17 on the timing of implementation of updates to the reporting framework
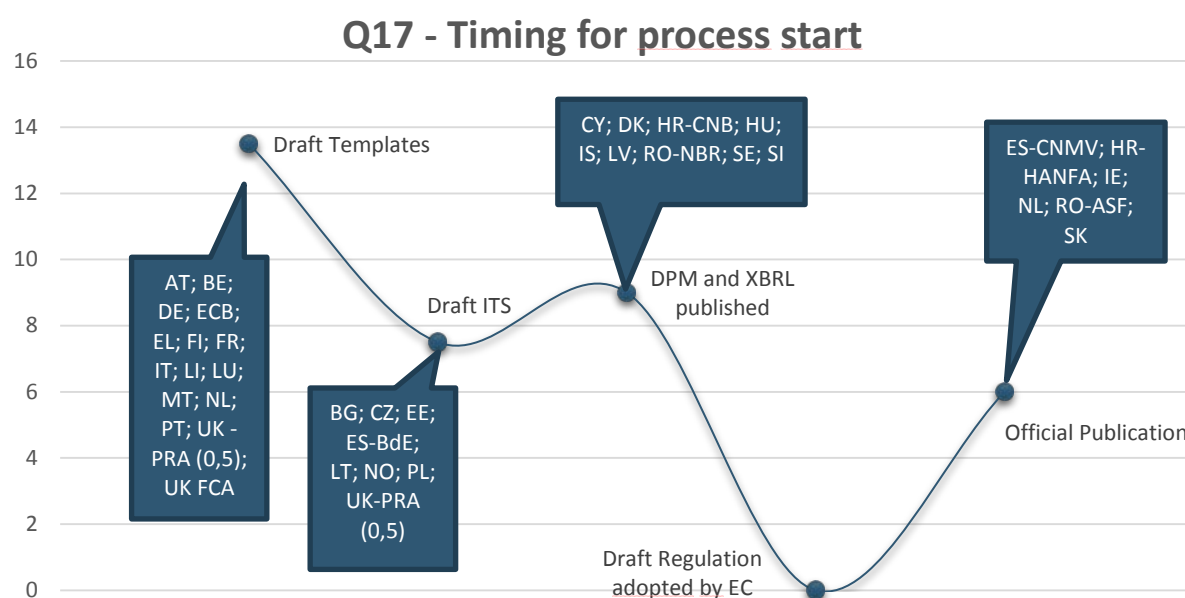


Question 18 (Q18) asked the CAs to describe the main challenges associated with the process of updating to version 2.4 of the reporting framework. A clear common concern emerged: there is uncertainty about both the application date and timeliness of the adoption by the European Commission of the draft ITS amending the ITS on Supervisory Reporting. This uncertainty was particularly acute, with justification, in the case of updating to version 2.4 of the reporting framework, as the date of the first application of the amended provisions of the ITS on Supervisory Reporting depended on the date of the publication of the amending regulation in the Official Journal of the European Union. Therefore, clear and reliable definition of application dates and sufficient implementation time after final publication of the new and/or updated reporting requirements are essential to improve the implementation of new reporting requirements.

Question 19 (Q19) asked CAs to rank in order of importance the factor(s) required for a successful implementation of an update to the reporting framework. The results of the questionnaire show that the two most important factors are (i) the timely publication of the updates (both the

technical information and the official regulation) and (ii) early and adequate planning and preparation by CAs in line with the good practices identified in Questions 16 and 17.

Question 20 (Q20) was optional. It referred to CAs' practices with regard to the early application of updates to the ITS on Supervisory Reporting as published by the EBA on its website, before the endorsement of the related amending regulations by the European Commission. 67% of the CAs do not require such early application, whilst 33% do so if circumstances justify it (e.g. liquidity coverage ratio (LCR)[14]).

## 2.3 The EBA's questions and answers (Q&A) tool related to the ITS on Supervisory Reporting

Question 21 (Q21) was focused on the internal process that CAs use to follow the 'supervisory reporting' Q&A of the EBA's Q&A tool from the submission of a question to the design and publication of answers.

Table 8: Assessment of the benchmarked responses – Question 21

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Largely comprehensive | LI | Largely comprehensive |
| BG | Largely comprehensive | LT | Largely comprehensive |
| CY | Partially process (downgraded) | LU | Largely comprehensive (upgraded) |
| CZ | Fully comprehensive | LV | Fully comprehensive |
| DE | Fully comprehensive | MT | Partially comprehensive |
| DK | Fully comprehensive | NL | Fully comprehensive |
| ECB | Largely comprehensive | NO | Partially comprehensive |
| EE | Largely comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Partially comprehensive |
| ES – BdE | Partially comprehensive | RO – NBR | Partially comprehensive |
| ES – CNMV | Largely comprehensive | RO – ASF | Partially comprehensive |
| FI | Partially comprehensive | SE | Largely comprehensive (upgraded) |
| FR | Fully comprehensive | SI | Largely comprehensive |
| HR – CNB | Fully comprehensive | SK | Partially comprehensive |

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[14] In the specific case of the LCR, the provisions of Regulation (EU) No 2015/61, which amended the provisions of the CRR on the definition and calculation of the LCR, took effect on 1 October 2015. However, the information reported on the LCR as part of the ITS on Supervisory Reporting could be aligned to the new concepts only as of September 2016 – largely as a result of delays in the process of the adoption of the ITS amending the ITS on Supervisory Reporting with regard to the reporting of the LCR.

| MS | Assessment | MS | Assessment |
|---|---|---|---|
|  | (upgraded) |  |  |
| HR –HANFA | Weak process (downgraded) | UK – PRA | Fully comprehensive |
| HU | Largely comprehensive (upgraded) | UK – FCA | Weak process |
| IE | Largely comprehensive |  |  |
| IS | Partially comprehensive |  |  |

In the self-assessment phase, only 10 CAs considered themselves to have a 'fully comprehensive' process in place, whilst 12 CAs deemed that their processes were 'largely comprehensive' and a further 12 considered them 'partially comprehensive'. One CA considered its process 'weak' and another considered the benchmark not applicable. The Peer Review Panel suggested that four CAs be upgraded and one downgraded. In addition, the CA that assessed this question as 'not applicable' was considered to have in place a 'weak process'.

*Potential good practices on Q21*

Some good practices have been identified, namely:

- Published Single Rulebook Q&A are the main source of answers to questions and provide guidance regarding the reporting process.

- Questions and draft answers are monitored and commented on following discussion between in-house policy experts (risk specialists) and data experts.

- Once final answers are published, these are communicated to the relevant staff and to the institutions potentially concerned.

- If the answer has an impact on validation rules, changes are applied at national level as soon as possible, in order to improve the data quality.

Those good practices have been supported by the on-site visit phase.

In Question 22 (Q22), the CAs were asked to describe how they ensure that institutions are aware of, and apply, the published answers to questions in the EBA's Q&A tool based on Q&A 2034 as an illustrative example.

Several tools used to communicate to institutions the published answers to questions were identified: (i) web links to Single Rulebook Q&A, (ii) the CAs' own websites and (iii) workshops and internal horizontal committees. Furthermore, some CAs provide either general or specific information on Q&A to institutions or refer to published answers as part of the quality review process. In general, CAs see it as the institution's responsibility to trace the publication of Q&A and implement their guidance. With regard to the illustrative example of Q&A 2034, some CAs introduced additional validation rules to verify the correct implementation of the answer by the institutions.

In Question 23 (Q23) CAs were asked about their practices with regard to questions raised by institutions, namely whether they give direct answers to those question, encourage institutions to submit Q&A to the EBA or submit questions on behalf of the institutions. CAs indicated that their practice depends on the nature of the question, and many CAs reported that they use all three approaches. Simple questions about the interpretation of the provisions of the ITS on Supervisory Reporting and to which the answer is straightforward and questions that are outside the scope of the Q&A tool (e.g. on IT issues) are generally answered directly, whereas other enquiries are directed to the Q&A process. Many CAs submit questions on behalf of the institution either under specific circumstances or regularly. Nearly all of the CAs encourage institutions to submit Q&A via the EBA's Q&A tool, while roughly half of them (also) provide their own answers directly and/or submit Q&A on behalf of institutions. Best practices in terms of the Q&A process were identified during the on-site phase and are reported in Section 3.

Figure 9: Treatment of the Q&A process



**Q 23 Does your CA provide its own answers directly, submit Q&As on behalf of institutions or/and encourage institutions to submit Q&As via the EBA's Q&A tool?**

| | |
|---|---|
| **20** (56%) — *(i) provide its own answers directly* | **20** (56%) — *(ii) submit Q&As on behalf of institutions* | **31** (86%) — *(iii) encourage institutions to submit Q&As via EBA's Q&A tool* |
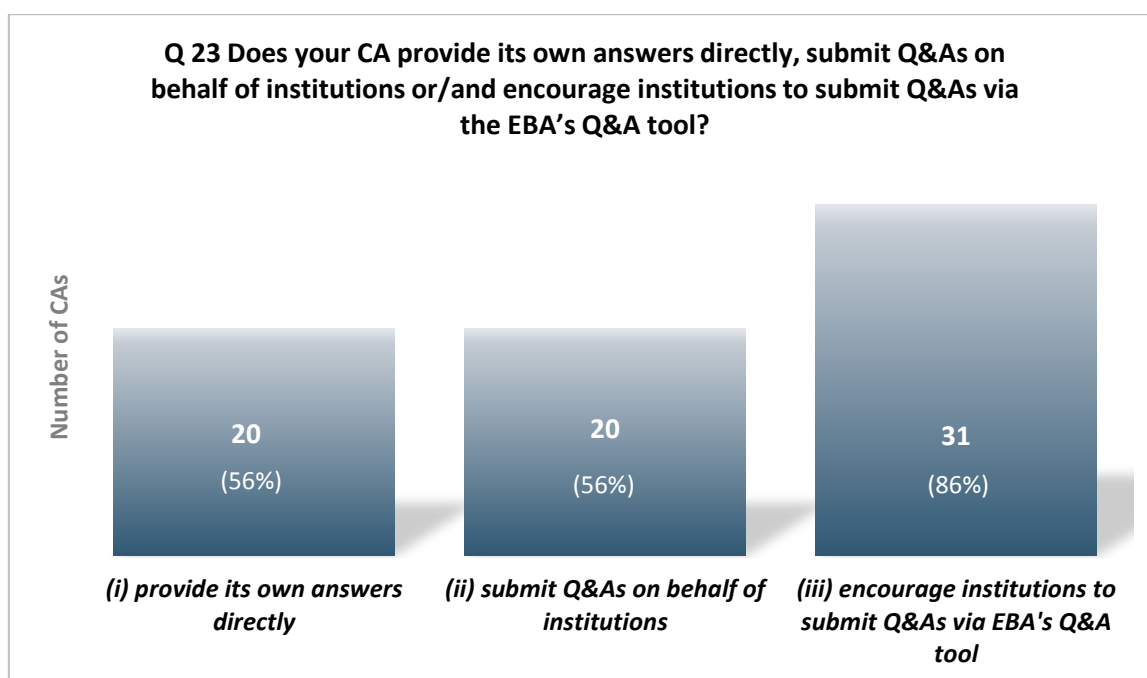
## 2.4 The scope and proportionality of the standards

## Resources

Question 24 (Q24) asked for statistical information on CAs' dedicated resources for checking the appropriateness, the correctness and the completeness of the data submitted by institutions. On average, CAs spend 1.41 days per institution and 0.43 days per submission on this (ranging from 0.05 to 4.84 days). It should be noted that CAs do not calculate these figures in the same way and, therefore, any comparison between CAs should be made with caution.

Question 25 (Q25) was optional and focused on the total number of person-days required for the implementation of version 2.3 of the reporting framework. Amongst the 12 CAs that provided a response, an average of 114.50 days were spent on this implementation.

All but one CA provided an answer to Question 26 (Q26), which focused on the ranking of cost drivers of implementing updates to the reporting frameworks,. Based on the rankings provided by the CAs, the two major cost drivers are the implementation of changes and testing of local IT solutions for data collection, integration and exploration and the implementation of changes to the local reporting formats. Project management overheads costs were deemed to be the least significant of the cost drivers mentioned.

Figure 10: Responses to Question 26 on main the cost drivers of implementing updates to version 2.3 of the reporting framework
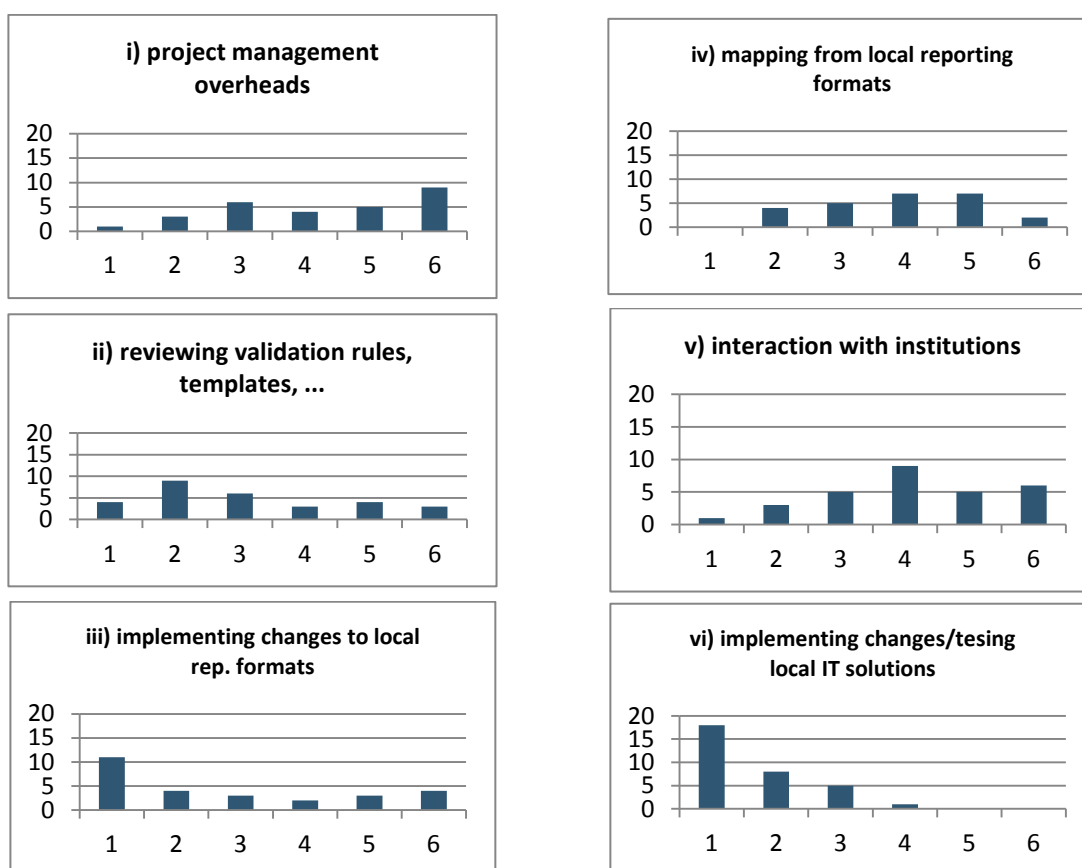


Question 27 (Q27) sought insights into the educational work of CAs with regard to the reporting framework, namely training/seminars/workshops provided for different groups of internal and external stakeholders as well as dedicated helplines.

Nine CAs (out of the total of 36) reported that they do not provide training/seminars/workshops for their staff, but five out of these mentioned that their staff attended several seminars organised by the EBA or ECB. The remaining 27 CAs do provide training/seminars/workshops for

their staff; of these, 11 CAs mentioned more specifically that they rely on internal resources for this purpose.

The main subjects covered in training/seminars/workshops are related to updates, amendments and new requirements (e.g. FINREP, COREP, LCR, net stable funding ratio (NSFR)). A few CAs provided training covering more technical aspects (e.g. master data, XBRL, data warehouse) and some CAs also provided training related to the requirements stemming from the CRR/CRD IV.

Potential good practices with regard to training/seminars/workshops provided for <u>staff</u> were identified:

- One CA mentioned that its investment Firms Division holds thematic meetings (see also next paragraph).

- Three CAs reported that they provide online guidance or online courses.

Ten CAs reported that they do not offer training for institutions, but five of these indicated that they are willing to provide guidance bilaterally. One CA offers guidance on reporting obligations especially to newly authorised institutions.

Of the 26 CAs providing or holding training/seminars/workshops for institutions, seven do so on a regular basis (i.e. regularly/quarterly/semi-annually) while a further six CAs do so mainly in the event of major changes in the reporting framework (e.g. newly introduced reporting requirements).

With regard to training/seminars/workshops held or provided for <u>institutions</u>, some other good practices were identified:

- dissemination of knowledge, suggestions and answers to specific problems to the institutions via industry associations;

- participation of staff in several seminars and conferences in cooperation with audit firms;

- use of a website to provide quick information and some seminars;

- creation of a dedicated support e-mail address;

- asking/allowing institutions to submit proposals of topics to be covered at seminars provided by the CA;

- regular communication with institutions, via regular meetings with industry reporting professionals.

All these examples were considered during the on-site phase to be best practices and embedded in Section 3. When holding or providing training/seminars/workshops, over 72% (26 out of 36) of the CAs do not rely on external consultancy. Of these, four explicitly mentioned that they offer their staff the opportunity to attend EBA or ECB training (thus external training not considered consultancy training). In one CA, staff who take part in EBA/ECB working groups and discussions serve as internal consultants. Nine CAs occasionally or regularly draw on consultants in supervision, with some of them highlighting that this is most like to take place in the context and period of the introduction of the CRD IV/CRR. In addition, four CAs rely on external consultants,

especially for training on International Financial Reporting Standards (IFRS). Only two CAs draw on consulting services specifically in relation to issues concerning the ITS on Supervisory Reporting.

Apart from their educational activities, 29 CAs have implemented dedicated helplines (e-mail address, website, etc.) that offer institutions some practical assistance regarding reporting requirements. The other seven CAs do not have dedicated helplines. In this context, it was noted that, in certain jurisdictions, institutions tend to rely on personal contacts with the supervisors in charge rather than centralised helplines. In other countries, the CAs have implemented separate helplines or communication channels dedicated to general and/or technical aspects. One CA also reported that it has separate mailboxes for the different modules of reports in place.

Amongst the good practices also reported in Section 3 in relation to helplines the following are worth pointing out:

▪ notification of the line supervisor if the institution submits questions related to the ITS on Supervisory Reporting via the dedicated e-mail address;

▪ dedicated sections of the website to help the institutions (e.g. one CA publishes on its website frequently asked questions (FAQs) on reporting issues in relation to the IT interface and to reports based on national legislation);

▪ implementation of a single point of contact for all banks through a dedicated helpline;

▪ multi-services helpline that is also available for the supervisors (reported by one CA).

### Governance

In response to Question 28 (Q28), regarding the involvement and role of the management staff of the CAs, most of the CAs deemed their management to be 'fully involved' in the validation process (25 CAs), while five assessed their managers as being 'largely involved' and a further five assess their managers as being 'partially involved'. One CA reported no management involvement. The Review Panel proposed to upgrade the assessment of this CA while downgrading the assessment of another four CAs.

Table 9: Assessment of the benchmarked responses – Question 28

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully involved | IT | Fully involved |
| BE | Fully involved | LI | Fully involved |
| BG | Fully involved | LT | Largely involved |
| CY | Partially involved | LU | Fully involved |
| CZ | Fully involved | LV | Partially involved |
| DE | Fully involved | MT | Largely Involved (downgraded) |
| DK | Fully involved | NL | Fully Involved |
| ECB | Fully involved | NO | Largely involved |
| EE | Largely involved | PL | Fully involved |

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| EL | Not involved (downgraded) | PT | Partially involved |
| ES – BdE | Fully involved | RO – NBR | Fully Involved |
| ES – CNMV | Not Involved (downgraded) | RO – ASF | Partially involved |
| FI | Fully involved | SE | Fully involved |
| FR | Fully involved | SI | Fully Involved |
| HR – CNB | Fully involved | SK | Partially Involved (upgraded) |
| HR – HANFA | Largely involved (downgraded) | UK – PRA | Largely involved |
| HU | Largely involved | UK – FCA | Fully involved |
| IE | Fully Involved | | |
| IS | Fully Involved | | |

Amongst the good practices observed, it is worth flagging the following (taking into account the organisational structure and available resources, management staff):

- approving documents on governance regarding control of reported data;

- regularly discussing and challenging submission and data quality related to specific issues;

- taking part in regular meetings on validation processes and being provided with peer analyses;

- initiating investigations on data quality.

Some of those good practices were confirmed as best practices through the on-site visits (see Section 3).

## Additional reporting requirements

Question 29 (Q29) was optional and asked if the ITS on Supervisory Reporting is the main source of data used by CAs to perform supervisory analysis, benchmarking and policy design. Amongst the 27 CAs that provided an answer, 12 confirmed that this is the case, while 15 CAs reported that they do not exclusively rely on the data provided in accordance with the ITS on Supervisory Reporting, but also use supervisory data collected as part of other reporting frameworks.

Some CAs indicated that, although they currently still rely on other sources of information, they intend to use progressively more data collected in accordance with the ITS on Supervisory Reporting in the future. The quantity and diversity of other data used for supervisory purposes depend on the type and significance of the firms. Some CAs collect more non-ITS reporting data from larger institutions. With regard to other sources of data used to perform supervisory analysis, CAs mentioned, among others, balance sheet data collected through specific templates for supervisory and/or statistical purposes (local templates, FINREP solo), additional risk reports (especially in relation to the internal liquidity adequacy assessment process (ILAAP) or Internal capital adequacy assessment process (ICAAP) or interest rate risk), central credit registers and other information published by institutions.

The optional Question 30 (Q30) sought more detailed insights specifically on the COREP data used to produce regular analyses. The 21 CAs that confirmed that they regularly analyse COREP data draw – to a varying extents and not exclusively – on the 'main' templates of each subset of data (such as the overview templates on own funds and own funds requirements (capital adequacy templates CA1 to CA5) and the leverage ratio calculation template (template LR Calc). These data and other information are incorporated into different kinds of dashboards, used to calculate KRIs and other risk indicators or uploaded to quantitative analysis tools.

Question 31 (Q31) was included in the SAQ to better understand what other data the CAs collect on a regular basis (or intended to so do) and for what purposes. It was noted that there was a very wide spectrum of answers. Several CAs request data on liquidity of institutions and/or data to support the supervisory review and evaluation process (SREP). Within the SSM, the ECB collects additional supervisory information as part of the 'Short Term Exercise'. Statistical data collections that include financial information are in place in several countries; data is requested both at the level of the individual entity (solo level) and even at consolidated level), leading in specific cases to possible interferences with the maximum harmonisation principle underlying the overall supervisory reporting. Some CAs apply specific requirements to branches. Only two CAs do not regularly collect additional data.

Most of the CAs refer to national banking acts (or equivalents) or to EU law that entitles them to request additional data on a general basis for specific purposes. No analysis of adherence to either EU or domestic laws was undertaken by the Review Panel.

One CA has created a 'Data Governance Group' to ensure that the data collection process is consistent with proportionality principles and with regard to EU and domestic laws and that obsolete/duplicate data collection is discontinued. The creation of such a group may be a potential good practice.

Question 32 (Q32) addressed the right of a CA to require institutions to effect the valuation of assets and off-balance sheet items in accordance with IFRS (Article 24(2) CRR) and the right to request reporting of financial information from those institutions (Article 99(3) CRR). When the survey was conducted, ten CAs had exercised the discretion with regard to both Article 24(2) CRR and Article 99(3) CRR in the form of a general decision. Eight CAs did not and do not have to make use neither of the discretion of Article 24(2) CRR nor of the discretion of Article 99(3) CRR as institutions in their jurisdiction have to prepare their consolidated financial statement using IFRS and thus already have to provide FINREP based on other legal provisions. Eighteen CAs had not exercised the discretion with regard to either article.[15]

Apart from the immediate answer, the following issues were raised:

▪ Proportionality: some CAs distinguish between credit institutions and investment firms (or certain groups of them) and/or take into account the nature/size of an institution when they

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[15] The answers to Q32 were diverse and difficult to analyse because the question is in two parts (it asks separately if the CA makes use of the discretion under Article 24(2) CRR and discretion under Article 99(3) CRR). Furthermore, in some countries neither of the CRR provisions cited is applicable (with the CAs reflecting this very differently in their immediate answer as 'no', 'N/A' or even 'yes').

evaluate the exercise of the options. This point was included in the on-site visit questionnaire to analyse national practices.

- The ECB is still assessing the impact of the exercise of the option in Article 24(2) CRR. But it has already exercised the discretion offered by Article 99(3) with regard to credit institutions.

- Larger countries take advantage of the option to exercise discretion either not at all or not on a general basis.

Question 33 (Q33) asked for suggestions on how to improve the current ITS on Supervisory Reporting in the future. The suggestions made by CAs are summarised in Section 3.3.

# 3. Outcome of the on-site visits

In order to better understand CAs' practices and processes with regard to supervisory reporting and to validate the CAs' responses to the SAQ, the Review Panel agreed to pay on-site visits to all CAs. The visiting teams were composed of at least three people, one from the EBA and two from other CAs. The on-site visits took the form of one-day meetings.

## 3.1. FINAL ASSESSMENT OF THE BENCHMARKED QUESTIONS

In accordance with the EBA's Review Panel Methodology for the conduct of peer reviews (EBA BoS 2012 107), when conducting on-site visits, the visiting teams were requested to assess the benchmarked questions with a view to finalising the assessment of each CA based on concrete examples and documentation of processes. With a view to ensuring consistency and a level playing field in the assessment of the CAs, an additional questionnaire was specifically designed for the on-site visits to check issues of importance.

Although numerous CAs have enhanced their processes since the completion of the SAQ in January/February 2016, the final assessment is based upon the processes/procedures put in place at that time. Nonetheless, the on-site visits offered an opportunity to inform peers about new process and systems put in place since then.

Based on their findings, the visiting teams suggested upgrading CAs' assessments from phase 2 in nine cases. The other assessments made by WS 2 were confirmed.

Table 10: Summary of the results of the review by the visiting teams

| MS | Q1 | Q3 | Q8 | Q 6 | Q21 | Q28 |
|---|---|---|---|---|---|---|
| AT | FCP | FCP | FCP | FCP | FCP | FI |
| BE | LCP | FCP | PCP | FCP | LCP | FI |
| BG | PCP | FCP | LCP | LCP | LCP | FI |
| CY | LCP | FCP | LCP | FCP (upgrade) | LCP (upgrade) | PI |
| CZ | FCP | LCP | FCP | LCP | FCP | FI |
| DE | FCP | FCP | FCP | FCP | FCP | FI |
| DK | FCP | FCP | FCP | LCP | FCP | FI |
| ECB/SSM | FCP | FCP | FCP | FCP | FCP (upgrade) | FI |
| EE | LCP | FCP | LCP | FCP | LCP | LI |
| EL | LCP | LCP | LCP | LCP | LCP | LI |

| MS | Q1 | Q3 | Q8 | Q 6 | Q21 | Q28 |
|---|---|---|---|---|---|---|
|  |  |  |  |  |  | (upgrade) |
| ES – BdE | FCP | FCP | FCP | FCP (upgrade) | PCP | FI |
| ES – CNMV | FCP | FCP | FCP | FCP | LCP | NI |
| FI | FCP | FCP | LCP | FCP | LCP (upgrade) | FI |
| FR | LCP | FCP | LCP | FCP | FCP | FI |
| HR – CNB | LCP | FCP | LCP | LCP | FCP (upgrade) | FI |
| HR – HANFA | PCP | PCP | PCP | LCP | WP | LI |
| HU | LCP | LCP | LCP | FCP (upgrade) | FCP (upgrade) | LI |
| IE | FCP | LCP | LCP | FCP | LCP | FI |
| IS | LCP | LCP | PCP | FCP | PCP | FI |
| IT | FCP | FCP | FCP | FCP | FCP | FI |
| LI | FCP (upgrade) | LCP | LCP | FCP | LCP | FI |
| LT | PCP | FCP | LCP | PCP | LCP | LI |
| LU | LCP | FCP | LCP | FCP | LCP | FI |
| LV | LCP | FCP | LCP | LCP | FCP | PI |
| MT | FCP | FCP | PCP | LCP | PCP | LI |
| NL | FCP | FCP | FCP | FCP | FCP | FI |
| NO | FCP | LCP | LCP | LCP | PCP | LI |
| PL | FCP | FCP | FCP | FCP | FCP | FI |
| PT | LCP | FCP | LCP | FCP | LCP | PI |
| RO – NBR | LCP | LCP | LCP | LCP | PCP | FI |
| RO – ASF | LCP | PCP | PCP | PCP | PCP | PI |
| SE | LCP | FCP (upgrade) | FCP (upgrade) | FCP (upgrade) | LCP | FI |
| SI | FCP | FCP | FCP | FCP | LCP | FI |
| SK | PCP (upgrade) | PCP | PCP | PCP | PCP | PI |
| UK – PRA | FCP | FCP | FCP | FCP | FCP | LI |
| UK – FCA | FCP | FCP | PCP | FCP | WP | FI |

## 3.2. BEST PRACTICES OBSERVED

***Validation process and quality assessment***

*Master data*

CAs have developed IT systems to collect and store reference data on institutions and reports (master data[16]), sometimes combining information on banking and insurance entities. However, the granularity of information stored in the system is very much dependent on CAs' capacities, with some being able to collect and store a large volume of information, such as the identification of the institution, its licence, its management organs and their mandates, its external auditors and other characteristics including the use of internal models, waivers granted, accounting framework applied, financial year-end, level of consolidation, etc.

The collection of master data raises the issue of maintenance and updates. The current practices are quite broad in terms of update frequency. The master data are usually used on a regular basis, at least every quarter, e.g. to check completeness of submissions. The Review Panel therefore considers it best practice to check the master data, especially the attributes included in the so-called 'business cards'[17] of institutions and the list of templates that will be submitted, on a regular basis and to update them as soon as changes occur. In addition, as it can take some time to process the update at the EBA, any changes should be communicated well in advance of a reporting date.

In some countries, the master data system is connected to a specific reporting register that automatically derives information on all expected submissions, thereby producing lists of institutions obliged to report at the next remittance date and their reporting obligations. This set-up is considered best practice in that it avoids some possible operational/manual errors.

The following practices were considered by the Review Panel to be best practices:

1) updating the master data as regularly as possible, but at least quarterly;

2) communicating the updated master data required by the ECB and/or the EBA to the ECB and/or the EBA well in advance of a reporting deadline and submission of the files containing the reported data.

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[16] In the context of reporting, master data shall be understood as any information of a descriptive nature that is necessary to manage, store and forward data submitted by institutions. It comprises, for example, attributes that support the identification of the submitter of a report, the verification of the completeness of reports and the review of certain aspects of the correctness of the data.

[17] The business cards comprise the main set of attributes for the reporting institution included in the master data (e.g. legal entity identifier (LEI) code, consolidation level, approach to market risk used, etc.). The business card part of the master data is crucial as the information determines which data are required to be submitted according to the reporting requirements.

*Technical solutions and tools to manage the submissions/resubmissions*

The Review Panel understands that an automated process is also best practice regarding the tools managing the whole process of institutions' submissions/resubmissions. Some examples of such a holistic process and IT system are described below:

▪ Many CAs have an automatic reminder process in place to ensure that the institutions submit all the templates required by their particular business card in due time, thereby supporting them in monitoring the reporting obligations. The system implemented thus gives details of all regulatory submissions due for each entity along with the relevant deadlines for their submissions.

▪ In most cases, once the institution's report is submitted, the system automatically sends an e-mail to the institution regarding the status of its submission.

▪ With a view to managing the submissions/resubmissions from the institutions to their relevant CA, and from the CA to the ECB (for SSM countries) and the EBA, most of the CAs have set up an automated software platform dedicated to the transfer and review of the supervisory data. Depending on the technicalities of the system, some of them are able to store the data, share the information between the different units of the CA, track the submission of reports to the ECB/EBA, including handling of the ECB responses, and provide variance analysis of data submitted by the institutions.

The Review Panel considers it essential to avoid manual interactions that might introduce manipulation errors and possible delays. Automation is also considered as a best practice with regard to data quality assurance, namely the application of XBRL and other validations (consistency and plausibility checks; see also next sections).

To facilitate data analysts' and supervisors' day-to-day work, CAs should have the means to trace the status of the regulatory submissions at any time. In addition, it should be possible to track down previous correspondence with the institutions. Those practices are also viewed as best practices.

The following practices are considered best practices:

3) the implementation of automated processes/IT systems that limit the need for manual operations with regard to management of submissions/resubmissions;

4) the implementation of processes/IT systems which, on top of tracking submissions/resubmissions, enable CAs to monitor the submissions/resubmissions on a more detailed level, for example with regard to missing templates, missing 'crucial' data points,[18] failure to comply with validation rules and other data quality issues, etc.

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[18] Data points which – from a business point of view – should always be reported in a specific template (e.g. total assets in FINREP/F 01.01 or own funds in COREP/C 01.00)

*Initial validation upon submission*

The majority of CAs have developed IT tools to conduct a check of institutions' submissions as soon as the institutions submit the data. Those tools often verify the technical correctness of the submission (e.g. compliance with XBRL filing rules, if an XBRL taxonomy is used). In addition, the data are assessed immediately against EBA's validation rules, but also sometimes against other rules, such as additional checks developed by the ECB (when the sequential approach is applicable) and/or additional national public or internal validation rules.

The submissions are often automatically validated using the EBA's (and potentially other) validation rules, regardless of whether an XBRL taxonomy or other technical reporting formats are used. Compliance with additional data quality checks, especially those validation rules that are not implemented in taxonomies or other technical reporting formats, is sometimes verified manually by supervisors. As far as technically feasible, the Review Panel supports the automation of this process.

The following practices were considered by the Review Panel to be best practices:

5) running EBA's validation rules and other plausibility and consistency checks as soon as possible after receiving the data from the institutions;

6) the extension of the automatic systems to cover data quality checks that are currently carried out manually (subject to technical feasibility[19]).

*Completeness of submissions*

Completeness, i.e. whether or not all required data have been submitted by an institution, is often assessed immediately upon receipt of a submission. The maintenance and updating of the master data, and the assessment of the submissions against the master data, are essential to ensure completeness.

Completeness is checked by the CAs at different levels: (i) at the level of modules (e.g. large exposures, own funds, asset encumbrance) or (ii) on a template basis. The Review Panel encourages the CAs to develop automated checks of submissions against master data to check completeness on a template basis.

Completeness checks are, at least in one CA, also conducted on a data point level, e.g. to check relative consistency of the number of data points submitted (within a template/module) or the population/existence of specific crucial data points within a template. Completeness checks, especially of the latter, are challenging but contribute significantly to the improvement of data quality.

The following practice was considered by the Review Panel to be best practice:

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[19] The technical format used for reporting purposes (XBRL taxonomy or other format) may entail certain constraints with regard to the automation of data quality checks; see also footnote 20.

7) conducting completeness checks for required modules and templates and, if possible, completeness checks for data points.

*Validation of the correctness of submitted data*

In addition to assessing the completeness of the submissions, it is extremely important to verify the correctness of the submitted data. As indicated above, several CAs as well as the ECB perform additional data quality checks on top of the EBA validation rules and checks, to assess the correctness of data. The granularity of those additional quality checks varies greatly. The checks mostly consist of consistency and plausibility assessments and are the basis on which the CA decides to request resubmission or further clarifications.

Some CAs have developed additional quality checks and corresponding IT tools that enable them to assess the consistency of the various data sets (modules) submitted, i.e. to perform cross-checks, between, for example, COREP, FINREP, asset encumbrance or NSFR reports. The implementation of cross-module checks is considered best practice.

Several CAs perform additional checks by analysing the submitted data. Some CAs use internal systems to collect and process raw data, facilitating the analysts' work by, for example, making available risk indicators and variance analyses. These analysis tools enable the CAs' staff to review the KRIs generated from the regulatory submissions and to compare data across periods. The CAs with such tools in place thus have the opportunity to identify significant changes and outliers, to assess better the quality of the resubmissions and to produce time-series analyses.

In at least one CA, the analysis of data is complemented by alerts based on the KRIs, and the IT tool offers useful charts that show the main developments/changes within an institution's data. Another CA has put in place Data Quality and Key Risk Indicators Trend Reports (DQKTRs) that compare data from one reporting period with those from other periods in order to identify notable variances. These reports also incorporate data from sources other than the ITS on Supervisory Reporting. An assessment of submitted data with regard to KRIs is undertaken in many CAs, and the Review Panel encourages this approach.

In addition to the quality checks mentioned above, one CA carries out thematic analysis based on agreed and prioritised topics that are selected internally or by the ECB or the EBA (e.g. with regard to newly introduced reporting requirements or issues concerning sign conventions). Those thematic analyses can result in both resubmission requests and the definition of new data quality checks. Another CA carries out ad-hoc quality checks on templates that are submitted by institutions for the first time as a result of updates to the reporting standards. Those ad-hoc quality checks not only improve completeness of the data, but also promote the use of these new data and enable CA staff to become familiar with them.

In general, the application of additional plausibility and consistency checks and the performance of outlier analysis are considered best practices. Further, it is also viewed as a best practice to make information on those checks publicly available.

To make a bridge between the data quality assurance and the overall supervision of institutions, data analysts form part of or cooperate closely with supervisory teams. Several CAs thus publish internally regular reports or dashboards, and provide regular financial or thematic analyses on, for example, capital adequacy and FINREP data, especially of institutions belonging to a peer group.

The following practices were considered by the Review Panel to be best practices:

8) carrying out additional checks over and above checking compliance with the EBA's validation rules, in particular consistency and plausibility checks to enhance the quality of data;

9) the inclusion in the EBA's list of validation rules and incorporation in the XBRL taxonomy (subject to technical feasibility[20]) of data quality checks that have proven useful and valid at national level (this will help to establish a level playing field for institutions in the EU and reduce the administrative burden on CAs);

10) developing IT tools to facilitate comparison between the data and monitoring quality issues for KRIs and other data and also performing cross-checks of data submitted in different reporting modules;

11) performing horizontal/thematic analyses of data reported in certain groups of templates in order to improve consistency of data and to reveal data quality issues that cannot be identified at institution/submission level.

*Timeliness*

To ensure timeliness, some CAs have developed an expanded set of tools. A few CAs send an e-mail ahead of the deadline to remind institutions of existing reporting obligations and submission dates.

If the submission contains errors, the vast majority of institutions generally submit timely corrections of data. Some CAs sometimes encourage them to do so, for example via a management letter, thus putting pressure on the management of the institution to comply with the provisions of the ITS on Supervisory Reporting.

Some CAs have established a strict policy with regard to timeliness of submissions and corrections. For instance, if an institution misses the reporting due dates for the first time, one CA sends out a formal letter to the statutory directors of the institution, notifying them of the breach of reporting requirements. The letter states that, if a second or further offence occurs within a 13-month period, a fine will be imposed. The policy also distinguishes between major and minor data quality issues in the enforcement process. Fines are also used by other CAs to ensure timely submission. One CA has published guidelines for late reporting that clearly stipulate the

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[20] Certain types of quality checks – especially those intended to compare data points reported for different reference dates or different modules (e.g. FINREP, COREP, asset encumbrance, LCR) – cannot be incorporated in the XBRL taxonomy because of technical constraints.

conditions for sanctioning and the size of the fine that will be imposed. However, some CAs prefer the application of 'moral suasion' over penalties, a strategy that has proven useful.

*Allocation of tasks in the context of the data quality assessment*

The task of assessing the data quality of submissions – especially with regard to non-automated controls – is allocated differently in different CAs. In some CAs, topic-specific policy experts (credit risk, market risk, operational risk, liquidity, etc.) undertake in-depth analysis of certain data sets. Some topic experts are also on-site inspectors of the reporting institutions and therefore familiar not only with the economic and legal aspects of a topic, but also with the data submitted by these institutions. Those experts are in a good position to handle data quality checks effectively, to establish good communication with the reporting institutions and to validate the reports.

Some CAs have a dedicated contact person for regulatory reporting for each reporting institution and who is responsible for monitoring the timeliness, correctness and completeness of the regulatory reports submitted by that institution. However, this practice is resource-consuming and is therefore not implemented in all CAs.

*Feedback on submission from the institutions to the CAs and communication with submitters*

Most CAs have set up a collection system that immediately after receipt automatically sends an e–mail message containing feedback on the submission. These acknowledgement messages usually comprise, if applicable, information on reasons for the rejection of files, for example failure to comply with validation rules/quality checks or other reasons (the degree of detail and method of presentation vary). Tools and approaches of this kind, which were observed during the on-site visits, are obviously best practice, and the Review Panel encourages their maintenance and further development.

In this regard, at least one CA has a system in place that also sets a deadline for expected resubmissions and even, to a certain extent, takes proportionality into consideration, by requesting a significant institution to resubmit reports within one working day and less significant institutions within three working days.

In terms of early feedback on submissions, if technical solutions other than taxonomies are used for reporting by institutions to CAs, some CAs provide a pre-validation system that is basically a transposition of EBA's validation rules which are incorporated in the templates to be submitted by the institutions. This ensures that the institutions have the opportunity to perform prior testing and verification of completeness of the templates and data before submitting their actual reports. Only when errors are removed may templates be uploaded to the CA's site, optimising the quality of the submitted templates. Depending on the technical solution in place for the submission of supervisory reports, the Review Panel considers it best practice for CAs to initiate some form of primary checking of the templates completed by the institutions.

Communication with institutions and the documentation of this communication is also a crucial issue to improve the quality of submissions. Some CAs have developed useful tools in this regard, for example:

- One CA has developed a tool offering an exchange via a 'chat' mechanism, developed as part of the data quality applications to maintain a record of actions taken.

- One CA has implemented a report management system to trace all the submissions and which incorporates communication with the institution. Responses to institutions are an integral part of the system (messages are saved and linked to a submission), which enables staff of the CA to track down previous correspondence independent from the people involved in the workflow.

The following practices were considered by the Review Panel to be best practices:

12) setting up a system of automatic feedback on the status of the institutions' submissions/resubmissions or at least confirming receipt of institutions' submissions/resubmissions at an early stage and keeping them updated at all stages of the submission/resubmission;

13) offering institutions the ability to validate their submissions, e.g. against the EBA's validation rules and additional quality checks, – either at an early stage of the submission process or independent from it – to improve the quality of the submissions received and minimise the need for later corrections and resubmissions.

*Feedback on transmission of data from CAs to the ECB and the EBA*

With regard to the transmission of data from the CAs to the ECB, the ECB has implemented processes and tools for monitoring submissions and resubmissions to the ECB, and by the ECB to the EBA. The feedback tools put in place in ECB's Supervisory Banking Data System (SUBA) provide automatic acknowledgement messages when data are received, listing breaches of blocking and non-blocking EBA validation rules and flagging completeness issues such as missing templates or unexpected templates. With regard to the transmission of data from the ECB to the EBA, the ECB's SUBA provides information to the ECB's and CAs' users about the date and time when the files were submitted and whether the submission was successful or failed. However, some CAs consider that there is potential for improvement with regard to the communication on forwarding of submissions to the EBA.

As far as submissions to the EBA are concerned, some CAs deemed the feedback provided by the EBA's system (eRegulatory portal), especially on validation rules, as too vague and confusing at some points. With a view to making the feedback more explicit and clearer, some CAs have included plain language explanations and introduced different levels of error messages (i.e. error/warning/information). However, it needs to be said that the EBA system does in fact provide detailed information on validation rule errors (severity of the error, the affected template(s) and the identity of the rule breached) and other errors, which CAs can exploit.

## *IT solutions*

Some CAs have made it mandatory for banks to submit data in XBRL format. This significantly reduces the associated operational risks arising from the conversion of data from other formats (Excel, XML, etc.) to XBLR. The implementation of the XBRL solution should lessen the burden for CAs in the long run.

However, where no XBRL taxonomy is yet available, obliging institutions to upload their reports in XBRL format could penalise small institutions. Some flexibility is required, for example a transitional period during which institutions can invest in IT solutions or the services of IT providers to ensure that their submissions can be made in XBRL format.

Some CAs have gone further by making more extensive use of XBRL. In certain instances, it is possible to validate and visualise individual XBRL files for ad-hoc purposes. One CA allows banks to submit supplementary information together with the data, as 'XBRL footnotes'. This enables the CAs to receive explanations on warnings with the data and perform enhanced plausibility checks. One CA has developed its own XBRL taxonomy for all supervisory reporting including the requirements of the EBA ITS. In addition, its national taxonomy is very flexible as it implements separate versions for validation rules, which is an advantage in change management. Having this unique taxonomy provides possibilities for using additional blocking validation rules that do not exist when simply using the EBA's XBRL taxonomy for first-level reporting.

The following practice was considered by the Review Panel to be a best practice:

14) requiring supervised institutions to submit their report in XBRL format or in another technical format that supports automated validation at inception and targeted feedback to reporting agents, while taking into consideration aspects of proportionality.

## *Update to reporting standards*

Changes to the reporting framework entail a certain level of uncertainty with regard to content and IT aspects for both CAs and institutions. To the extent possible, the changes have to be anticipated to foster a smooth transition to the next version of the reporting framework. To achieve this, the CAs have developed a wide range of tools.

With regard to the IT aspects of an update of the reporting framework, especially the implementation of a new XBRL taxonomy version, many CAs initiate the internal implementation process as soon as the new taxonomy is published by the EBA. First steps usually involve the detection of errors and the assessment of the compatibility of the new taxonomy with established IT systems. As the reporting framework is updated on a regular basis, and to streamline the internal implementation efforts, the CAs have in place a well-documented process, as part of which the various implementation phases and milestones for each of them are identified.

In order to reduce time and costs, some CAs have, where technically feasible, set up their IT systems in a such way as to fully automate the implementation of updates to the ITS on

Supervisory Reporting, thereby limiting the need for burdensome manual interventions with regard to the adaptation of the systems to changes in templates, data points, validation rules and the new taxonomy versions as a whole. Independent from the technical solutions in place, it is viewed as best practice to create the prerequisites for adapting IT systems to minor or major changes in the reporting framework in relatively short timelines.

Testing environments are usually set up not only for internal use by the CA – to identify issues and collect input from all divisions involved in the development of the IT tool – but also to offer institutions the opportunity make test submissions and to receive feedback. In this way, potential misspecifications can be detected in a timely manner before a new taxonomy version actually has to be used for reporting. To this end, some CAs have suggested that the EBA might provide test data alongside new releases to help them to tackle issues of new standards. In addition to the technical aspects, a test environment enables institutions to reduce the number of errors in the final submissions and to improve data quality.

With regard to the communication with supervised entities on updates of the reporting framework, one CA has developed an efficient method of communication with institutions. It informs institutions about changes to reporting requirements through meetings with an industry committee representing the national banking federation and institutions, and uses this channel to exchange views on both reporting changes and additional reporting-related issues.

A critical aspect, and one that is sometimes overlooked by the CAs, is the distribution of information on updates to the reporting framework to all staff members who need to know this information. For example, key personnel from business and IT units who are involved in updating IT systems need to be informed at an early stage. However, information on upcoming amendments to the legal and technical reporting standards/solutions should also be circulated in a timely and appropriate manner to other staff (e.g. supervisors), possibly even by convening meetings.

The following practices were considered by the Review Panel to be best practices:

15) starting the implementation of updates to the reporting framework as early as possible, ideally not later than when the related DPM and XBRL taxonomy are available, to automate the process of updating the IT solutions to the extent possible and to contribute to the testing of taxonomy versions or validation rules in order to support a timely application of the amended version of the ITS on Supervisory Reporting and to ease the implementation process;

16) utilising the testing window provided by the EBA before a new release of the EBA's IT system for the collection of data (European Supervisory Platform (ESP)), to test, as far as possible, the submission of data from the CAs to the EBA, especially in relation to taxonomy updates.

### *EBA's Q&A tool*

The on-site visits looked into the use of the EBA's Q&A tool. Most of CAs provide institutions with a link to the EBA's website or refer to this tool when they are required to respond to questions. Although Q&A published by the EBA are not legally binding, they represent a crucial tool to support and promote the Single Rulebook and harmonisation of reporting practices across the EU. They undoubtedly have an practical significance, especially with regard to supervisory reporting, as they provide guidance on how to address a variety of reporting issues and report correct data in a harmonised way.

A few CAs have explicitly laid down the requirement for banks to comply with the guidance of final Q&A published in EBA's Q&A tool. Some CAs have established a very good follow-up process on Q&A, which includes asking institutions to resubmit corrected data. In addition, a few CAs implement quality checks based on newly published Q&A and thereby encourage compliance with the guidance provided. A few CAs perform surveys to check whether all institutions have implemented the guidance of a Q&A or to gain further insights into the use of the Q&A tool by the institutions.

In terms of communication, the CAs have mostly adopted a pragmatic approach. The outcomes of Q&A relevant for the national banking sector are often communicated to the banks via e-mail but sometimes by official letters. Some CAs hold regular meetings with institutions or national industry associations covering Q&A and other reporting topics and/or translate the EBA's responses into the national language. Some CAs encourage national banking associations to submit questions centrally on behalf of their members. Those associations are in a position to share the final Q&A with all of their members, thereby increasing the awareness of all institutions and mitigating the need to monitor the Q&A tool actively on an individual basis.

With regard to the internal communication on Q&A, one CA shares final Q&A with all departments involved in the reporting process (supervision, policy, IT and macroprudential departments), which may also be regarded as best practice depending on the available resources.

With a view to communicating more quickly and better with institutions, some CAs have dedicated helplines to deal with questions on the ITS on Supervisory Reporting and other reporting issues. This is considered to be best practice.

A common approach to dealing with institutions' questions is for the CA to proceed with the clarification of issues where the provisions of the ITS on Supervisory Reporting are evident, while it directs institutions to EBA's Q&A tool if that question addresses the interpretation of a provision or where the CA and the institution disagree on the meaning of such a provision.

The number of staff dedicated to dealing with Q&A varies significantly and depends on the available resources of the CA. Most of the CAs have assigned only a limited number of staff to the treatment of Q&A, whereas others have set up more sophisticated processes benefiting from internal backing. For example, one CA actively contributes to the Q&A network, with three people directly involved and a further 20 that can be mobilised if required. A dedicated team filters

answers that may be of specific interest for some supervisory teams, and assistance to understand published Q&A is also provided to supervisors on an ad-hoc basis. A few CAs are also heavily involved, contributing several members of the Reporting Q&A Network, two representatives at the Sub-Group on Reporting and actively participating at Standing Committee in Accounting, Reporting and Auditing (SCARA) level, benefiting from the input of several organisational units.

The following practice was considered by the Review Panel to be best practice:

17) rigorously scrutinising and challenging the application of Single Rulebook Q&A, e.g. by assessing institutions' data against published Q&A, with a view to strengthening the focus of the institutions on the EBA's Q&A tool.

### *Resources and governance*

*Resources*

CAs' internal organisational structure with regard to supervisory reporting processes varies across jurisdictions. Some CAs have a centralised organisation, enabling multiple, quick interactions between different parties (on- and off-site supervisors, IT experts, business and policy experts). Such a highly integrated team is often considered as an asset, facilitating compliance with tight deadlines, strengthening the validation of data quality and making the best of individuals with different backgrounds and different types of expertise. Other CAs have set up a decentralised environment that may enable them to perform a broader variety of activities and spread the workload related to supervisory reporting.

The Review Panel has no preference for a centralised or decentralised organisation. Regardless of the organisational structure chosen, the Panel considers it best practice to manage the information flow such that all the staff involved or interested in reporting issues are kept about, for example, significant developments in and findings of the process of data validation and quality assessment.

*Involvement of management*

The Review Panel takes it for granted that both middle and senior management of a CA are actively and regularly engaged in supervisory reporting issues and processes. The on-site visits confirmed that staff maintains regular communication with middle and senior management through regular meetings with and/or updates.

It is considered best practice to put in place a formal escalation process so that senior managers at the CA can address recurrent late, missing, false or inconsistent submissions and, more generally, are made aware of any issues identified. A possible tool to achieve this could be regular, short structured reports for the management which summarise (i) data quality issues, (ii) IT issues related to supervisory reporting and (iii) the most common reporting problems. With a focus on individual institutions' performance, one CA, for example, circulates information on

liquidity on a monthly basis and on capital on quarterly basis to its executive board and senior management and supplements these reports with information on timeliness of data submissions and remedial actions.

Communication with middle management is equally crucial. In at least one CA, meetings with middle management are institutionalised. They take place weekly and serve as a forum to discuss and analyse reporting-related issues. Another CA has set up a Data Quality Network, which meets quarterly, consists of at least one representative (experts and/or managers) of each team involved in data quality management and, among other tasks, organises follow-ups of data availability and quality at different management levels. With regard to the involvement of management in the implementation of updates to the reporting framework, that same CA has established a project steering committee that assembles representatives of all teams involved in the reporting process, convenes every two months and is chaired by the director of the supervision department. Institutionalised meetings of this kind are viewed as best practice.

*Training policy*

(i) For staff of the CAs

One observation of the on-site visiting teams was that most of the CAs, with a view to minimising time and cost, rely, to a greater or lesser extent, on a learning-by-doing process or internal, informal exchanges between staff members with regard to the distribution of knowledge on reporting processes, tools and issues. Some CAs have developed a comprehensive training policy and strategy, while others offer tailored training on specific reporting topics or support other means of advanced education.

To provide an example of a comprehensive training policy, one CA has implemented an internal procedure to ensure that all staff receive adequate training depending on their needs. Training consists of induction training for new employees, core training to impart essential basic knowledge and basic competences in various fields and tailored training combined with continuing education to address specific topics and competencies.

With regard to specific training on reporting topics, one CA provides training on the functionalities of the reporting system in use on an annual basis. Some CAs support advanced studies of their staff outside the CA and provide access to the online learning tools of different training providers, such as FSI Connect, the European Securities and Markets Authority (ESMA) e-learning tool, massive open online course (MOOC) and open universities.

In terms of best practice, the CAs should continue working on the improvement of the quality of existing practices/training programmes and the (timely) identification of future training needs in order to develop the necessary expertise of their staff. A training policy comprising both induction training to integrate newcomers and specific reporting-related training for all staff seems desirable.

(ii) For supervised entities

With a view to supporting institutions in fulfilling their reporting obligations, an interesting approach might be to arrange, on a regular basis (e.g. annually), seminars that cover the whole reporting framework, or certain aspects of it. Some CAs already provide special training for all banks or designated banks depending on their performance in the process of supervisory reporting.

With regard to educational work in a broader sense, the Review Panel supports elaborated communication policies that aim both to enhance institutions' knowledge on general developments in relation to supervisory reporting and to deal with their individual questions on a regular basis. As an example of the former, dedicated reporting sections on the websites of the CAs providing both essential content-related as well as contact information can be mentioned. An example of the latter would be dedicated helplines.

The following practices were considered by the Review Panel as best practices:

18) internal processes to ensure that the information flow regarding reporting-related issues is thoroughly managed and all the staff involved or interested in reporting issues are informed properly;

19) ensuring a strong involvement of all management levels, both middle and top management, in issues and processes related to supervisory reporting;

20) implementing an internal training policy for CAs' staff and developing an external training/communication policy with regard to the dissemination of knowledge to supervised entities.

## 3.3. AREAS FOR IMPROVEMENT

As part of the on-site visits, CAs provided suggestions for enhancement of processes related to supervisory reporting and the collaboration between CAs, the ECB and the EBA. A short summary of the suggestions made by CAs is included below. The suggestions are meant to inform discussions between supervisory authorities in Europe. Potential measures mentioned below or derived from the suggestions will have to be assessed against feasibility, cost and benefits before implementation.

## Validation process and quality assurance

1. Review the guidance on the requirements of the data quality assessment process in general and on validation rules and the EBA's filing indicators in particular and review the way in which this guidance is communicated.

2. Enhance coordination and alignment of some processes between CAs, the ECB and the EBA, for example with regard to data quality assessment processes and technical requirements.

3. Facilitate a means of sharing definitions of additional data quality checks (over and above checking compliance with the EBA's validation rules) between authorities.

## Updates to reporting standards

4. Reduce the uncertainty with regard to the adoption of amendments to the ITS on Supervisory Reporting.

   In this regard, the Peer Review Panel proposes that the BoS provide an EBA Opinion to the EU institutions with the following content: inviting an amendment of Article 99 CRR that provides for the adoption of the supervisory reporting in the Union via implementing technical decisions, to be adopted by the EBA directly, rather than via ITS to be endorsed by the European Commission, as is currently the case. This would speed up the process of the adoption of the supervisory reporting framework, make the process more flexible and contribute to avoiding a misalignment between underlying CRR obligations and reporting on those obligations in the period in between the updating of the ITS.

5. Provide continuing insight into the adoption status and implementation timelines of upcoming amendments to the ITS on Supervisory Reporting, as this is crucial for a smooth implementation by the EBA, the CAs and the institutions.

6. Facilitate easier access to Single Rulebook and ITS on Supervisory Reporting to all users, e.g. by providing a consolidated version of the ITS on Supervisory Reporting including planned amendments.

## EBA's Q&A tool

7. Develop principles on (re)submissions based on published final Q&A. This would provide for more clarity when the resubmission of a report is requested.

8. Identify and mark Q&A that are not relevant or no longer applicable, e.g. because the issue raised has been remedied in a later version of the reporting framework.

## Other topics of importance

9. *Specific requests from SSM countries.* For SSM countries, it appears that differences in the use of negative file indicators and business cards lead to some submissions appearing complete from the point of view of the ECB, but incomplete from the point of view of the EBA. The EBA, in coordination with the ECB, could seek to introduce a more integrated approach for the

determination of validation rules/data quality checks and filling rules/business cards to further improve data quality on an international level.

10. *Proportionality.* Proportionality with regard both to reported data and reporting processes plays an important role for both institutions and competent authorities. Potential measures to increase proportionality should be investigated, for example in the context of the CRR II/CRD V, in order to alleviate the reporting burden without compromising the quality of supervision.

# 4. Annexes

## ANNEX 1: Country codes and acronyms of competent authorities

| Country code | Country | Competent authority[21] |
|---|---|---|
| AT | Austria | Finanzmarktaufsicht (Financial Market Authority, FMA), Oesterreichische Nationalbank (OeNB) |
| BE | Belgium | National Bank of Belgium (NBB) |
| BG | Bulgaria | Българска народна банка (Bulgarian National Bank) |
| CY | Cyprus | Κεντρική Τράπεζα της Κύπρου (Central Bank of Cyprus) |
| CZ | Czech Republic | Ceska Narodni Banka (Czech National Bank, CNB) |
| DE | Germany | Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority, BaFin), Deutsche Bundesbank |
| DK | Denmark | Finanstilsynet (Danish Financial Supervisory Authority, Danish FSA) |
| EE | Estonia | Finantsinspektsioon (Financial Supervision Authority) |
| EL | Greece | Τράπεζα της Ελλάδος (Bank of Greece) |
| ES | Spain | Banco de España (Bank of Spain)/Comision Nacional del Mercado de Valores (CNMV) |
| FI | Finland | Finanssivalvonta (Finnish Financial Supervisory Authority) |
| FR | France | Autorité de Contrôle Prudentiel et de Résolution (Prudential Supervisory & Resolution Authority – ACPR) |
| HR | Croatia | Hrvatska Narodna Banka (Croatian National Bank)/Hrvatska agencija za nadzor financijskih usluga (Croatian Financial Services Supervisory Agency – HANFA) |
| HU | Hungary | Magyar Nemzeti Bank (National Bank of Hungary) |
| IE | Ireland | Central Bank of Ireland |
| IT | Italy | Banca d'Italia (Bank of Italy) |
| IS | Iceland | Fjármálaeftirlitið (Icelandic Financial Supervisory Authority– FME) |
| LI | Liechtenstein | Finanzmarktaufsicht – FMA (Financial Market Authority) |
| LT | Lithuania | Lietuvos Bankas (Bank of Lithuania) |
| LU | Luxembourg | Commission de Surveillance du Secteur Financier (Commission for the Supervision of Financial Sector – CSSF) |
| LV | Latvia | Finansu un Kapitala Tirgus Komisija (Financial and Capital Market Commission) |
| MT | Malta | Malta Financial Services Authority |
| NL | Netherlands | De Nederlandsche Bank (Dutch Central Bank – DNB) |
| NO | Norway | Finanstilsynet (Norwegian Financial Supervisory Authority) |
| PL | Poland | Narodowy Bank Polski (National Bank of Poland)/Komisja Nadzoru Finansowego (Polish Financial Supervision Authority – KNF) |
| PT | Portugal | Banco de Portugal (Bank of Portugal) |

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[21] Includes also central banks with supervisory tasks.

| Country code | Country | Competent authority[21] |
|---|---|---|
| **RO** | Romania | Banca Naţională a României (National Bank of Romania)/Autoritatea de Supraveghere Financiară (Financial Supervisory Authority – ASF) |
| **SE** | Sweden | Finansinspektionen (Swedish Financial Supervisory Authority) |
| **SI** | Slovenia | Banka Slovenije (Bank of Slovenia) |
| **SK** | Slovakia | Narodna Banka Slovenska (National Bank of Slovakia) |
| **UK** | United Kingdom | Prudential Regulation Authority (PRA)/Financial Conduct Authority (FCA) |

# ANNEX 2: Questions in the Self-Assessment Questionnaire

**LIST OF QUESTIONS**

*Validation and quality assurance*

> I.  The setting up and maintenance of reporting requirements

1.  Please describe your CA's processes for the setting up and maintenance of each institution's reporting requirements (expected templates/business cards if applicable). Please explain how your processes include input from staff involved in direct supervision, where relevant. Benchmarking criteria ('fully comprehensive process' – all five criteria need to be met/'largely comprehensive process' – three or four criteria need to be met/'partially comprehensive process' – one or two criteria need to be met 'weak process' – no criteria are met):
    i.  the CA has established a strategy for the identification and maintenance of institutions' reporting requirements
    ii.  the CA has tested the collection system and this meets the CA's prior agreed standards
    iii.  the CA keeps a register of institutions' reporting requirements
    iv.  the CA has a documented process to ensure that the register is up to date
    v.  the CA validates (and challenges if necessary) the accuracy of every change communicated by the institution.

2.  How often does your CA validate that the reporting requirements (expected templates/business cards if applicable) are correct (never, yearly, every six months, up to every three months, monthly, when required by the EBA, by internal request including the ECB in the SSM context, based on internal triggers)? Please select from a drop-down list of options (please choose no more than three options).

> II.  Monitoring data submissions

3.  Please describe how your CA
    (a) monitors the receipt of submissions and resubmissions from institutions;
    (b) monitors that the EBA has accepted[22] the submissions and resubmissions; and
    (c) enforces correct and timely submissions when submissions fail or are late, including issuing sanctions.

    Benchmarking criteria ('fully comprehensive process' – all seven criteria need to be met/'largely comprehensive process' – four to six criteria need to be met/'partially comprehensive process' – one to three criteria need to be met/'weak process' – no criteria are met):
    i.  the CA has established an automated system for receipt of institutions' data submissions

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[22] Submissions to the EBA are accepted when the submission does not fail to comply with and EBA 'blocking' validation rule.

    ii.   from the deadline for the institutions to submit ITS remittance data to the CA, the CA is always aware of which submissions have been received successfully and which are still missing/expected

    iii.  the CA is always aware of which requested resubmissions have been received and which are still missing/expected

    iv.  at the agreed deadline for the CA to submit the institutions' reporting requirements to the EBA, the CA is aware of which submissions have been successfully received by the EBA and which are outstanding

    v.   , the CA always forwards all resubmissions to the EBA (assuming data improvement from previous submission)

    vi.  the CA is always aware of which resubmissions have been received successfully by the EBA and ensures that rejected resubmissions are corrected and resubmitted

    vii. the CA takes remedial action in the case of late and incorrect submissions.

4. For the reporting reference date 30 June 2015, what percentage of required submissions did your CA receive up to and including the reporting remittance date specified under Article 3 of the ITS? (Please choose one option: 0-50%, 50-75%, 7%-95%, 9%-100%).

5. What is the latest date/time that your CA contacts an institution if their required submission(s) has (have) not been received at the due date and no prior issues were communicated by the institution? Please select from a drop-down list of options (within two days, within one week, more than one week after remittance due date).

6. How many attempts at submissions were necessary, on average, for an institution to supply all the required templates for the 30 June 2015 reporting reference date? (Please choose from one; more than one to three, more than three; otherwise please specify if difficult to calculate).

7. Please describe how your CA checks the correct application of the threshold described in Article 4 of the ITS?

    III.     Validation and quality

8. Please describe your CA's data quality management process (please specify tools, steps, interactions (internally within your authority, with the EBA and, in case of the SSM and also the ECB, externally with institutions) and anticipated future internal enhancements of the process).
Benchmarking criteria ('fully comprehensive process' – all six criteria need to be met/'largely comprehensive process' – four or five criteria need to be met/'partially comprehensive process' – one to three criteria need to be met/'weak process' – no criteria are met):
    i.   the CA has a documented and implemented process for data quality assessment
    ii.  the CA has an internal manual/user guide describing the range of IT tools used for data quality assessment, predefined procedural steps and ways of interacting with reporting institutions
    iii.  the CA has a process using one tool/various tools to perform data quality checks on data received
    iv.  the CA performs data quality checks on all submissions/resubmissions received to assure that the data are of high quality

v.   all data quality issues raised (e.g. by the EBA, the ECB or others) are always followed up and resolved and the resubmission of corrected data without undue delay is monitored

vi.  the CA has, and adheres to, a predefined process for following up with reporting institutions any data issues that require clarification and short timelines for doing so (e.g. specifies a given number of business days for providing answers and comments and requesting resubmissions if necessary).

9. Please describe how your CA applies the ITS validation rules within its validation process (file published on EBA website for June 2015 reference date).

In particular:

a) Does your CA block submissions? (Please select one from the following options: no, based only on EBA blocking validation rules, based on all EBA validation rules, based on all EBA validation rules and national validation rules)

b) If your CA can block submissions, can it access the data of blocked submissions? Yes/No

c) Is there a procedural difference in treatment between blocking/non-blocking validation rules? Yes/No (If yes, please describe your rationale for differing procedures.)

d) Does your CA deactivate validation rules at a national level? Yes/No (If yes, please describe your CA's process)

e) Does your CA have suggestions in order to improve the EBA validation rules? (If yes, please specify)

10. a) Does your CA use additional quality checks (EBA and/or others)? Yes/No
b) If yes, please indicate

(i)     the quantity and nature of additional quality checks applied; and

(ii)    the number of COREP (excluding liquidity templates)/FINREP (including asset encumbrance, forbearance and non-performing loans) templates to which these checks are applied.

11. When does your CA first start validating the received data? (Please choose one of the following options: directly when received, more than one week before remittance date, within one week before the remittance date, only after the remittance date.)

12. What percentage of submissions needed to be amended after being initially received? (Data for the reference date 30 June 2015) (Please choose one of the following options: 0-50%, 50-75%, 75-95%, 95-100%.)

13. On average, how many times is each submission amended because of data quality issues after being initially received? (Please choose one of the following options: 0, 1, 2-3, > 4) (If you cannot distinguish the reasons for the resubmission, please answer only question 6.)

IV.    IT solutions

14. Please name the submission format (e.g. the EBA's XBRL taxonomy) that is used to collect data from institutions. For SSM Member States' CAs, where relevant, please also name the submission format that is used to submit data to the ECB.

15. Is your CA able to receive submissions or resubmissions for a previous version of the reporting framework (e.g. for version 2.2 and reference date 31 March 2015) while an updated reporting framework ( version 2.3 implemented as of 30 June 2015) is already in place?

*Implementation of updates to the reporting standard*

16. Please describe your CA's process (including time horizons) to implement updates to the reporting framework, including communication with institutions. Benchmarking criteria ('fully comprehensive process' – all four criteria need to be met/'largely comprehensive process' – three criteria need to be met/'partially comprehensive process' – one or two criteria need to be met/'weak process' – no criteria are met):
    i. the CA has an internal process to evaluate the impact of the changes on the reporting IT system/reporting processes
    ii. the CA has an internal process for the design, testing and updating of its reporting system, including data quality checks, where appropriate to implement updates, to recognise good IT standards.
    iii. the CA communicates the changes to institutions in a timely manner
    iv. the CA provides necessary training/information to relevant personnel.

17. Please describe when your CA initiates its internal processes and planning for implementing updates to the reporting framework? (Please select one of the following options: draft templates, DPM and XBRL made available via EBA working groups; draft ITS published on the EBA website; DPM and XBRL published on the EBA website; draft regulation adopted by the EU Commission but not published in the Official Journal; publication in the Official Journal; other (please specify)).

18. Please describe the main challenges that CAs face in implementation projects associated with the process of updating version 2.4 of the reporting framework? (Please choose no more than two of the following options: uncertainty about the first application date; reliance on external resources; rigidity of local IT systems; mapping of local reporting formats (e.g. XML) into XBRL; lack of ITS adoption by EU Commission; inconsistencies between templates, instructions and DPM/XBRL; other (please specify)).

19. What does your CA view as the most important factor(s) for a successful implementation of an update to the reporting framework? (Please rank the following: clear communication between subject matter and IT experts throughout the update process; clear communication between regulators and reporting firms; planning of updates to reporting frameworks well in advance; suitable time and resources to review the changes to DPM and XBRL taxonomies; suitable time and resources to review the changes to validation rules, templates and instructions; timely publication of the ITS, VR, DPM and XBRL taxonomies; timely publication of the Regulation in the Official Journal).

20. Optional: Does your CA require (or intend to require) early application[23] by all institutions of an ITS update as published by the EBA on its website, before its endorsement by the Commission? If yes, please specify.

*The EBA's Q&A tool related to the ITS on Supervisory Reporting*

21. Please describe your CA's internal process to follow the 'supervisory reporting' Q&A of EBA's Q&A tool from the submission of a question to the design and publication of answers.

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[23] This is to cover cases where a CA requires institutions to report the content (e.g. templates in Excel format) of a draft ITS as published by the EBA, but which is not yet endorsed by the Commission, before the first application of the endorsed ITS.

Benchmarking criteria ('fully comprehensive process' – all four criteria need to be met/'largely comprehensive process' – three criteria need to be met/'partially comprehensive process' – one or two criteria need to be met/'weak process' – no criteria are met):

i. the CA participates in the EBA's Q&A process (including reviewing the questions (with a view to providing comments if necessary) at several levels)

ii. the CA communicates final answers relating to Reporting Q&A to relevant personnel (e.g. supervisor)

iii. the CA communicates relevant information regarding Reporting Q&A to institutions where necessary (e.g. interim solutions)

iv. the CA checks the application of the answers provided via the Q&A process by the institutions and implements an interim solution, if necessary

22. Please describe how your CA ensures that institutions are (i) aware of and (ii) apply the published answers of the reporting Q&A in the EBA's Q&A tool by using Q&A 2034 as an illustrative example.

23. Does your CA (i) provide its own answers (and/or interpretations) directly, (ii) submit Q&A on behalf of institutions and/or (iii) encourage institutions to submit Q&A via the EBA's Q&A tool?

*The scope and proportionality of the standards*

I. Resources

24. For the reporting reference date 30 June 2015, please indicate the total number (FTE – full-time equivalent) of person-days your CA required for checking and the proportion of person-days involved in checking the appropriateness, the correctness and the completeness of the submitted data from institutions:

a) relative to the number of institutions required to report according to the ITS

b) relative to the number of submissions your CA receives on a solo/consolidated level.

25. Optional: Please indicate the total number of person-days (FTE – full-time equivalent) your CA required for the implementation of the reporting framework for version 2.3.

26. What were the main cost drivers of implementing updates to reporting framework version 2.3? (Please rank the following: project management overheads; reviewing validation rules, templates, instructions, DPM and XBRL via EBA working groups; implementing changes to local reporting formats (if not using EBA XBRL taxonomies); mapping from local reporting formats to EBA XBRL taxonomies; interaction with institutions; implementing changes to and testing local IT solutions for data collection, integration and exploration).

27. With regard to providing guidance concerning the reporting requirements of the ITS, please specify the following:

a) Did or does your CA provide training/seminars/workshops for your staff?

b) Did or does your CA provide training/seminars/workshops for institutions?

c) How much did or does your CA rely on external consultancy/training providers in this regard?

d) Does your CA provide a dedicated helpline (e-mail address) for institutions to submit queries relating to the ITS on Supervisory reporting and their submissions?

II.      Governance

28. Please describe your CA's management (i.e. executive level/middle managers) involvement, responsibilities and oversight in the validation process.[24]

Benchmarking criteria ('fully involved' – all three criteria need to be met/'Largely involved' – two criteria need to be met/'partially involved' – only one criterion is met/'not involved' – no criteria are met):

  i.   the CA's management receives regular updates/information on the validation process

  ii.  the CA's management is informed of issues relating to the institutions' data quality,

  iii. the CA's management is responsible for the follow-up action on consistently poor-quality submissions by an institution

III.     Additional reporting requirements

29. Optional: Does your CA use the ITS data as its main source of data to perform supervisory analysis, benchmarking and policy design?

30. Optional: Does your CA use a specific subset of data/templates in order to produce a regular analysis of COREP data? If yes, please specify which data are commonly used.

31. What other data does your CA collect from a significant proportion of institutions on a regular basis or intends to so do, such as using a predefined template and in your capacity as CA for the purpose of supervising under CRR/CRD IV? Please describe your rationale and legal basis for seeking such data. Additionally, please explain whether and how you exercise proportionality for such data requests. With regard to Directive (EU) 2013/36 (CRD IV), please also specify how Article 40 and Article 104.1(j) CRD IV are applied/enforced in your jurisdiction.

32. Does your CA make use of the discretion provided under Article 24(2) CRR and require institutions to report financial information as set out under Article 99 (3) CRR?

33. Does your CA have any suggestions as to how the current ITS on Supervisory Reporting could be improved in the future, including whether there should be any additional reporting requirements, as well as any streamlining possibilities, and also whether there could be any enhancements to the quality assurance process? (If yes, please specify.)

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[24] http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02010R1093-20140819&from=EN

## ANNEX 3: Complete summary table of the CAs' self-assessment[25]

| MS | Question 1 | Question 3 | Question 8 | Question 16 | Question 21 | Question 28 |
|---|---|---|---|---|---|---|
| AT | FCP | FCP | FCP | FCP | FCP | FI |
| BE | LCP | LCP | PCP | FCP | LCP | FI |
| BG | PCP | FCP | LCP | LCP | LCP | FI |
| CY | LCP | FCP | LCP | FCP | LCP | PI |
| CZ | FCP | LCP | FCP | FCP | FCP | FI |
| DE | FCP | LCP | FCP | FCP | FCP | FI |
| DK | FCP | FCP | FCP | LCP | FCP | FI |
| ECB/SSM | FCP | FCP | FCP | FCP | LCP | FI |
| EE | LCP | FCP | LCP | FCP | LCP | LI |
| EL | LCP | LCP | LCP | LCP | LCP | PI |
| ES – BdE | FCP | FCP | LCP | LCP | PCP | FI |
| ES – CNMV | FCP | FCP | FCP | FCP | LCP | FI |
| FI | FCP | FCP | LCP | FCP | PCP | FI |
| FR | LCP | FCP | LCP | FCP | FCP | FI |
| HR – CNB | LCP | FCP | LCP | LCP | LCP | FI |
| HR – HANFA | PCP | PCP | PCP | PCP | NA | FI |
| HU | LCP | LCP | LCP | LCP | PCP | LI |
| IE | LCP | LCP | LCP | FCP | LCP | FI |
| IS | LCP | LCP | PCP | FCP | PCP | FI |
| IT | FCP | FCP | FCP | FCP | FCP | FI |
| LI | LCP | LCP | LCP | LCP | LCP | FI |
| LT | PCP | FCP | LCP | PCP | LCP | LI |
| LU | LCP | FCP | LCP | FCP | PCP | FI |
| LV | LCP | FCP | LCP | LCP | FCP | PI |
| MT | FCP | FCP | PCP | LCP | PCP | FI |
| NL | FCP | FCP | LCP | FCP | FCP | FI |
| NO | LCP | LCP | LCP | LCP | PCP | LI |
| PL | FCP | FCP | FCP | FCP | FCP | FI |
| PT | LCP | FCP | LCP | FCP | PCP | PI |
| RO – NBR | LCP | LCP | LCP | LCP | PCP | FI |
| RO – ASF | LCP | PCP | PCP | PCP | PCP | PI |
| SE | LCP | LCP | LCP | LCP | PCP | FI |
| SI | FCP | FCP | FCP | FCP | LCP | FI |
| SK | WP | PCP | PCP | PCP | PCP | NI |
| UK – PRA | LCP | FCP | FCP | FCP | FCP | LI |
| UK – FCA | LCP | LCP | PCP | FCP | WP | FI |

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[25] FCP, fully comprehensive process; LCP, largely comprehensive process; PCP, partially comprehensive process; WP, weak process; FI, fully involved; LI, largely involved; PI, partially involved; NI, not involved.

## ANNEX 4: Complete summary table of the review by peers

| MS | Question 1 | Question 3 | Question 8 | Question 16 | Question 21 | Question 28 |
|---|---|---|---|---|---|---|
| AT | FCP | FCP | FCP | FCP | FCP | FI |
| BE | LCP | FCP | PCP | FCP | LCP | FI |
| BG | PCP | FCP | LCP | LCP | LCP | FI |
| CY | LCP | FCP | LCP | LCP | PCP | PI |
| CZ | FCP | LCP | FCP | LCP | FCP | FI |
| DE | FCP | FCP | FCP | FCP | FCP | FI |
| DK | FCP | FCP | FCP | LCP | FCP | FI |
| ECB/SSM | FCP | FCP | FCP | FCP | LCP | FI |
| EE | LCP | FCP | LCP | FCP | LCP | LI |
| EL | LCP | LCP | LCP | LCP | LCP | NI |
| ES – BdE | FCP | FCP | FCP | LCP | PCP | FI |
| ES- CNMV | FCP | FCP | FCP | FCP | LCP | NI |
| FI | FCP | FCP | LCP | FCP | PCP | FI |
| FR | LCP | FCP | LCP | FCP | FCP | FI |
| HR – CNB | LCP | FCP | LCP | LCP | FCP | FI |
| HR – HANFA | PCP | PCP | PCP | LCP | WP | LI |
| HU | LCP | LCP | LCP | LCP | LCP | LI |
| IE | FCP | LCP | LCP | FCP | LCP | FI |
| IS | LCP | LCP | PCP | FCP | PCP | FI |
| IT | FCP | FCP | FCP | FCP | FCP | FI |
| LI | LCP | LCP | LCP | FCP | LCP | FI |
| LT | PCP | FCP | LCP | PCP | LCP | LI |
| LU | LCP | FCP | LCP | FCP | LCP | FI |
| LV | LCP | FCP | FCP | LCP | FCP | PI |
| MT | FCP | FCP | PCP | LCP | PCP | LI |
| NL | FCP | FCP | FCP | FCP | FCP | FI |
| NO | FCP | LCP | LCP | LCP | PCP | LI |
| PL | FCP | FCP | FCP | FCP | FCP | FI |
| PT | LCP | FCP | LCP | FCP | PCP | PI |
| RO – NBR | LCP | LCP | LCP | LCP | PCP | FI |
| RO – ASF | LCP | PCP | PCP | PCP | PCP | PI |
| SE | LCP | LCP | LCP | LCP | LCP | FI |
| SI | FCP | FCP | FCP | FCP | LCP | FI |
| SK | WP | PCP | PCP | PCP | PCP | PI |
| UK – PRA | FCP | FCP | FCP | FCP | FCP | LI |
| UK – FCA | FCP | FCP | PCP | FCP | WP | FI |

**Key**

Green: fully comprehensive process (FCP) or CA fully involved (FI).

Yellow: largely comprehensive process (LCP) or CA largely involved (LI).

Orange: partially comprehensive process (PCP) or CA partially Involved (PI).

Red: weak process (WP) or CA not involved (NI).

ASF, Autoritatea de Supraveghere Financiară (Financial Supervisory Authority); BdE, Banco de España (Bank of Spain); CNB, Croatian National Bank; CNMV, Comisión Nacional del Mercado de Valores (National Securities Market Commission); FCA, Financial Conduct Authority; HANFA, Hrvatska Agencija Za Nadzor Financijskih Usluga (Croatian Financial Services Supervisory Agency); NBR, Banca Nationala a României (National Bank of Romania); PRA, Prudential Regulation Authority.

# ANNEX 5: Outcomes of the self-assessment phase

This annex contains the responses to the SAQ. The review of CAs' responses by WS 2 is not incorporated.

*Outcomes of the self-assessment*

The SAQ is in four parts, each further subdivided into various parts to better reflect the major areas of the EBA's monitoring.

## 1. Validation and quality assurance

*The setting up and maintenance of reporting requirements*

In this section, the CAs were required to provide a thorough description of their supervisory practices in terms of setting up and maintenance of reporting requirements. Question 1 (Q1) is subject to a benchmark. Question 2 (Q2) deals with CAs' monitoring of the correctness of the data.

Regarding Q1, 13 CAs deemed their processes to be 'fully comprehensive', 19 CAs considered them 'largely comprehensive' and three CAS considered them 'partially comprehensive'; one CA described its processes as 'weak'.

Table 11: Summary of CAs' benchmarked responses – Question 1

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Largely comprehensive | LI | Largely comprehensive |
| BG | Partially comprehensive | LT | Partially comprehensive |
| CY | Largely comprehensive | LU | Largely comprehensive |
| CZ | Fully comprehensive | LV | Largely comprehensive |
| DE | Fully comprehensive | MT | Fully comprehensive |
| DK | Fully comprehensive | NL | Fully comprehensive |
| ECB | Fully comprehensive | NO | Largely comprehensive |
| EE | Largely comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Largely comprehensive |
| ES – BdE | Fully comprehensive | RO – NBR | Largely comprehensive |
| ES – CNMV | Fully comprehensive | RO – ASF | Largely comprehensive |
| FI | Fully comprehensive | SE | Largely comprehensive |
| FR | Largely comprehensive | SI | Fully comprehensive |
| HR – CNB | Largely comprehensive | SK | Weak Process |
| HR – | Partially comprehensive | UK – PRA | Largely comprehensive |

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| HANFA | | | |
| HU | Largely comprehensive | UK– FCA | Largely comprehensive |
| IE | Largely comprehensive | | |
| IS | Largely comprehensive | | |

*Monitoring data submissions*

The CAs were also required to answer some questions on the monitoring of data submissions. Question 3 (Q3) is subject to a benchmark to determine how CAs monitor the receipt of submissions and resubmissions from institutions.

Table 12: Summary of CAs' benchmarked responses – Question 3

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Largely comprehensive | LI | Largely comprehensive |
| BG | Fully comprehensive | LT | Fully comprehensive |
| CY | Fully comprehensive | LU | Fully comprehensive |
| CZ | Largely comprehensive | LV | Fully comprehensive |
| DE | Largely comprehensive | MT | Fully comprehensive |
| DK | Fully comprehensive | NL | Fully comprehensive |
| ECB | Fully comprehensive | NO | Largely comprehensive |
| EE | Fully comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Fully comprehensive |
| ES – BdE | Fully comprehensive | RO – NBR | Largely comprehensive |
| ES – CNMV | Fully comprehensive | RO – ASF | Partially comprehensive |
| FI | Fully comprehensive | SE | Largely comprehensive |
| FR | Fully comprehensive | SI | Fully comprehensive |
| HR – CNB | Fully comprehensive | SK | Partially comprehensive |
| HR – HANFA | Partially comprehensive | UK –PRA | Fully comprehensive |
| HU | Largely comprehensive | UK – FCA | Largely comprehensive |
| IE | Largely comprehensive | | |
| IS | Largely comprehensive | | |

Regarding Q3, 21 CAs deemed their processes to to be 'fully comprehensive', 12 CAs considered them 'largely comprehensive' and three CAs considered 'partially comprehensive'.

Question 4 (Q4) is focused on the proportion of required submissions that were received on or before the reporting remittance due date specified under Article 3 of the ITS. The responses provided by the CAs show that 27 received between 95% and 100% of the required submissions uon or beforethe remittance due date, six CAs received between 75% and 95% by the due date and two CAs received between 0 and 50% by the due. One CA stated that this question as not applicable.[26] Some of the CAs faced difficulties in calculating this percentage.

Question 5 (Q5) aimed to identify maximum taken for the CAs to first contact an institution if its required submission(s) has (have) not been received by the due date. Most CAs contact the institutions within two days (26 CAs), seven CAs do so within one week and two CAs do so only more than one week after the remittance date. One CA stated that this question was not applicable.[27]

Question 6 (Q6) aims at capturing the average number of submissions required for an institution to receive all the required templates for the 30 June 2015 reporting reference date. For 22 CAs, the average number of submissions required was two or three. Only four CAs reported that one submission was enough, while four CAs reported that, on average, institutions needed more than three submissions to provide all the required templates. Five CAs considered were unable to calculate the average number of attempts required by institutions. One CA stated that this question was applicable.[28]

*Validation and quality*

Question 8 (Q8) is subject to a benchmark on the CAs' data quality process.

Table 13: Summary of CAs' benchmarked responses – Question 8

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Partially comprehensive | LI | Largely comprehensive |
| BG | Largely comprehensive | LT | Largely comprehensive |
| CY | Largely comprehensive | LU | Largely comprehensive |
| CZ | Fully comprehensive | LV | Largely comprehensive |
| DE | Fully comprehensive | MT | Partially comprehensive |
| DK | Fully comprehensive | NL | Largely comprehensive |
| ECB | Fully comprehensive | NO | Largely comprehensive |
| EE | Largely comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Largely comprehensive |
| ES – BdE | Largely comprehensive | RO – NBR | Largely comprehensive |
| ES – CNMV | Fully comprehensive | RO – ASF | Partially comprehensive |

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[26] For the ECB, owing to sequential approach, the question is not applicable.

[27] For the ECB, owing to sequential approach, the question is not applicable.

[28] For the ECB, owing to sequential approach, the question is not applicable.

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| FI | Largely comprehensive | SE | Largely comprehensive |
| FR | Largely comprehensive | SI | Fully comprehensive |
| HR – CNB | Largely comprehensive | SK | Partially comprehensive |
| HR – HANFA | Partially comprehensive | UK – PRA | Fully comprehensive |
| HU | Largely comprehensive | UK – FCA | Partially comprehensive |
| IE | Largely comprehensive | | |
| IS | Partially comprehensive | | |

In response to Question 8, on the data quality management process, 10 CAs considered their processes as 'fully comprehensive', 19 as 'largely comprehensive' and seven as 'partially comprehensive'.

In Question 9, the CAs were asked to describe how they apply the ITS validation rules within their validation process, including whether or not they block submissions. Sixteen CAs reported that they do not block the submissions, whilst 14 CAs implement EBA blocking validation rules and six apply both EBA blocking validation rules and national rules.

Question 10 asked CAs about their use of additional quality checks. Most CAs (30) use additional quality checks and only six CAs reported not doing so.

Question 11 is focused more on the starting point of the validation process. The majority of the CAs, 32, start validating the data as soon as a submission is received. Two CAs wait for up to a week and another two start the process only after the remittance due date.

The responses to Question 12 revealed that the percentage of submissions that need to be revised after being initially received varies across jurisdictions. Most CAs (25) reported that between 0 and 50% of submissions needed to be revised, whilst six CAs reported a higher percentage, between 50% and 75%, two CAs said that 75-95% of submissions need to be revised and another two CAs stated that revision was required in 95-100% of cases. One CA considered that it could not provide statistical data.

Question 13 asked CAs to assess the average number of times each submission is revised after being initially received. Fifteen CAs reported that, on average, each submission is revised less than once, and one CA reported an average of one revision; 11 CAs reported an average of between 1 and 1.9 revisions, five CAs reported a figure of between 2 and 3.9 revisions and for one CA the average number of revisions was more than four. One CA considered the question not applicable and another three CAs could not provide this statistical information.

*IT solutions*

Two questions dealt with (i) the submission format used to collect data from institutions, including the format used by SSM Member States to submit the data to the ECB (Question 14), a

thorough analysis of which will be carried out during the review by peers; and (ii) the CAs' ability to receive submissions and resubmissions for a previous version of the reporting framework while an updated reporting framework is already in place (Question 15). Regarding the latter, only three CAs reported that they are not able to receive submissions or resubmissions for a previous version of the reporting framework.

## 2. Implementation of updates to the reporting standards

Table 14: Summary of CAs' benchmarked responses – Question 16

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Fully comprehensive | LI | Largely comprehensive |
| BG | Largely comprehensive | LT | Partially comprehensive |
| CY | Fully comprehensive | LU | Fully comprehensive |
| CZ | Fully comprehensive | LV | Largely comprehensive |
| DE | Fully comprehensive | MT | Largely comprehensive |
| DK | Largely comprehensive | NL | Fully comprehensive |
| ECB | Fully comprehensive | NO | Largely comprehensive |
| EE | Fully comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Fully comprehensive |
| E – BdE | Largely comprehensive | RO – NBR | Largely comprehensive |
| ES – CNMV | Fully comprehensive | RO – ASF | Partially comprehensive |
| FI | Fully comprehensive | SE | Largely comprehensive |
| FR | Fully comprehensive | SI | Fully comprehensive |
| HR – CNB | Largely comprehensive | SK | Partially comprehensive |
| HR – HANFA | Partially comprehensive | UK – PRA | Fully comprehensive |
| HU | Largely comprehensive | UK – FCA | Fully comprehensive |
| IE | Fully comprehensive | | |
| IS | Fully comprehensive | | |

The CAs were asked to describe the processes they use to implement updates to the reporting framework (Question 16). Twenty CAs considered that their processes are 'fully comprehensive', 12 considered them 'largely comprehensive' and four considered them 'partially comprehensive'.

Questions 17 to 20 sought further information from CAs, namely:

▪ When the CAs initiate their internal processes and planning for implementing updates to the reporting framework (Question 17). Eight CAs reported that they initiate their internal processes for updating the reporting framework once the ITS has been published on the EBA's website. Thirteen CAs answered that they did so when the draft templates, DPM and XBRL are available via the EBA's working groups. Six CAs explained they wait for the publication in the Official Journal and one CA responded 'other'.

- The main challenges the CAs face when implementing projects associated with the process of updating version 2.4 of the reporting framework (Question 18). Many CAs considered that the main challenge is uncertainty about the first application date – as 17 CAs mentioned this challenge as one of the major difficulties.

- The most important factors for a successful implementation of an update to the reporting framework (Question 19). The most frequent responses were the following: (vi) the timely publication of the ITS, validation rules, DPM and XBRL taxonomies; (iii) the planning of updates to reporting frameworks well in advance; and (viii) the timely publication of the Regulation in the Official Journal.

- Whether the CA requires early application by all institutions of an ITS update (Question 20), noting that this question is optional. Twenty-one CAs responded that they did not require any action from the institutions to apply at an earlier stage the ITS update.[29]

**3. The EBA's questions and answers (Q&A) tool related to the ITS on Supervisory Reporting**

Table 15: Summary of CAs' benchmarked responses – Question 21

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully comprehensive | IT | Fully comprehensive |
| BE | Largely comprehensive | LI | Largely comprehensive |
| BG | Largely comprehensive | LT | Largely comprehensive |
| CY | Largely comprehensive | LU | Partially comprehensive |
| CZ | Fully comprehensive | LV | Fully comprehensive |
| DE | Fully comprehensive | MT | Partially comprehensive |
| DK | Fully comprehensive | NL | Fully comprehensive |
| ECB | Largely comprehensive | NO | Partially comprehensive |
| EE | Largely comprehensive | PL | Fully comprehensive |
| EL | Largely comprehensive | PT | Partially comprehensive |
| ES – BdE | Partially comprehensive | RO – NBR | Partially comprehensive |
| ES – CNMV | Largely comprehensive | RO – ASF | Partially comprehensive |
| FI | Partially comprehensive | SE | Partially comprehensive |
| FR | Fully comprehensive | SI | Largely comprehensive |
| HR – CNB | Largely comprehensive | SK | Partially comprehensive |
| HR – HANFA | Not applicable | UK – PRA | Fully comprehensive |
| HU | Partially comprehensive | UK – FCA | Weak process |
| IE | Largely comprehensive | | |
| IS | Partially comprehensive | | |

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[29] 29 CAs responded to this optional question.

Question 21 is benchmarked. Only 10 CAs considered that they implement a 'fully comprehensive' process, whilst 12 CAs deemed that their processes were 'largely comprehensive' and another 12 considered them 'partially comprehensive'. One CA considered its process weak and one CA considered that the benchmark was not applicable.

Two additional questions (Questions 22 and 23) focused on how the CAs ensure that institutions are aware of and apply the published answers of the reporting Q&A in the EBA's Q&A tool and whether the CAs provide the institutions with specific guidance to apply the Q&A tool. These questions required qualitative responses – which will be subject to a thorough analysis during the review by peers.

## 4. The scope and proportionality of the standards

*Resources*

Question 24 refers to the absolute number of person-days required by CAs to check the appropriateness, the correctness and the completeness of the submitted data from institutions. The answers provided by the CAs suggest that there are discrepancies in the way CAs calculate the number of person-days required for checking. Thus, it is not possible to compare the responses.

Question 25 is optional and focused on the absolute number of person-days required for the implementation of the reporting framework for version 2.3. For the same reasons as Question 24, it is not possible to present an overview of the responses. The responses to both questions will be thoroughly analysed at a later stage, during the review by peers.

Question 26 sought to assess the main cost drivers of implementing updates to reporting framework version 2.3. The diverging responses from the CAs prevented a robust conclusion. Generally, options (vi) (implementing changes to and testing local IT solutions for data collection, integration and exploration), (iii) (implementing changes to local reporting formats) and (iv) (mapping from local reporting formats to EBA XBRL taxonomy) were the most frequent responses.

Question 27 assessed the implementation of guidance concerning the reporting requirements of the ITS. A first check reveals that the CAs have implemented varying processes, but a more thorough analysis will be undertaken when assessing the results of the review by peers.

*Governance*

The benchmarked Question 28 seeks to better understand the involvement, responsibilities and oversight of CAs' management in the validation process.

As summarised in Table 16, most of the CAs considered that their management is 'fully involved' in the validation process (25 CAs). Some reported that their management is 'largely involved' (five

CAs) or 'partially involved' (five CAs). Only one CA reported no involvement on the part of management.

Table 16: Summary of CAs' benchmarked responses – Question 28

| MS | Assessment | MS | Assessment |
|---|---|---|---|
| AT | Fully involved | IT | Fully involved |
| BE | Fully involved | LI | Fully involved |
| BG | Fully involved | LT | Largely involved |
| CY | Partially involved | LU | Fully involved |
| CZ | Fully involved | LV | Partially involved |
| DE | Fully involved | MT | Fully involved |
| DK | Fully involved | NL | Fully involved |
| ECB | Fully involved | NO | Largely involved |
| EE | Largely involved | PL | Fully involved |
| EL | Partially involved | PT | Partially involved |
| ES – BdE | Fully involved | RO – NBR | Fully involved |
| ES – CNMV | Fully involved | RO –ASF | Partially involved |
| FI | Fully involved | SE | Fully involved |
| FR | Fully involved | SI | Fully involved |
| HR – CNB | Fully involved | SK | Not involved |
| HR – HANFA | Fully involved | UK – PRA | Largely involved |
| HU | Largely involved | UK – FCA | Fully Involved |
| IE | Fully involved | | |
| IS | Fully involved | | |

*Additional reporting requirements*

This section combines the answers to two optional questions on the use of the ITS data (Questions 29 and 30) as the CAs' main source of data to perform supervisory analysis, benchmarking and policy design. Question 31 sought information on the other data that the CAs collect from a significant proportion of institutions on a regular basis or intend to do so. The qualitative responses to these questions will be subject to a thorough analysis carried out when assessing the results of the review by peers.

Question 32 seeks to clarify whether CAs make use of the discretion provided under Article 24(2) CRR and require institutions to report financial information as set out under Article 99(3) CRR. The majority of the CAs do not exercise this discretion (25 CAs), but nine do so. It is also noted that two CAs considered this provision to be not applicable.