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Comments of the Irish Banking Federation to CEBS' Consultation Paper on amendments to the Guidelines on Common Reporting

Introductory Comments

The Irish Banking Federation welcomes the opportunity to comment on CEBS's proposed amendments to the Guidelines on Common Reporting. Our specific comments to the paper are set out below. Before addressing these points, we would like to highlight that while we welcome CEBS's efforts to harmonise remittance dates and reporting frequencies for the COREP package, ideally this exercise should have been completed prior to the implementation of COREP. European institutions have invested significant resources in ensuring compliance with the reporting frameworks as currently applicable, and will undoubtedly be forced to invest further to ensure compliance with any amendments. Nonetheless, we support any efforts to achieve convergence in this area.

We would also like to note that a common European reporting framework cannot be realised until the same data is required from institutions, the same data definitions are applied, and the same IT reporting processes are used across Europe. While the same COREP package has been implemented across most of Europe, there remain significant divergences in the level of detail required by Regulators, the data definitions used by Regulators, as well as the IT reporting processes used by Regulators to accept the data. While many cross-border banks strive to implement a fully-centralised reporting framework, these divergences render this task impossible. We urge CEBS to address these issues as soon as possible.

In terms of the actual proposals, the Irish Banking Federation supports quarterly reporting of the COREP data, as well as the proposed remittance period for consolidated data. The proposed remittance date for solo-level data is however of concern to us. Many banks operate using centralised reporting platforms, applying a top-down approach to data collation and distribution. As such, the same remittance date that applies at a solo level data effectively applies at a consolidated level. Compiling this data within 15 working days is extremely difficult and can lead to inconsistencies between the data submitted for regulatory purposes and the data published to the market. To facilitate consistency, we urge CEBS to consider closer aligning the solo and consolidated remittance dates, and at a very minimum, extending the proposed 15 days for solo level data.

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Question 1 - *Do respondents consider that a future proposal on FINREP can follow the same approach as for COREP? If not, please indicate the reasons and explain alternative solutions?*

We support in principle any efforts to harmonise the implementation of FINREP. However, before any efforts can be made in this regard, it is hugely important that harmonisation be achieved in terms of the quantity of information required by the different EU Regulators. The divergences in data requirements noted in our introductory comments are even more pronounced for the FINREP package. As a result, any efforts to harmonise the remittance dates and reporting frequencies of FINREP before harmonisation on data has been achieved would place those institutions operating in jurisdictions with greater data submission requirements at a competitive disadvantage.

In addition to harmonising the remittance dates and reporting frequencies applied to FINREP, the link between the COREP and FINREP packages needs to be examined. It is our understanding that in some jurisdictions, the COREP and FINREP remittance dates are aligned; in others, there is no link between the two. In Ireland, the remittance date for the FINREP Balance Sheet and tables is aligned with the remittance date for the COREP package. This is an approach we support as it facilitates consistency of the data used for both packages.

Question 2 - *Do respondents consider that the current proposal creates an adequate balance between timeliness and quality of data? Please elaborate the reasons for your answer.*

We welcome CEBS' efforts to strike an appropriate balance between timeliness and quality of data and appreciate that these factors are weighed against one another in determining an appropriate remittance date. However, it is our view that while timeliness of the data is assured by the proposed deadlines, the quality of the data is undermined.

By quality, we are referring to the level of consistency between the regulatory data produced by banks and the accounting data published to the market. The greater the timing difference

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between the publication of the financials and the submission of the regulatory data, the lower the degree of consistency between the two.

From the starting point of a remittance date of 20 days, as is currently applicable in Ireland, the proposed remittance date for consolidated data goes a long way to facilitating the link-up between regulatory data and financial data. In fact, it could be suggested that 35 days is excessive. The problem is however the proposed remittance date for the solo level data. As noted in our introductory comments, many banks operate centralised reporting platforms. These banks collate data at the consolidated level and filter the data down for completion of the solo-level data. To comply with the submission deadlines for the individual-level data, the consolidated data must in practice be completed within the same deadline. As such, the effective date for completion of all regulatory data is 15 days. The level of consistency between the financials and the regulatory is therefore determined based on a 15 day timeline. The degree of consistency that can be achieved within this timeframe is in our view too low, and could be improved dramatically if the solo level remittance date were extended.

With this in mind, we suggest that the remittance dates for solo and consolidated data be closer aligned. At a very minimum, we would ask CEBS to consider extending the proposed 15 days for solo level data.

Do respondents consider that CEBS should introduce the application of the proportionality principle in the proposal? Please elaborate the reasons for your answer.

In terms of whether smaller institutions should report less frequently, it is our view that the same reporting frequency, same remittance dates and same data requirements should be applied to all institutions across Europe.

Question 3 - *The proposal on common remittance dates will be applied to all reporting institutions, but making a distinction between solo and consolidated reports. Do respondents agree with this decision? If not, please elaborate your answer (e.g. circumstances in which this distinction is not valid).*

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We agree that the proposals on common remittance dates should be applied to all reporting institutions. We accept the distinction made between cross-border institutions and domestic entities and the fact that the divergences in remittance dates across Europe create the greatest burden to cross-border banks. However, the competitive aspect of these divergences should also be considered. In the same light that institutions operating in jurisdictions with more detailed data requirements are subject to a greater burden than their counterparts operating in other jurisdictions, so are institutions operating in jurisdiction with stricter remittance dates.

In terms of the actual remittance dates proposed, the misalignment between the individual and consolidated data dates is of concern to us. As outlined in our response to Question 2, institutions with centralised reporting platforms collate data using a top-down approach. This means that in effect, the same remittance period that applies at an individual level also applies at a consolidated level. While it is possible to submit data within this timeframe, as evidenced by the fact that Irish banks currently comply with the same deadline, the financial data published by banks is prepared within a more flexible timeframe. This inevitably leads to inconsistencies between the two data sets.

While we recognise that timelines is an issue that must be considered, the level of consistency between the regulatory and published data must also be considered. It is our view that a greater degree of consistency could be achieved if the remittance period for the solo-level data was closer aligned with the remittance date for the consolidated data. At a very minimum, we urge CEBS to consider extending the remittance data for the solo-level data to 25 days, which would not be out-of-sync with the average date for submission of solo-level data currently applied across Europe.

Question 4 - *Do respondents consider the proposal as feasible? If not, please indicate the reasons, the costs associated with the changes and the minimum time that would be needed to produce the data. Please distinguish between solo and consolidated reports.*

From the perspective of our members, the transitional proposals are feasible as the proposed remittance dates are aligned with the current remittance dates in Ireland. (While the proposed date for the consolidated data is more flexible than the current remittance dates

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in Ireland, our members will remain obliged to produce the majority of the data within 15 days, as explained under our response to Question 2).

Question 5 - *The proposal includes a transitional arrangement for EU parent institutions. Do you agree with this proposal? If not, please indicate the reasons and suggest alternative proposals.*

While we do support the logic behind the proposal that more flexible transitional arrangements be afforded to EU-parent reporting institutions, this is in our view unnecessary, and undermines the efforts being made towards harmonisation. It is therefore our view that the proposed transitional measures are sufficient and should be complied with by all EU reporting institutions.

Question 6 - *Do respondents agree with the harmonisation of maximum reporting frequency, subject to the exception stated? If not, please indicate the reasons and suggest alternative proposals.*

We agree with the proposal to set the maximum reporting frequency for both solo and consolidated reporting at quarterly. It is our view however, that there should be no exceptions to this. We do not support the proposal that national authorities can continue to request summarised information of the capital ratio on a monthly basis. Institutions operating in such jurisdictions are being subjected to unnecessary additional burden when compared to their EU counterparties. The same data requirements, reporting frequency and reporting dates should be applied consistently across Europe.