

**ABI Comments on Amendments  
to the guidelines on FINREP**

June 2009

## Response to CEBS

### General comments

We thank for the opportunity to reply to the CEBS's consultation on amendments to the guidelines on FINREP that was published on 10 March 2009. Please find below the answers of the Italian Banking Association (ABI) to the specific questions raised in this paper.

ABI welcomes the CEBS proposal aiming at reducing reporting burdens for banks, in particular for the European banks operating cross border. We agree with the proposal on "maximum data model", but we believe that in order to achieve a full uniformity of the financial reporting in EU it is necessary to eliminate, as soon as possible, the national discretions.

FINREP framework needs to stay in line with the IFRS standards. It is important that the FINREP framework reflects IAS/IFRS changes (in particular, the recent IASB project on IAS 39 replacement). The new CEBS proposal must take into account the IASB projects to avoid costly changes to the reporting framework (to the IT reporting procedures, as well) which will soon be redundant, due to the changes to IFRS.

In fact, if the FINREP framework were to differ from the IFRS, this would not only generate considerable extra costs for the banks but would also lead to differences between the figures presented in the prudential reports of financial statements and those shown in the financial statements as such.

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### **Section: Impact Assessment**

#### **a. Do you think the revised FINREP Guidelines will reduce reporting burden?**

Yes, we believe that the revised FINREP Guidelines will reduce reporting burden at the consolidated level for the cross-border credit institutions. This proposal permits for the banks a consistent implementation of the FINREP templates, and so to achieve a higher level of harmonisation and stronger convergence in supervisory reporting requirements among European credit institutions.

#### **b. Do you think the revised FINREP Guidelines will make financial reporting in the EU more uniform?**

Yes, in particular, we believe that the FINREP Guidelines represent an important step to increase the comparability of financial information reported to different supervisors within the EU. In particular, we agree with

the proposal that the supervisory authorities may not modify or add templates in response to national needs. The overall reduction of reporting burdens will depend on the level of no-core information collected by national authorities.

However, we believe that to achieve a full uniformity of the financial reporting in EU it is necessary to eliminate, as soon as possible, the national discretions. In fact, the option for the national authorities to decide between the minimum and maximum reporting requirements does not allow banks to have a level playing field.

**c. CEBS guidance is non-binding. However, the possibility has been discussed of making FINREP mandatory at the consolidated level, a step which lies beyond the responsibility of CEBS. In addition, some countries apply FINREP at the solo level as well. Against this background, we are interested in your views concerning:**

**i. The pros and cons of mandatory application of FINREP at the consolidated level by EU Member states.**

We are in favour of a mandatory application of FINREP at consolidated level. In fact, the mandatory application of FINREP at the consolidated level (including financial groups' bank subsidiaries) would ensure a level playing field, avoid any competitive distortion for cross border operating banking groups and help to improve the supervision of cross border banking groups.

**ii. The possibility of extending the use of the FINREP guidelines to the solo level. Are all of your subsidiaries allowed to use IFRS?**

We agree to extend the use of the FINREP guidelines to the solo level. The introduction of FINREP on solo level implies necessarily the development of an accounting in conformity with IFRS. In order to avoid the use of double reporting standards (in countries where IFRS is not allowed at solo level or where entities are allowed to prepare IFRS financial statements but are not exempted from filling local GAAP accounts) entities should be granted an option to use IFRS (only) at solo level. For Italian Banks the use of the FINREP guidelines to the solo level it would not represent a problem. In fact Italian banks apply the IFRS also to the statutory financial statements.

**Section: Summary of findings on amendments to FINREP guidelines**

**d. Do you expect there to be a link between the FINREP framework and the IFRS-GP taxonomy?**

We agree with the EBF response. In order to limit the reporting burden it is necessary to keep a close link between the reporting content and the IFRS-GP taxonomy which is in line with IFRS standards. If the IFRS-GP taxonomy has to be updated yearly, the same should apply to the FINREP taxonomy.

**e. What do you think of the proposals concerning reporting frequencies and reporting deadlines? Do you have alternative options?**

The need to harmonize reporting frequencies and reporting deadlines arises from the differences currently existing between European Countries.

We agree on the need to set common reporting frequencies and reporting deadlines. While we can share CEBS concerns and agree on the need to establish common remittance dates and frequency for FINREP reporting, we believe that this matter requires further work on the alignment of supervisory expectations about the quality of the data to be provided.

In line with EBF, we support that FINREP's remittance dates and frequency should be aligned to the publication of financial statements. Concerning the alignment of reporting dates with COREP, FINREP should not share the same frequency as COREP. FINREP cannot be compared with COREP when it comes to remittance periods and frequencies, given the differences in contents. The scope of FINREP differs from COREP; the latter is of prudential nature while the former has an accounting nature.

Moreover, in line with EBF, we believe that the remittance period for the solo-level data must be aligned with the remittance date for the consolidated data. Remittance dates for annual and semi-annual data should be set at 50 business days both at solo and at consolidated level. We agree with the possibility to have more time (the deadline may exceed 40 business days) for the remittance date of the annual reporting. This longer timeframe allows to report data that are balanced with those reported in public audited individual/consolidated financial statements.

**f. Do you have any comments on the proposals relating to versioning policy?**

In the FINREP Guidelines is stated that "*FINREP is based on the IFRS of 31 December 2008, which have been endorsed by the European Commission*". As you know, the IASB is working to replace its financial instruments standards (IAS 39). Changes will be significant. We believe that the revised FINREP guidelines should take into account the new IAS 39.