

EBA/CP/2023/06

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18 April 2023

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# Consultation Paper

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Draft Guidelines on resubmission of historical data under the EBA reporting framework

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# 1. Responding to this consultation

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The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions raised in this consultation paper.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

## Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by **31 July 2023**. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

## Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA's Board of Appeal and the European Ombudsman.

## Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation of the (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018. Further information on data protection can be found under the Legal notice section of the EBA website.

## 2. Executive Summary

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As part of the EBA work on ensuring that the regulatory reporting framework remains effective and efficient, these Guidelines set out a common approach to the resubmission by the financial institutions of historical data to the competent and resolution authorities in case there are errors, inaccuracies or other changes in the data reported in accordance with the supervisory and resolution reporting framework developed by the EBA (technical standards, guidelines or other means).

The general approach for the resubmission of historical data envisaged in these Guidelines depends on the frequency of the original reporting affected by the corrections and the reference dates affected by the errors or inaccuracies that require corrections and resubmissions. Under this general approach, the financial institutions are expected to resubmit the corrected data for the current reporting date and historical data for past reference dates going back at least one calendar year (except for the data with monthly reporting frequency). The Guidelines set out also general circumstances when the resubmission of historical data may not be required.

The Guidelines also specify the role of the competent and resolutions authorities, and the EBA, when dealing with corrections of historical reported data noting that depending on the supervisory needs of the competent authorities, resolution authorities or the EBA, the authorities may require the financial institutions to resubmit historical data for more reference dates compared to the requirements set out in these Guidelines.

These Guidelines do not tamper the primary obligation of financial institutions to report data that is of high quality, consistent and complete. Rather, these Guidelines represent a tool to assist institutions in ensuring that their reporting obligations (which have legal basis on the various reporting acts to which they are subject to) are complete and up to date even in the event of mistake, inaccuracies or errors. So eventually the ultimate legal basis is ensuring that competent authorities, resolution authorities, and EBA receive data of good quality that allows them to perform their statutory tasks.

The resubmission of historical data is equally relevant to all types of financial institutions, to ensure consistency of data and enable users in competent authorities, resolution authorities and the EBA to use the data for their specific statutory tasks. The common and consistent approach in the application of these Guidelines is also necessary to ensure the level playing field across the EU. For instance, the Guidelines do not embed any specific proportionality elements apart from those that are already built in into the underlying reporting requirements, and the same can be said of the validation rules and data quality assurance process for the supervisory and resolution data.

The EBA notes that in the current EBA reporting framework, small and non-complex institutions (SNCI) report significantly lower number of data points that large institutions report, as a result of the proportionality built into the underlying legislative framework (intrinsic proportionality, e.g. use of more or less advanced approaches) or the reporting framework itself (explicit proportionality). The scope and nature of an institution's activity and resulting regulatory classification of the

institutions, influences the scope of supervisory reporting. This proportionality built into the reporting framework remains to be relevant also in the case of data resubmissions by all types of institutions.

The EBA, however, notes that the approach set out in these Guidelines may differ from the existing practices employed by the financial institutions when dealing with the corrections and resubmission of historical reported data. To this end the EBA is seeking detailed feedback and responses to the questions set out in this Consultation Paper.

## Next steps

The Guidelines will be finalised following the completion of the public consultation. The Guidelines will be translated into all the EU official languages and published on the EBA website. The deadline for competent and resolution authorities to report whether they comply with the guidelines will be two months after the publication of the translations. The Guidelines will apply from 31 December 2023.

## 3. Background and rationale

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1. As part of the EBA aim to ensure that the regulatory reporting framework remains effective and efficient, these Guidelines set out a common approach to the resubmission by the financial institutions of historical data to the competent or resolution authorities in case there are errors, inaccuracies or other changes in the data reported in accordance with the supervisory and resolution reporting framework developed by the EBA.
2. The Guidelines constitute the EBA's response to one of the recommendation in the *EBA Report on the cost of compliance with supervisory reporting requirements*<sup>1</sup>.
3. The common approach to the resubmission of historical data introduced in these Guidelines applies to all types of supervisory and resolution reporting that is expected from financial institutions, (i.e. credit institutions, investment firms or payment institutions) at the individual, sub-consolidated or consolidated level and that is covered by the reporting framework developed by the EBA (technical standards, guidelines or other means).
4. The common approach to the resubmission of historical data should apply unless there are specific requirements for the resubmission of data in case of errors set out in the reporting framework developed by the EBA, requiring a different approach taking into account specificities of the reporting area (e.g. diversity benchmarking) or the presence of specific requirements for the resubmissions of data in case of corrections.
5. Whilst the Guidelines focus on the corrections of historical data, errors or inaccuracies related to the data of the most recent reference date that has been submitted by financial institutions to the competent and resolution authorities (current data) should always be corrected and resubmitted to the competent or resolution authorities.
6. These Guidelines do not tamper the primary obligation of financial institutions to report data that is of high quality, consistent and complete. Rather, these Guidelines represent a tool to assist institutions in ensuring that their reporting obligations (which have legal basis on the various reporting acts to which they are subject to) are complete and up to date even in the event of mistake, inaccuracies or errors. So eventually the ultimate legal basis is ensuring that competent authorities, resolution authorities, and EBA receive data of good quality that allows them to perform their statutory tasks.
7. The common approach set out in these Guidelines does not cover corrections of master data<sup>2</sup>. In this regard, the EBA draws the attention of financial institutions to the importance of

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<sup>1</sup> Recommendation 25 in the EBA Report on the cost of compliance with supervisory reporting requirements (June 2021) <https://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/cost-compliance-supervisory-reporting>

<sup>2</sup> For the definition of 'master data' see EBA Decision concerning the European Centralised Infrastructure of DATA (EUCLID) of 5.6.2020 (EBA/DC/2020/335), as further amended by Decision EBA/DC/2021/403 of 3 August 2021 and Decision EBA/DC/2022/448 of 10 June 2022

accuracy and reliability of master data. Such data are important to identify the reporting obligations, i.e. to ensure that institutions and authorities know well in advance which data may be expected to be submitted by whom, and to reflect the identified scope in the IT solutions set up to receive (or submit) the data.

8. The Guidelines are organised in two sections: Section 4 provides a set of general requirements for the resubmission of historical data by the financial institutions. Section 5 focuses on the processes for the assessment of resubmitted data by the competent and resolution authorities and the EBA.

### General approach to the resubmission of historical data

9. These Guidelines set out a general approach to the resubmission of historical data under the EBA reporting framework, and identify also specific broad circumstances, when the resubmissions of historical data may not be required. The EBA acknowledges that such general approach may not be fully applicable to more specialised reporting requirements that do not fit into standards model (e.g. multi-year average data that does not follow a regular pattern of reference dates, or data linked to the international reporting required also by the Basel Committee on Banking Supervision (BCBS), notably for the identification of Globally Systemically Important Institutions). In such circumstances, financial institutions should seek guidance from the respective competent or resolution authority on how errors should be corrected and resubmitted.

#### *Scenarios when resubmission of historical data is required*

10. The basic approach for the resubmission of historical data envisaged in these Guidelines depends on the frequency of the original reporting affected by the corrections and the reference dates affected by the errors or inaccuracies that require corrections and resubmissions.
11. As a general approach, the financial institutions are expected to resubmit the corrected data for the current reference date and historical data affected by the errors or inaccuracies for past reference dates going back at least one calendar year (except for the data reported with monthly frequency), in particular:
  - a. for the data reported with annual frequency, one past reference date in addition to the current data to be resubmitted;
  - b. for the data reported with semi-annual frequency, two past reference dates in addition to the current data to be resubmitted;
  - c. for the data reported with quarterly frequency, four past reference dates in addition to the current data to be resubmitted;

- d. for the data reported with monthly frequency, six past reference dates in addition to the current data to be resubmitted and, where the previous year-end data are not covered by these six calendar months, financial institutions are expected to resubmit additionally all reference dates until the end of the previous calendar year.
12. For example, if the errors or corrections affect quarterly data for September 2022 that has been submitted to the competent or resolution authorities and which is the latest/most recent submission as December 2022 data has not been submitted yet (this data are considered as the current data in the meaning of these Guidelines), then financial institutions should resubmit data for Q3 2022 and the following reference dates: Q2 2022, Q1 2022, Q4 2021 and Q3 2021.
13. In the case of monthly reporting, the actual number of the reference dates to resubmit will depend on timing of the current data in relation to the previous year-end, for example:
  - a. if errors or corrections affect the monthly reporting data for March 2022 that has been submitted to the competent or resolution authorities (this data are considered as the current data in the meaning of these Guidelines), then financial institutions will need to resubmit corrected data for March 2022 and also the corrections for the following reference dates: February 2022, January 2022, December 2021, November 2021, October 2021 and September 2021;
  - b. if errors or corrections affect the monthly reporting data for September 2022 then financial institutions will need to resubmit corrected data for September 2022 and the corrections for the following reference dates: August 2022, July 2022, June 2022, May 2022, April 2022, March 2022, February 2022, January 2022 and December 2021;
  - c. where errors or corrections in the data reported with monthly frequency also affect the same or related data reported with different frequency, the financial institutions should also correct and resubmit these related data covering the same time period as the resubmission of the corrected monthly data, (e.g. if errors or corrections affect the monthly reporting data for September 2022 and then also affect the same data point in quarterly reporting for September 2022, in addition to resubmitting monthly reporting data as per example (b) above, financial institutions will be expected to resubmit related quarterly data for September 2022, June 2022, March 2022 and December 2021.
14. Where errors, inaccuracies or corrections affect only the historical data and not the current data, financial institutions are expected to resubmit corrected historical data for the reference date where the error has occurred and for all reference dates up to the current data or until the reference date when the data are deemed as correct. Such retroactive resubmissions are expected maximum for the historical data going back one calendar year from the current data. For example, if, upon the annual submission of December 2022 data, financial institutions discover errors in the December 2021 data, it would be expected to resubmit corrected data for December 2021 onwards.



15. Depending on the supervisory needs of the competent authorities, resolution authorities or the EBA, the authorities may require the financial institutions to resubmit historical data for additional reference dates compared to the requirements set out in these Guidelines.
16. Financial institutions should ensure that they maintain the technical capabilities to submit, and resubmit, the relevant data using the technical format required by the competent or resolution authorities.

*Scenarios when resubmission of historical data may not be required*

17. Financial institutions are not expected to resubmit historical data where the answers to the Questions and Answers on the EBA Single Rulebook<sup>3</sup> clearly provide that the legislative provisions or reporting requirements have been deemed as inaccurate and the clarifications of such regulatory requirements provided in the Answers will necessitate changes to reported data. In such cases, financial institutions should apply relevant changes only to future data for the reference dates following the publication of the response to the Questions and Answers.
18. Errors falling within tolerance limits/thresholds defined via the agreed filing rules, which can be accessed through the EBA Reporting Frameworks webpage<sup>4</sup> are not required to be corrected, for example:
  - a. an institution submits a monetary value of '100 000' with precision '-3', which means if the value is between '99 500' to '100 500' it falls within the tolerance limit. An audit later discovers the correct value should have been '100 001'. In this case the error of '1' falls within the tolerance limit and the institution does not have to resubmit;
  - b. an institution submits a monetary value of '110 000' with precision '-3', which means if the value is between '109 500' to '110 500' it falls within the tolerance limit. An audit later discovers the correct value should have been '100 000'. In this case the error of '10 000' falls outside the tolerance limit and the institution has to resubmit.
  - c. for reported totals obtained as the sum of multiple reported values, the tolerance depends on the number of components involved to calculate the sum, the values of the components and the total itself and their individual precisions. For instance, an institution submits a monetary sum value of '201 000' with precision '-3', and in two other cells the monetary component values of '100 500' each, both with precision '-3'. An audit later discovers the correct total should have been '200 000' and the correct component values should have been '100 000' each. In this case, the two reported component values each fall within the tolerance limits [99 500, 100 500] and the correct total falls between the inherited tolerance limit of the two component values [199 000, 201 000] (based on  $2 \times '+/- 500'$ ), but since the correct total falls outside the

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<sup>3</sup> See the EBA Single Rulebook Questions & Answers page: <https://www.eba.europa.eu/single-rule-book-qa>

<sup>4</sup> See: <https://www.eba.europa.eu/risk-analysis-and-data/reporting-frameworks>

tolerance limits [200 500, 201 500] of the currently reported total, the institution has to resubmit;

- d. the same rationale as above applies for other value types (ratio, percentages) although with other allowed precisions, for instance '4' in the case of percentages calculations, and for other calculations (subtractions, multiplications, divisions) following arithmetic intervals<sup>5</sup>.

### Proportionality and materiality

19. The resubmission of historical data is equally relevant to all types of financial institutions to ensure consistency of data and enable users in competent authorities, resolution authorities and the EBA to analyse the data for their specific statutory tasks. The common and consistent approach is also necessary to ensure the level playing field across the EU. To this end, the Guidelines do not embed any specific proportionality elements apart from those that are already built into the underlying reporting requirements, the validation rules and data quality assurance process for the supervisory and resolution data.
20. Such a consistent approach across all types of institutions aims at ensuring that the competent, resolution authorities or the EBA have accurate and reliable data necessary to fulfil their statutory tasks. For this reason, the common approach set out in these Guidelines does not introduce any specific materiality or immateriality thresholds, that would trigger or exclude the obligation to resubmit historical data based on the magnitude of the change in value. Furthermore, any outright exemptions for certain financial institutions (e.g., small and non-complex-institutions (SNCI)), from resubmission obligations, or outright exemptions for certain types of reporting, such as individual reports by entities that are part of a group, would have negative impacts on the fulfilment of the tasks of the competent and resolution authorities and are therefore also not envisaged in this common approach.
21. It should be noted, however, that the underlying reporting requirements already reflect the principle of proportionality. In the current EBA reporting framework, SNCI report significantly lower number of data points than large institutions report, as a result of the proportionality built into the underlying legislative framework (intrinsic proportionality, e.g. use of more or less advanced approaches) or the reporting framework itself (explicit proportionality). The scope and nature of an institution's activity influences the scope of supervisory reporting. The proportionality built into the frameworks remains relevant also in the case of data resubmissions.

### Next steps

22. The Guidelines will be finalised following the completion of the public consultation. The Guidelines will be translated into all EU official languages and published on the EBA website.

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<sup>5</sup>See: <http://faq.eurofiling.info/decimals/>

The deadline for competent and resolution authorities to report whether they comply with the guidelines will be two months after the publication of the translations.

23. The Guidelines will apply from 31 December 2023 meaning that (1) the competent and resolution authorities should implement these Guidelines by incorporating them in their processes and procedures, and (2) financial institutions should implement them in their practices by 31 December 2023.

## 4. Draft guidelines

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### Draft Guidelines

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on resubmission of historical data under  
the EBA reporting framework

# 1. Compliance and reporting obligations

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## Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010<sup>6</sup>. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.
2. Guidelines set the EBA view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

## Reporting requirements

3. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise give reasons for non-compliance, by ([dd.mm.yyyy]). In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website to [compliance@eba.europa.eu](mailto:compliance@eba.europa.eu) with the reference 'EBA/GL/202x/xx'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to EBA.
4. Notifications will be published on the EBA website, in line with Article 16(3).

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<sup>6</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12).

## 2. Subject matter, scope and definitions

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### Subject matter

5. The Guidelines specify the requirements for the resubmission of historical data by the financial institutions to the competent or resolution authorities, in case there are errors, inaccuracies or other changes in the data previously reported in accordance with the supervisory and resolution reporting framework developed by the EBA.

### Scope of application

6. The Guidelines apply in relation to supervisory and resolution reporting framework developed by the EBA (technical standards, guidelines or other means) as part of the EBA reporting framework, where data are submitted by the financial institutions to the competent and resolutions authorities on a regular basis. The guidelines also apply where financial institutions submit the data required by the EBA reporting framework on a voluntary basis.
7. The Guidelines apply at the individual, sub-consolidated and consolidated level following the level of application of the actual reporting obligation concerned.
8. The Guidelines do not apply where the EBA reporting framework sets out specific requirements for the resubmission of data or where the reporting requirements set out a different approach to the treatment of past reference dates.
9. The Guidelines also do not apply to data that are produced by the competent or resolution authorities themselves and then submitted to the EBA.

### Addressees

10. The Guidelines are addressed to financial institutions as defined in Article 4(1) of Regulation No (EU) 1093/2010<sup>7</sup>.
11. The Guidelines are also addressed to competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 that includes the resolution authorities as defined in Article 4(2) point (v) of the same Regulation.

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<sup>7</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12)

## Definitions

12. For the purposes of these Guidelines, the following definitions apply:

EBA reporting framework	means the supervisory and resolution regulatory reporting framework developed by the EBA (technical standards, guidelines or other means), in accordance with the EU legislation.
Current data	means the data with the most recent reference dates that has been submitted by financial institutions to the competent or resolution authorities.
Historical data	means all data that has been submitted by financial institutions to the competent or resolution authorities for the reference dates preceding the current data.

## 3. Implementation

### Date of application

13. The Guidelines apply from 31 December 2023.

## 4. Requirements for financial institutions for resubmission of historical data

14. Where the financial institutions discover any inaccuracies or errors in the reported historical data, the financial institutions should introduce corrections into already reported data, which should be submitted to the competent or resolution authorities without undue delay.

15. The corrections to be resubmitted to the authorities should include both the elements where the errors have been discovered and all related data affected by the corrections within the



same or related reports. The corrected data should fulfil all validation rules, also across reporting modules and validation hierarchies.

16. Where errors, inaccuracies or corrections affect only the current data, financial institutions should resubmit the corrected current data to the competent or resolution authorities.
17. Where errors, inaccuracies or corrections in the current data also affect the historical data, financial institutions should in addition to resubmitting the corrected current data, resubmit the affected historical data for the reference dates as provided below depending on the frequency of the affected reporting:
  - a. for the data reported with annual frequency, financial institutions should resubmit historical data for the past reference dates going back at least one calendar year (one reference date in addition to the current data);
  - b. for the data reported with semi-annual frequency, financial institutions should resubmit historical data for the past reference dates going back at least one calendar year (two reference dates in addition to the current data);
  - c. for the data reported with quarterly frequency, financial institutions should resubmit historical data for the past reference dates going back at least one calendar year (four reference dates in addition to the current data);
  - d. for the data reported with monthly frequency, financial institutions should resubmit historical data for the past reference dates going back at least six calendar months (at least six reference dates in addition to the current data to be resubmitted) and, where the previous calendar year-end data are not covered by these six calendar months, they should resubmit additionally all reference dates until the end of the previous calendar year.
18. Where errors, inaccuracies or corrections in the data reported with monthly frequency also affect the same or related data reported with different frequency (e.g. errors in monthly reporting also affect the similar data points in quarterly reporting), the financial institutions should correct and resubmit also the related data for the reference dates falling into the period covered by the resubmission of the corrected monthly data.
19. Where the competent authorities have applied higher reporting frequencies as a supervisory measure in accordance with Article 104(1) letter (j) of Directive 2013/36/EU<sup>8</sup> or Article 39(2) letter (j) of Directive (EU) 2019/2034<sup>9</sup>, financial institutions should resubmit historical data in

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<sup>8</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, (OJ L 176, 27.6.2013, p. 338–436)

<sup>9</sup> Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU, (OJ L 314, 5.12.2019, p. 64–114)





accordance with the requirements set out in paragraph 17 of the Guidelines assuming the reporting frequencies to be the regular frequency of the reporting requirement according to EBA reporting framework.

20. Where errors, inaccuracies or corrections affect only the historical data up to one calendar year before the current data, the requirements set out in paragraph 17 will not apply. Instead, the financial institutions should resubmit corrected historical data for the reference date where the error has occurred and for all reference dates up to the current data or until the reference date when the data are deemed as correct.
21. The obligation for financial institutions to correct the current and historical data for a specific reference date is not alleviated by the passage of time and requires the financial institutions to take action in accordance with these Guidelines in due time. Where financial institutions continue to resubmit data for later reference dates, their obligation to update the then-historical data is not alleviated, once an obligation to resubmit has been identified in accordance with these Guidelines.
22. Where required by the competent or resolutions authorities, financial institutions should supplement the resubmitted historical data with appropriate explanations of the corrections and the related reasons.
23. Depending on the financial institutions' own assessment of the materiality of the corrections, and where not explicitly required by the competent or resolution authorities, financial institutions may supplement the resubmitted historical data with appropriate explanations of the corrections and the reasons or resubmit historical data for more reference dates compared to the requirements set out in paragraph 17.
24. Financial institutions should ensure that they maintain the technical capabilities to submit and resubmit the relevant data using the technical format required by the competent or resolution authorities.
25. Financial institutions may refrain from resubmitting historical data as provided in paragraph 17 of the Guidelines in the following situations:
  - a. where the answers to the Questions and Answers on the EBA Single Rulebook<sup>10</sup> (covering technical questions regarding both reporting and policy) clearly provide that the legislative provisions or reporting requirements have been deemed as inaccurate and the clarifications of such regulatory requirements provided in the Answers will necessitate changes to reported data. In such cases, financial institutions should apply relevant changes only to future data for the reference dates following the publication of the response to the Questions and Answers.

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<sup>10</sup> See the EBA Single Rulebook Questions & Answers page: <https://www.eba.europa.eu/single-rule-book-qa>



This exemption applies without prejudice to paragraph 29 of the Guidelines. It is also noted that the financial institutions should maintain the general approach to the resubmission of historical data as set out in the Guidelines for all other responses to the Questions and Answers, where corrections to the data are expected from the Answer;

- b. where as part of data validation and quality assurance process the corrections fall within tolerance limits/thresholds defined via the agreed filing rules<sup>11</sup>, and therefore the competent authorities, resolution authorities or the EBA consider the data submitted by financial institutions as being sufficiently accurate.

## 5. Assessment of historical data by the authorities

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- 26. Based on the outcomes of the assessments of quality, accuracy, consistency and completeness of the data reported by the financial institutions, including by the means of data validation and data quality assurance assessments, the competent authorities, resolution authorities or the EBA may require financial institutions to make changes and corrections to the current data, and, if deemed necessary also to the historical data.
- 27. Where errors, inaccuracies or corrections have been identified in the submitted data, the competent authorities, resolution authorities or the EBA should require the resubmission of the corrected historical data in accordance with the requirements of these Guidelines, if not already resubmitted by the financial institutions themselves as provided in Section 4 of the Guidelines.
- 28. Depending on their assessment and the needs to perform their duties, the competent authorities, resolution authorities or the EBA may also require financial institutions to provide appropriate explanations of the corrections and the reasons for such, when requiring the institutions to resubmit historical data.
- 29. The competent authorities, resolution authorities or the EBA may also require the resubmission of historical data for additional reference dates compared to the requirements set out in the Guidelines, where necessary for the performance of their statutory or supervisory tasks. When requesting resubmission of additional reference dates compared to the requirements of these Guidelines, competent and resolution authorities should ensure that such requests are proportionate in relation to the materiality of the errors in previously reported data and in relation to the risk profile or prudential requirements of the institution.

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<sup>11</sup> See the EBA Reporting Frameworks webpage: <https://www.eba.europa.eu/risk-analysis-and-data/reporting-frameworks>

## 5. Accompanying documents

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### 5.1 Draft cost-benefit analysis / impact assessment

According to Article 16(2) of Regulation (EU) No 1093/2010 (EBA Regulation), any guidelines and recommendations developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses ‘the potential related costs and benefits’.

This analysis presents the impact assessment (IA) of the main policy options included in this Consultation Paper on the draft Guidelines on resubmission of historical data under the EBA reporting framework (the draft Guidelines). The analysis provides an overview of the identified problem, the proposed options to address this problem as well as the potential impact of these options. The IA is high level and qualitative in nature.

#### A. Problem identification and background

According to the EBA reporting framework, institutions have to submit supervisory or resolution reporting (the reporting) on a regular and defined basis to the competent or resolution authorities. The reporting has to be produced in accordance with the rules provided in the EBA reporting framework. Nevertheless, once submitted, errors or inaccuracy in the submitted reporting can be discovered later by institutions or competent, resolution authorities or by the EBA. In this context, the current reporting framework, foresees, in most cases, that corrections to the submitted reports shall be submitted to the competent authorities without undue delay. This obligation of systematic ‘resubmission’ has been reported in the *EBA Report on the cost of compliance with supervisory reporting requirements* as one area of concern for the industry since high costs can be attributable to the resubmission of data, both in the case of errors made in the reporting and in the case of changes in figures due to audits. To answer this concern, the *EBA Report on the cost of compliance with supervisory reporting requirements*<sup>12</sup> recommended that the EBA should “develop guidelines (or recommendations) outlining the resubmission policy”.

#### B. Policy objectives

The draft guidelines set out a common approach to the resubmission by the financial institutions of historical data<sup>13</sup> in case there are errors, inaccuracies or other changes in the supervisory or

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<sup>12</sup> Recommendation 25 in the EBA Report on the cost of compliance with supervisory reporting requirements (June 2021) <https://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/cost-compliance-supervisory-reporting>

<sup>13</sup> Historical data are defined here as the data of the reporting that have already been submitted



resolution reporting framework developed by the EBA and submitted to the competent or resolution authorities.

### C. Options considered, assessment of the options and preferred options

Section C. presents the main policy options discussed and the decisions made by the EBA during the development of the draft Guidelines. Advantages and disadvantages, as well as potential costs and benefits from the qualitative perspective of the policy options and the preferred options resulting from this analysis, are provided.

#### Past reference dates' data to be resubmitted by institution when finding errors in the current reporting

In the case of errors or inaccuracies found by institutions or by the competent or resolution authorities in the current reporting (means the data with the most recent reference date that has been submitted by financial institutions to the competent or resolution authorities), the question obviously emerging was how far in the past the institutions should correct the old reporting already submitted and affected by the same errors or inaccuracies. The current applicable rule for resubmission is, in most of the reporting requirements forming the EBA reporting framework, that *where audited figures deviate from submitted unaudited figures, the revised, audited figures shall be submitted without undue delay*<sup>14</sup> and that *Corrections to the submitted reports shall also be submitted to the competent authorities without undue delay*<sup>15</sup>; the second quote meaning that there would not be any limit in the past for resubmitting erroneous reporting when noticing errors or inaccuracies in current reporting. In this context, the EBA considered two policy options:

**Option 1a: In the case of errors found in the current reporting, to not provide any guidance for the number of past reference dates' reporting data to be resubmitted.**

**Option 1b: In the case of errors found in the current reporting, to provide guidance for the number of past reference dates' reporting data to be resubmitted.**

On a theoretical point of view, and as mentioned above, the current applicable reporting framework does not give any limit in the past for resubmission which would mean that institutions have to resubmit, when identifying error in the current reporting, all the previous reporting affected by errors. On this aspect, it is worth mentioning that accurate data (current and previous) are a key element for supporting the competent or resolution authorities in their tasks and duties related to supervision of institutions and the more accurate data are, the most enhanced are the tasks and duties performed. On the other hand, it has been flagged by institutions that resubmission costs

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<sup>14</sup> Article 3(4) of Commission Implementing Regulation (EU) 2021/451, Article 2(4) of Commission Implementing Regulation (EU) 2021/2284, Article 2(3) of Commission Implementing Regulation (EU) 2021/763, Article 5(3) of Commission Implementing Regulation (EU) 2018/1624

<sup>15</sup> Article 3(5) of Commission Implementing Regulation (EU) 2021/451, Article 1(4) of Commission Implementing Regulation (EU) 2021/453, Article 2(5) of Commission Implementing Regulation (EU) 2021/2284, Article 2(4) of Commission Implementing Regulation (EU) 2021/763, Article 5(4) of Commission Implementing Regulation (EU) 2018/1624



were a concern for them and considered as high. In the EBA's view, these costs of correcting all the previous (recent but also old) erroneous data when identifying errors in the current reporting could be lowered by requesting to correct only recent period reporting data and, even though the best case would be to have all the reporting corrected, this choice would be warranted by the fact that recent data are the most used for the tasks and duties of competent or resolution authorities (the definition, in this context, of 'recent' by the EBA takes also into account the concern about costs as it is tailored to the periodicity of the current reporting and this choice can be justified by the fact that the competent or resolution authorities would have at least a certain number of corrected reporting to work on comparative data - and working on comparative data is an important element of the supervision - for instance, defining for monthly reporting the recent data as being six months preceding the current reporting reference date would provide six corrected reporting and defining for quarterly reporting the recent data as being one year preceding the current reporting reference date would provide four corrected reporting).

The above paragraph deals with giving limit for resubmissions and reducing them to balance with incurred costs for institutions. On the other side, there might be situations where resubmissions were not provided by institutions in line with the reporting framework rules described above (for instance, where institutions did not resubmit past reporting data since 2014 (for prudential reporting) when finding errors in current reporting data or were not resubmitting past data at all because of lack of precision in the reporting framework. This kind of situations could hamper a proper performance or their duties and tasks by competent or resolution authorities. In this context, it is the EBA's view that clear resubmission rules should be defined but, even though the more data would be corrected the more enhanced would be the tasks performed by competent or resolution authorities, requesting resubmission of only recent reporting preceding current reporting reference date would balance the costs and still bring benefits to the competent or resolution authorities' tasks.

On the basis of the above, **Option 1b was chosen** and the draft Guidelines would provide guidance for the number of past reference dates' reporting data to be resubmitted in the case of errors found in the reporting.

#### Proportionality principle – size of institutions

As mentioned above, the draft Guidelines would include defined rules for resubmission when finding errors or inaccuracy in the already submitted reporting. In addition to that, the draft Guidelines will deal with other situation where resubmission rules would be defined (for instance where errors, inaccuracies or corrections affect only the historical data). In all these situations, the question of including some proportionality principles in terms of size of institutions emerged and the EBA considered the following two related policy options:

**Option 2a: Specifying different resubmission rules depending on the size of institutions**

**Option 2b: Not specifying different resubmission rules depending on the size of institutions**



It is still worth mentioning that the reporting is a key element of the supervision as accurate data enable users in competent and resolution authorities to analyse the data for their specific statutory tasks. The reporting by itself is already subject to proportionality in terms of size of institutions as disclosed in the general reporting requirements. This proportionality already takes into account what data are more necessary depending on size of institutions and the same reasoning apply to current or past reporting data. As such, there is no reason to apply further proportionality principles in terms of size of institutions on the rules of resubmission foreseen in these draft guidelines. This common and consistent approach is also necessary to ensure the level playing field across the EU.

On these grounds, **the Option 2b was chosen** and the draft Guidelines would not specify different resubmission rules depending on the size of institutions.

#### Proportionality principle – error thresholds

As mentioned in previous section, the draft Guidelines would tackle with several situation where resubmission rules would be defined. In all these situations, the EBA considered two policy options regarding the inclusion of error materiality thresholds that would trigger the rules of resubmission defined in the draft Guidelines:

**Option 3a: Including materiality/immateriality thresholds for defining which errors would trigger resubmissions**

**Option 3b: Not including materiality/immateriality thresholds for defining which errors would trigger resubmission (except errors falling within tolerance limits/thresholds defined via the agreed filing rules)**

A certain materiality threshold in the reporting is already foreseen by the reporting framework as the filling rules include tolerance limits/thresholds in the form of precision requirements. These precision requirements provide, for a given data to disclose in the reporting, a maximum deviation between the reported data and the true real data. This materiality threshold will also apply in the context of errors found in the reporting and potential related resubmission in the sense that, if the impact of the error does not create a deviation exceeding the precision requirement, the resubmission will not be needed. On the other hand, adding superior specific materiality or immateriality thresholds on the error amount, that would trigger or exclude the obligation to resubmit historical data would not ensure that the data are enough accurate and reliable to allow the competent or resolution authorities to ensure properly their tasks and duties.

On these grounds, **the Option 3b was chosen** and the draft Guidelines would not include materiality thresholds for defining which errors would trigger resubmission (except errors falling within tolerance limits/thresholds defined via the agreed filing rules).

#### D. Conclusion

The specifications provided by the draft Guidelines will clarify the rules of resubmission of reporting data when errors or inaccuracies have been found, while also ensuring the level playing field across



the EU. The clarification will prevent, on one hand that some institutions suffer high costs by going too far in the past reference date reporting data for resubmitting erroneous ones, and on another hand that some institutions do not resubmit any reporting when noticing erroneous data. In the later case, the draft guidelines clarification would trigger new costs for institutions but, with the draft guidelines specifying that reference dates concerned by resubmission of data are limited to maximum of one year before current reporting date, these costs would be exceeded by the benefits of providing the resolution or competent authorities with accurate data that would support them in the performance of their duties. Overall, the impact assessment on the draft Guidelines suggest that the expected benefits of the draft Guidelines are higher than the incurred expected costs.

## 5.2 Overview of questions for public consultation

1. What are your general views on the proposed approach to the resubmission of historical data?
2. How do you see the proposed approach in relation to your existing resubmission policies set out in your institutions, agreed with internal audit and control functions?
3. How do you see the proposed approach in relation to actual practices for the resubmission of data also considering the legal requirements set out in existing legislation (e.g. Article 3(5) of Commission Implementing Regulation (EU) 2021/451)?
4. Would the proposed approach be feasible from the technology perspective considering the current reporting solutions?

### *Proportionality*

5. What are your views on the proposed ‘one-size fits all’ approach to the resubmissions, leveraging on the proportionality already built in the supervisory reporting framework, to ensure consistency of data and comparable data quality to enable users to perform their statutory tasks? Do you consider it as suitable for your institutions?
  - a. If not, please provide concrete and realistic proposals for improving the proportionality element that can be efficiently implemented in the reporting systems without unreasonable costs or increasing the overall complexity.
  - b. If such additional proportionality proposals are to be based on any threshold(s), please provide examples of such thresholds (relative and absolute) in relation to the size and complexity of your institution, and the reasoning behind that threshold.
6. If such additional proportionality proposals are to be based on less historical reference dates to be resubmitted (compared to those set out in paragraph 17), then what could these be for different types of institutions (large, medium-sized, SNCI)?