

European Banking Authority
Tower 42 (Level 18)
25 Old Broad Street
London EC2N 1EX
United Kingdom

20 March 2012

Dear Sir/Madam

Credit Suisse Response to EBA CP50: Draft ITS on Supervisory Reporting Requirements

1. Overall Comments

Credit Suisse supports maximum harmonisation

Credit Suisse supports the EU Commission's aim of high level harmonisation and strong convergence in regular supervisory reporting through the development of a supervisory reporting framework based on common formats. We also support the EBA developing these regulations through the creation of Implementing Technical Standards (ITS) and maximum harmonisation will avoid the need for further implementation at member state level, therefore reducing the risk of potential national divergence.

Importance of high quality data

In order to meet the objective of harmonised regulatory reporting across member states, the data provided by firms needs to be complete and accurate to provide the EBA with comfort that the templates received from all firms are comparable in all instances. If the data provided by member state firms is in any way incomplete or inaccurate the value of such data will be significantly compromised.

The EBA should also ensure that the volume of data requested is relevant and appropriate for the use to which the data is to be put. The data requested should be focused to ensure the returns are usable and provide value to the regulators. If the volume is considerable then the value of the reporting may be significantly impacted.

In order to allow for the complete and accurate provision of data, firms require the data templates and instructions to be clear and the data requested to be readily available as a result of the changes being implemented in order to comply with CRD IV. Firms also need reasonable time to analyse the data requirements, design, build and test the reporting solutions necessary to deliver high quality data. If the implementation timelines are not sufficient then the quality of data provided will be adversely impacted and the critical oversight function of the EBA thereby undermined.

Danish Presidency Compromise Text to CRD IV

Credit Suisse fully supports the changes to Article 95 proposed in the current draft Danish Presidency text which would allow Competent Authority discretion in relation to the implementation of FinRep.

To the extent that this draft text is not adopted into the final CRD IV text or that the Competent Authority discretion is significantly amended, our views detailed below on FinRep are still valid.

Relationship of CoRep to FinRep

Credit Suisse does not understand the value of the EBA's proposal to implement FinRep to the same timetable as CoRep. The majority of the templates proposed for CoRep are driven by regulation changes being introduced in CRD IV but the FinRep changes are not being driven by the same regulation.

The timeline for CoRep implementation is extremely challenging, particularly given the fact that CRD IV is still a draft text and not expected to be finalised for some time. The proposal to implement FinRep to the same timetable puts significant additional pressure on a successful CoRep implementation, with the risk that the CoRep data will not meet the required quality levels.

2. Key Recommendations

We set out below and in the attached annexes to this letter our detailed responses to the consultation questions. Our key recommendations are:

FinRep

- We understand that the EBA is planning to issue a consultation paper on applying FinRep on an individual firm level. We suggest that the implementation of FinRep is deferred at this stage and a new joint consultation paper is issued covering FinRep at both the consolidated and individual level.

CoRep

- CoRep implementation should be phased in over 2013 and 2014, with the Part 1 returns being implemented in Q1 2013 and the remainder by the end of Q1 2014.
- A remittance period of longer than 30 business days should be introduced for consolidated group reporting; groups should be given 45 business days to report.
- An initial remittance period of longer than 30 business days should be introduced for individual firm reporting; firms should be given 45 business days during 2013, reducing to 30 days thereafter.
- The reporting frequency for individual firms should be on a semi-annual basis at most.
- The Group Solvency template requirement should be withdrawn or replaced with a revised template that is workable.
- The CR IRB Geographic Breakdown template should be withdrawn as substantial amounts of the data required is already captured in the CR IRB templates.
- The CR IRB Total template should be withdrawn as all the data required is already captured in the CR IRB asset class breakdown template.

3. Comments on FINREP

The value of FinRep

Credit Suisse is keen to understand why the EBA is requiring firms to implement FinRep.

Firms produce numbers under either IFRS or national GAAP, with the result that data submitted to the EBA will not be comparable in all instances.

We believe that the FinRep reporting requirement should remain fully aligned with the financial reporting requirements under IFRS and that FinRep should not request any data or analysis not required by the International Accounting Standards Board.

We further believe that the scope and frequency of FinRep reporting should be no greater than that required under IFRS. If more frequent reporting is required, the volume should be significantly reduced compared to the current IFRS requirement.

Adopting a non-aligned approach would not only generate considerable extra costs for Credit Suisse but would also lead to differences between the figures presented in the FinRep templates and those shown in the financial statements themselves. This would appear to contradict with the overriding objective of obtaining harmonised reporting.

Implementation timetable

Implementing a project of the scale of FinRep will typically take 12 months to design and build, 3-6 months to undergo User Acceptance Testing and data quality exercises, and 6 months for a parallel run (a project like FinRep would require two full periods of parallel run). A comparison can be made for the implementation of IFRS and Basel II, which would be examples of projects similar to that of FinRep. We estimate that we would need at least 18 – 24 months to implement the FinRep initiative.

A significant amount of the questions in the consultation paper relate to the cost of certain implementation options. While there is no doubt the cost to Credit Suisse would be significant, it needs to be understood that time is the most critical factor. Regardless of how much money is allocated to the implementation of FinRep, sufficient time is still required to build and test reporting systems as outlined above. As a result the implementation timetable set by the EBA to meet FinRep is completely unrealistic and will prove in practice to be extremely difficult to meet without a significant impairment in the output.

Credit Suisse Recommendation regarding FinRep

Given the significant issues with the volume requested in the templates and the extremely tight implementation timetable, Credit Suisse recommends that the EBA defers any further implementation of FinRep and releases another consultation paper combining both the consolidated reporting and individual reporting. We believe it would be prudent to develop this into a general consultation paper that considers implementation after CoRep has been implemented.

4. Comments on COREP

Implementation timetable

The consultation paper proposes that CoRep reporting is implemented from the beginning of 2013, with the first reports based upon the end of Q1 2013 reporting date and being due after 30 business days.

While we understand the need to amend the reporting requirements to reflect changes in the new Capital Requirements Regulation (CRR), we do not believe that the current timetable provides sufficient time to implement a robust reporting solution for all of the templates proposed.

The ITS was published in December 2011, only allowing 12 months before the implementation of the new CRR. However, the draft templates included within the ITS require refinement in a number of instances, including further clarity with definitions and instructions and correction to a number of validations. The finalisation of the ITS is dependent upon CRD IV, the finalisation of which is not expected before the end of Q2 2012. The finalisation of CRD IV could require significant changes to the CoRep templates which would only allow 9 months to implement prior to the first reporting date. We would not plan to deliver a reporting solution for a project of this size so close to the first reporting date and therefore this is an extremely challenging timeline and will place considerably pressures on Credit Suisse to produce high quality, meaningful, accurate reporting data across all the proposed templates.

Credit Suisse Recommendation regarding CoRep

Phased Implementation Approach

Credit Suisse supports the proposal to implement CoRep reporting in a timely and appropriate manner. We therefore recommend a phased approach to the adoption of templates.

We suggest that the Part 1 returns (numbered 1.2 to 1.6 - Own Funds, Own Funds Requirements, Capital Ratios, Memorandum Items and Transitional Provision respectively) be implemented from the first reporting date, namely for reporting as at end Q1 2013.

The part 3, 4 and 5 returns (Credit Risk, Operational Risk and Market Risk respectively) should then be produced from the end of Q3 2013 on a "best efforts" basis and implemented in full from the end of Q1 2014. This will go some way to providing the necessary implementation time to allow for the population of the returns with appropriate quality data.

We also feel that the following templates should be either withdrawn or significantly reworked:

- Part 2 – Group Solvency template
- Part 3 – 3.3b CR IRB Geographic Breakdown template
- Part 3 – CR IRB Total template

These three templates require a significant amount of data already captured by other CoRep templates and therefore result in unnecessary duplication. Furthermore, they request amounts of data which make the returns unworkable in practice, to the extent that it is unclear what supervisory value they provide. More detailed feedback on these templates can be found in our response to Question 29 in Annex I and in Annex II.

Remittance Periods

We are concerned that the proposed remittance period of 30 business days is extremely challenging for the reporting proposed and recommend that the remittance period be increased to 45 business days for the first year of reporting, for both consolidated and individual reporting.

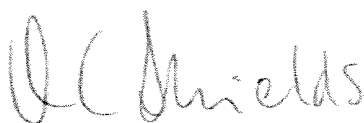
We recommend that the consolidated reporting remittance period stays at 45 days after 2013 and the remittance period for individual reporting reduces to 30 days from 2014. This will enhance our ability to provide high quality, meaningful data from go-live.

5. Conclusion

Credit Suisse fully supports maximum harmonisation. However, in order to implement CoRep successfully, Credit Suisse will need sufficient time to design, build and test our reporting systems to allow for accurate and meaningful reporting to the supervisory authorities.

We are not convinced of the value of introducing FinRep to the same timetable as CoRep, and the proposal to implement FinRep alongside CoRep adds significant risk to a successful CoRep delivery.

Yours faithfully



HUGH SHIELDS

**MANAGING DIRECTOR
HEAD OF FINANCIAL ACCOUNTING EMEA
CREDIT SUISSE**

Annex I – Responses to Specific CP50 Questions

1. How would you assess the cost impact of using only CRR scope of consolidation for supervisory reporting of financial information?

The costs would be significant. It should also be acknowledged that setting up a system that can meet any data request on any consolidation level is not systematically, operationally or practically possible. These new requirements will require significant development. If the EBA requests data which is not a requirement from a business perspective then it is not something Credit Suisse is able to do without supporting IT development. Not only does this make it practically difficult, but based on this further consideration should be given as to whether the data requested will be of real supervisory value.

2. Please specify cost implications if parts 1 and 2 of Annex III and of Annex IV of this regulation would be required, in addition to the CRR scope of consolidation, with the accounting scope of consolidation?

It is unclear why the EBA would need both sets of information. In the long term once the systematic capability exists, it would probably not be unduly burdensome, but further explanation would be welcome as to why this is required.

3. Financial information will also be used on a cross-border and on European level, requiring adjustments to enable comparability. How would you assess the impact if the last sentence of point 2 of Article 3 referred to the calendar year instead of the accounting year?

This is not applicable as Credit Suisse's accounting year end is the calendar year end.

4. Does having the same remittance period for reporting on an individual and a consolidated level allow for a more streamlined reporting process?

This will raise difficulties as it is a significant move from current reporting. If consolidated reporting is required for the same period it should be required 10-15 business days after the individual reports as production is sequential.

Some consideration would need to be given as to how this would fit into the reporting requirements of national supervisors. It would be beneficial to have co-ordination with European reporting timelines.

We are concerned that the remittance date of 11 February could be problematic for firms that have not yet published their results for the following reasons. Firstly, the figures may not yet be finalised and secondly, it is clearly undesirable for the EBA to have received sensitive information of this nature before it becomes widely available to the market.

There needs to be some EBA flexibility in regards to remittance dates to take into account varying factors, for example, public holidays.

It is also questionable whether there is a need for individual and consolidated reporting on a quarterly basis. We suggest considering whether individual reporting could be sufficient on a semi or even annual basis.

5. How would you assess the impact if remittance dates were different on an individual level from those on a consolidated level?

Our response would depend on the final dates and timelines (see response to question 4); there would have to be sufficient time allowed between the individual reporting and the consolidated reporting for the firms to conduct adequate reviews, but in theory it should be very beneficial overall.

However, there would need to be co-ordination between the EBA requirements and those of national supervisors to ensure a streamlined process in order to gain full benefit.

6. When would be the earliest point in time to submit audited figures?

Credit Suisse would resubmit numbers where material differences were identified. However the final audited figures for the consolidated entity would not be available until 9 months after the accounting year end.

We require official clarification on exactly what is being requested and what it means by "audited" information. Each reporting entity may have different financial reporting deadlines and the revised submissions would be in line with the existing deadlines. If any material differences arise during this period we would re-submit the corresponding reports as soon as possible.

7. Do you see any conflicts regarding remittance deadlines between prudential and other reporting (e.g. reporting for statistical or other purposes)?

For the annual reporting, the FinRep remittance dates should be aligned to the publication of financial reports. FinRep should not be provided before the date of the financial statements.

8. Do the proposed criteria lead to a reduced reporting burden?

The reporting burden would only be reduced for firms below the trigger. As this is not expected to apply to Credit Suisse this will not reduce the reporting burden. We do not believe it would be viable to assess each exposure in each exposure class for country breakdown, and we believe that the potential volume of reporting each country exposure greater than 0.5% would be significant.

9. What proportion of your total foreign exposures would be covered when applying the proposed thresholds? Please also specify the number of countries that would be covered with the proposed threshold as well as the total number of countries per exposure class.

Credit Suisse has not calculated this owing to the expected volume of the results.

10. What would be the cost implications if the second threshold of Article 5 (1) (c) (ii) were deleted?

From a processing perspective a threshold is necessary to avoid a reporting requirement on numerous geographical locations of which the majority are or little or no value. One possibility would be to limit reporting to the top 10 geographical locations or alternatively 80% of foreign exposures.

Regardless of the solution there needs to be a sensible limit. The overall costs of implementing the second threshold would be poor quality data as the volume in the report coupled with the short remittance deadlines would mean it would not be feasible for firms to do sufficient analysis in the time available.

11. Is the calculation of the threshold sufficiently clear?

The definition of "domestic" needs further clarification.

In regards to the 10% calculation, the information in brackets is also unclear

12. Do the provisions of Article 5 (2) lead to a reduced reporting burden for small domestic institutions?

We do not believe this would be applicable to Credit Suisse.

13. Is the calculation of the threshold sufficiently clear?

It is not clear on which year end the figures for the threshold would be based, and when the firm would be informed if its reporting requirement frequency has changed.

14. Competent Authorities are obliged to disclose data on the national banking sector's total assets as part of the supervisory disclosure. Do you find these publications sufficient to calculate the proposed threshold?

We have not seen this data but presume it would be relatively straightforward to use in the calculation. It is key that any threshold calculation is carried out sufficiently far in advance to permit firms and supervisors to understand their reporting obligations for the coming year.

15. What would be the cost implications if information on own funds as put forward in Part 1 of Annex I (CA 1 to CA 5) were required with a monthly frequency for all institutions?

The main issue is not one of cost but of timing. Firms would need to be given sufficient time to collate and submit the results. This would also rest to some extent on the action of the national regulators. It would not be desirable to submit monthly reporting to both the FSA and the EBA (see response to questions 4 & 5)

16. Are there specific situations where this approach (differentiating between institutions using IFRS and national accounting frameworks for supervisory reporting purposes) would not be applicable?

This is not applicable for Credit Suisse as we currently report under IFRS. However given that some firms would use either IFRS or national GAAP, the greater issue is the comparability of information across firms.

17. What is your assessment of impact, costs and benefits related to the extent of financial information as covered by Articles 8 and 9?

The cost is related to the level of granularity i.e. the more detail required the higher the cost. Furthermore, we are concerned that very granular levels of detail will be both burdensome for us and of limited value to regulators.

18. In Articles 8(2) and 9(2) the proposed frequency is semi-annually. Does this reduce reporting burden? Please quantify the estimated cost impact of reporting with semi-annual frequency compared to quarterly.

Reporting semi-annually would reduce the reporting burden in comparison with quarterly reporting, but the overall analysis would depend on the level of granularity required. FinRep goes far beyond the IAS 34 requirements for Interim Financial Reporting and Credit Suisse would recommend that the EBA aligned the FinRep requirements to IAS 34.

19. What is your general assessment of applying reporting standards regarding financial information on an individual level?

We are concerned that the level of complexity of data that is required is not accessible and generally not required in the running of a bank's day-to-day activities. Also as mentioned in our recommendation, we believe it would be prudent to have one consultation paper covering both individual and consolidated reporting.

20. How would you assess costs and benefits of applying the ITS requirements regarding financial information on an individual level? (Please assess the impact for the two scenarios (i) application of parts 1 and 2 of Annex III and Annex IV on an individual level (ii) application of parts 1 to 4 of Annex III and Annex IV on an individual level (ii)) Would there be obstacles for applying reporting on an individual level?

Scenario (i) would theoretically be a simpler and cheaper process than scenario (ii), but it should be understood that both scenarios would result in an increased cost and reporting burden.

21. If the proposal was to be extended, what implementation time would be needed?

Credit Suisse would recommend 18 – 24 months after receipt of final guidance from an additional consultation paper.

22. What cost implications would arise if the use of XBRL taxonomies would be a mandatory requirement in Europe for the submission of ITS-related data to competent authorities?

In general, the software does not provide too great a challenge as our vendor solution supports this. However, the overall cost analysis depends on the details of the taxonomy itself. If firms are required to tag data items to a very granular detail, this could potentially be very costly.

We are also concerned by the timelines. Credit Suisse may need at least 6 month's notice of the updated taxonomy to implement the XBRL changes. We would appreciate clarification on when the taxonomy will be released.

23. How would you assess the cost implications of the following two options?

(1) Implement the ITS as of the first possible reference date (31/03/2013)

2) Delay the implementation of the ITS by 6 months (first reporting based on data as of 30/09/2013) and implement national interim solutions for reporting as of 31/03/2013.

Our key issue concerns the quality of data. With such a short implementation timeframe, there needs to be realistic expectations on the quality of the data submitted. As we have outlined above, it is not solely a question of cost – sufficient time needs to be given to implement and test the firm's systems.

A 6 month delay would potentially be of great benefit. However, this would depend on what the national regulator would do in the meantime as it would not be useful to have a significantly different set of interim measures, only for further changes to be made in 6 months' time.

24. What would be the minimum implementation period to adjust IT and reporting systems to meet the new ITS reporting requirements? Please elaborate on the challenges which could arise.

Please see our earlier comments on timeframes for implementation. It is also worth taking into account that third party software providers may not be able to meet the requirements on the current implementation timetable and may be unable to provide adequate support to firms using their solutions.

25. What would be the minimum implementation period required for institutions already subject to FINREP reporting to implement the financial reporting described in this consultation paper?

Not applicable to UK firms.

26. What would be the minimum implementation period required for institutions NOT subject to FINREP reporting at the moment to implement the financial reporting described in this consultation paper?

An implementation period of 18 - 24 months from release of the final guidelines is more realistic for a development of the scale of FinRep.

27. Would the required implementation period be the same for reporting requirements on an individual basis and on a consolidated basis?

The implementation period would be marginally longer for consolidated reporting as the build and process would have to include the individual firms that make up the consolidated report.

28. Do restrictions (restricted cells are cells which do not have to be reported to supervisors - displayed in the COREP templates as grey/blocked cells) reduce the reporting burden?

The greyed out boxes add to the confusion of the templates, there are a number of formulae and links which reference the greyed out boxes and it is unclear what is required. As many of the greyed out boxes contain formulae or links, greying out a selection of the boxes adds to the complexity of the templates.

29. Compared to previous versions of the COREP templates are there additional reporting requirements which, cause disproportionate costs?

Yes, we believe that there are 3 templates which have either been introduced in CP50, or have been substantially changed from earlier versions of CoRep, which will cause Credit Suisse to incur disproportionate costs to implement as currently drafted. These are:

- (1) Group Solvency. The Group Solvency template aims to collect very detailed information on individual legal entities within consolidation groups. We do not believe this template is a requirement of the CRR, or indeed is of particular relevance at the aggregated European level. It is likely to be of more relevance, if at all, to national supervisors.

This template requires an assessment of all legal entities in the consolidation group as to whether they meet the criteria for inclusion in the GS template. However this presumes that all of the potentially reportable data (including Risk Weighted Assets) is calculated and available for every individual legal entity, whether regulated or unregulated, which may not be the case. The IT development needed to amend systems to do this would be very substantial, and would be an ongoing issue. There is also a practical difficulty to address, which is that the return asks for every reportable entity to be given a unique code identifier. It is unclear how this will be managed in practice and maintained on an ongoing basis by the EBA.

Firms have advised that current systems will not support the production of this template and that there is not in fact any "data that are readily available or can easily be reprocessed" (CP50 Annex II 2.1 paragraph 39).

Given the above, we believe that implementation of the GS template in its current form is entirely disproportionate to the supervisory value that would be gained from such information. Accordingly we strongly recommend that this template is deleted and that national supervisors be given

discretion to develop their own proportionate responses to this perceived data gap. This can be developed locally in consultation with the industry.

- (2) CR IRB GB template. This template asks for IRB credit risk data according to FinRep asset classifications, which themselves are not clearly defined. IRB credit risk data is not managed or held according to these FinRep asset classes, and we cannot easily repackage our data into the requested asset classes. The resultant PD and LGD figures would be at best unreliable and at worst misleading. Finally, the data in any case will not be comparable or reconcilable to FinRep geographical breakdowns as the CR IRB GB templates will capture only IRB data, not standardised data.

The detailed CR IRB templates are already set up to capture a substantial quantity of geographical data per IRB asset class. We believe this should be more than sufficient for supervisory purposes and strongly recommend that the additional CR IRB GB template is deleted.

- (3) The CR IRB Total template. This has been introduced in Annex II 3.3.3 paragraph 82 (1). We believe this may have been introduced in response to feedback on earlier CoRep templates; however we believe its introduction is wrong. All IRB asset classes are to be reported individually on the CR IRB template. Therefore the CR IRB Total template represents a duplication of data already collected, which is contrary to the general principles of the CoRep templates. Additionally, some of the data in the CR IRB templates cannot be meaningfully aggregated (e.g. PD, LGD, maturity days, number of obligors etc). We therefore recommend that the requirement for a CR IRB Total template is deleted.

30. Are the templates, related instructions and validation rules included in Annex I and Annex II sufficiently clear? Please provide concrete examples where the implementation instructions are not clear to you.

There are a significant number of instances where the templates, instructions or validations are unclear, please see Annex II for details.

Please note that this should not be considered an exhaustive list as the consultation period has not allowed for a full detailed review of all templates.

31. CR IRB – What is your assessment of cost implications of the new lines for “large regulated financial entities and to unregulated financial entities”? What is the most cost efficient way of incorporating this kind of information in the reporting framework?

It will be the implementation of the rule rather than the actual reporting that is likely to prove problematic and potentially very costly.

Supervisors clearly must satisfy themselves that potential new requirements, such as this, are properly implemented by firms. However it is not clear whether by asking firms to report the information requested – Original exposure, EAD and RWA – this will actually demonstrate proper application of the rules. As such including this in CoRep is of questionable supervisory benefit.

32. CR SA – What is your assessment of cost implications of the new lines to gather information about exposures without a rating or which have an inferred rating? What is the most cost efficient way of incorporating this kind of information in the reporting framework?

This question is unclear and we have no broad consensus on it.

33. Are the templates included in Annex III and Annex IV and the related instructions included in Annex V sufficiently clear? Please provide concrete examples where the implementation instructions are not clear to you.

We would prefer not to comment in detail on the FinRep templates until a future consultation paper is released which sets out in more detail the supervisory justification for each and every FinRep table and data field. Credit Suisse is still currently reviewing the FinRep templates but has found there are

a significant number of issues in relation to incomplete data (missing template descriptions for Table 10, 11, 15, 19 in Annex V, also missing templates 3.3, 3.6 and 3.7). Also validation rules are not part of the tables; as a result it is often difficult to understand the structure of the tables, especially what the "Total" relates to. In addition, we require clarification on the definition of consolidated and individual, as FSA uses the terminology solo, solo consolidated and consolidated.

34. Do the provisions of Article 8 (3) and 11 (3) lead to a reduced reporting burden?

This is not applicable to Credit Suisse as this does not reduced the reporting burden.

35. What are the cost implications of introducing a breakdown by individual countries and counterparties?

It is unclear if the details should be reported by residence of the issuer or the counterparty. Until this is clarified it is not possible to give an accurate indication of the cost.

It should also be noted that information of this nature is not generally available in Credit Suisse's financial reporting systems. It would be very helpful if you could clarify exactly what the data will be used for as this may help in producing something meaningful.

36. What are the cost implications of introducing a breakdown by economic sector by using NACE codes?

This will potentially require significant development work as we do not current utilise NACE codes in our reporting architecture.

37. Would other classification be more suitable or cost efficient?

We would prefer that no geographical breakdown be required, however if it were to be applied our preference would be to use NAIC codes as this is more aligned with our current methodology.

38. What would be the difference in cost if the geographical breakdown would be asked only by differentiating between domestic and foreign exposures compared to country-by-country breakdown?

The definition of domestic vs. foreign exposures is currently unclear and until this is clarified it is not possible to give an accurate indication of the cost. However it will be less costly to have fewer data points, but the initial set-up will still result in a significant cost. As mentioned elsewhere, having sufficient time to implement the changes is of a greater concern than the cost.

39. What are the cost implications of introducing breakdown of sovereign holdings by country, maturity and accounting portfolio?

The initial set-up will result in a significant cost to Credit Suisse.

40. How would you assess the cost implications on providing a geographical breakdown of these items with the proposed breakdown to domestic, EMU countries, other EU and rest of the world?

The major issue here is not so much the cost but the difficulty of actually capturing the data. For example, in the case of structured debt it will not always be possible to identify and report who owns it at any given time. The degree of difficulty will also depend on how the items are split, for example, splitting it along business lines is likely to prove more problematic than splitting it by geographical breakdowns.

41. Would application of a materiality threshold similar to Article 8 (3) and 11 (3) (reporting the breakdown only if foreign exposures exceed 10 % of the total exposures) reduce reporting burden?

This is not expected to apply to Credit Suisse.

42. What would be difference in cost implications if breakdown would be requested only with differentiation between domestic/ foreign or alternatively country by country with similar threshold than in Article 8 (3) and 11 (3) compared to the proposal in the Consultation Paper?

It will be less costly to have fewer data points, but the initial set-up will still result in a significant cost.

43. Are there specific aspects of national accounting framework that have not been covered or not addressed properly in the templates?

The key issue to raise here is that Credit Suisse does not understand the benefit of a standard template which cannot accurately compare firms' data (this issue is also addressed above).

44. Does the IAS 7 definition of cash equivalents follow the practice used when publishing financial statements? How would this definition interact with definitions of IAS 39 for assets in held for trading portfolio?

The IAS 7 definition of cash equivalent does not follow the practice used in the published balance sheet; it is only used for the Statement of Cash Flows that is not meaningful for a financial institution.

45. How do you assess the impact of reporting interest income and interest expense from financial instruments held for trading and carried at fair value through profit and loss always under interest income and interest expense?

Trading portfolios are measured at fair value. Our systems have been built on that basis, and disclosure is accordingly consistent. The interest component in trading items is not relevant and, moreover, is not necessarily easy to define. Consequently, the market value of the future cash flows is a determining factor and all future profit and loss cash flow items should be reported under 'Mark-to-Market' valuation and all past profit and loss items as 'realised'. The split between interest and other profit and loss items is thus not relevant.

As a result, reporting interest income and interest expense from financial instruments held for trading and carried at fair value through profit and loss would be an artificial and an expensive exercise without economic or accounting relevance. We do not see any benefit of imposing such a requirement solely for FinRep purposes.

Part 1 Templates – Capital Adequacy

General Comments

- These templates could potentially be subject to significant change as CRD IV text is not yet final. It is not efficient for Credit Suisse to commit the significant resources required in order to implement these templates while the CRD IV text is still draft.
- Validation formulae within the individual templates require further explanation and definition. The templates themselves should contain the validation formulae within the applicable spreadsheet cells.
- Validation formulae to other Part 1 templates are missing in a number of instances.

1.2 CA 1 – Own Funds

- Row 120 – the legal reference is a question mark, the reference needs to be defined.
- Row 160 – the line description needs clarification, why ‘to owners of the parent’ as opposed to ‘to parent’.
- Row 190 – the legal reference missing from template.
- Row 200 – it is not clear from the CRR draft text what this means, further definition is required.
- Row 210 – it is not clear from the draft CRR text what this means, further definition is required.
- Rows 450 & 470 – the alternative of 1250% treatment is not specified in the template as it is for Row 460.
- Row 510 – the validation in the instructions contains a circular reference.
- Row 750 – the legal reference is missing from the template.
- Row 820 & 830 – the legal reference is missing from the template and instructions.

1.3 CA 2 – Own Funds Requirements

- What is the purpose of this template? The majority of the data reported in this template is also available from the Credit Risk templates.
- Rows 020 & 030 – clarification is required as these fields are not an ‘of which’ from row 010.
- Row 450 – further definition is required here.
- Rows 700 – 730 – why does the conditional formatting score-out these cells?
- Row 720 – further definition is required here.
- Row 730 & 740 – clarification is needed as to how these rows will be populated.

1.4 CA 3 – Capital Ratios

- Should the ratio be represented as a % and to how many decimal places?

1.5 CA 4 – Memorandum Items

- This template seems excessive in terms of the detail and breakdowns required.
- Row 010 - the legal reference is missing from the template and instructions.
- Rows 160 – 180 – validations for these fields are missing; it is therefore not clear how they tie into the other templates.
- Rows 650 – 670 – validations for these fields are missing; it is therefore not clear how they tie into the other templates.
- Rows 740 -760 – the legal references in the template and instructions are incorrect, Article 122 relates to 'Exposures in Default'

1.6 CA 5 – Transitional Provisions

- Validations and sum formulae need to be considerably clearer.
- CRD IV contains a range of 'applicable percentages' to be used in a number of tables in this template. When will clarification be provided as to which percentages to apply?
- Table 3 – the majority of this table is greyed-out; will this be changed at any point in the future?
- Table 7 – Column 040 – is this validation correct, it simply references Column 030?
- Table 7 – Column 040 – in a number of instances this reference a greyed-out cell?
- Table 8 – Rows 020, 050 & 060 – the legal reference is missing from the template and the instructions
- Table 10 – Column 040 – is this validation correct, it simply references Column 030?
- Table 10 – Column 040 – in a number of instances this reference a greyed-out cell?
- Table 11 – 'CRD Reference' Column – the majority of references are blank
- Table 11 – clarification is required for 'average of applicable percentages'

Part 2 Template – Group Solvency

General Comments

- As commented in our response to Question 29, we do not see the supervisory value of this template and the level of granularity required by the template is excessive;
- In some instances the data required by the template is not available for the entities to be reported;

For these reasons we recommend that this template is not requested.

Detailed Comments

- Column 020 – more clarity is required concerning this code. Will it be a European wide code and how will it be managed going forward?
- Column 090 – Operational Risk is not calculated at a legal entity level and therefore it is not possible to report an Operational Risk charge against every entity in the report.

Part 3 Templates

Credit Risk Templates

General Comments

3.2b CR SA Details – There are only four exposure classes requested for this template. Can the EBA confirm that no other exposure classes are required other than Government, Institutions, Corporates and Retail?

The templates and instructions in Annex II contain a number of incorrect references, inconsistencies and apparent inaccuracies, for example:

- CR SA Details template Column 110 states “110 = 040 + 090 + 1000”, this should be “100” and not “1000”;
- The guidance notes for columns 120-140 states “these figures have to be reported in columns 101 to 130”. However there is no Column 101 in the CR SA templates;

Detailed Comments

3.2 CR SA Total and Details:

- Columns 50 to 100 – should the report be total amount including guarantees?
- Column 150 – it is unclear what is required here, further clarification is needed;
- Column 510 – How will counterparties be measured, there is the risk that counterparties will be double counted within the template. Can the EBA confirm that the number of counterparties is only required for Derivative, Long Settlement and Secured Financing transactions?

3.3 a CR IRB Total and Exposure Class Breakdowns:

- The CR IRB Total template is unnecessarily duplicative and some of the data requested cannot be easily aggregated;
- Columns 31, 131 and 241 still require additional clarification from CRD IV before they can be populated. It is also not clear what value this level of reporting provides to the EBA or national supervisors;
- Row 30 – the break out of off-balance sheet amounts across all columns is difficult to provide in all instances. We recommend that the On and Off balance sheet rows are combined;
- Column 230 – the benefit of requiring this in the ‘Total’ template is unclear as it will be provided in each of the individual exposure class templates;
- Column 280 & 290 – further clarity is required as to the difference between ‘Obligor’ and ‘Counterparty’ (instructions in Annex II relating to Column 290 are missing);
- Row 051 – what is the definition of OTC Derivatives?

- Row 080 – the threshold calculation is unclear, is it 'greater than' or 'greater than or equal to'?
- Row 130 – is this row only completed where a threshold is met?
- Rows 140-01 to 140-NNN – how will this data be interpreted given that the Obligor Grades or Pools will vary between firms?
- Columns 040, 050, 060, 140, 150, 160, 170, 180, 190 and 200 – the guidance is not clear when Adjusted Values of Collateral should be reported and when Market Values of Collateral should be reported.

3.3 b CR IRB Geographic Breakdown:

- IRB credit risk data is not held or managed according to the FinRep asset classes as set out in the IRB GB template and as such it will be very difficult to recut the data on this basis;
- The detailed CR IRB templates will already capture significant amounts of data for IRB asset classes. This means that the geographic breakdowns do not provide any significant extra information for supervisors.

Securitisation Templates

General Comments

- Is Off-balance sheet regarded with reference to accounting or regulatory definitions?
- How should a vehicle that is both synthetic and traditional in nature be reported?
- Validation formulae are missing from the majority of the templates.

Detailed Comments

3.6 CR SEC SA:

- Column 010 – should this be greyed-out in the Investor and Sponsor sections?
- Row 130 (Instructions) – should be '100';
- Rows 250 to 290 – this would not be relevant to an Investor and the information may not even be available if the Investor has not held the securitisation positions since inception of the securitisation. This is only relevant to the Originator and Sponsor.

3.7 CR SEC IRB:

- Column 010 – should this be greyed-out in the Investor and Sponsor sections?
- Row 20 – this will not be available in a number of instances, should this therefore be left blank if unknown?

3.8 Detailed Information on Securitisations:

- Considerable amounts of information in this template is also provided in the SA and IRB templates, the duplication should be removed or the frequency of this template should be reduced to semi-annual at most;
- Column 010 – it is not clear why this information would be useful to the EBA. In addition, not all organisations will allocate an internal code to their securitisations;
- Column 020 – not all securitisations will have an identifier in the market, some securitisations will be private placements, and how should these be treated?
- Columns 80 to 100 – this appears to be applicable to Originators only, it will be very difficult for Investors to know what has been retained by Originators;
- Columns 450 to 510 – these columns do not exist on the published template.

Operational Risk Template

General Comments

- Should the OPR Details template be reported at the Group level only and not also at the Individual level? This would avoid potential double counting of losses;
- "Gross loss" needs to be defined.

Market Risk Templates

General Comments

- The validations within the Market Risk templates are unclear, clarification is required.
- Confirmation is required where columns are headed "Net Positions" that this equates to the net of the "All Positions" columns, putting the resultant net into the appropriate "Long" or "Short" column;
- Confirmation is required as to what is required in the columns headed "Total Risk Exposure Amount";
- Confirmation is required that all currencies above 2% of gross positions require a separate sheet for each template;
- Clarification is required as to what should be populated on the "Other non-delta risks for options" lines.