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Association of Foreign Banks in Germany

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EBA CP 50

Dear Sir or Madam,

We appreciate the opportunity to provide input to the referenced consultation paper on draft Implementing Technical Standards (ITS) on supervisory reporting requirements for institutions (CP50).

The Association of Foreign Banks in Germany represents the interests of currently more than 200 foreign banks, investment management companies, financial services institutions and representative offices in Germany. Besides the representative offices, most of our members are either subsidiaries or branches of foreign banks. Therefore, we have analysed the Authority's draft ITS with special attention to the operations of such subsidiaries and/or branches.

In general, the Association supports endeavours to harmonize financial sector regulations in the European Union. We therefore acknowledge the proposals for uniform reporting requirements as part of the single rulebook enhancing regulatory harmonisation in Europe. This can lead to a further convergence of supervisory practices and can provide fair conditions of competition in the single market (level-playing field).

We hope that our comments and recommendations will be useful for you. In case of further queries, we will gladly answer any questions you may have.

Sincerely Yours

Dr Oliver Wagner Andreas Kastl

1) General Remarks

A) Branches under the European Passport

The consultation paper n° 50 focusses on reporting requirements, in terms of the prudential reporting (COREP) on both individual and group level and in terms of financial reporting (FINREP) on a consolidated group basis only.

As any particular reporting requirement for branches operating under the European Passport is not mentioned, we assume that those branches do not have to meet the reporting requirements acc. to Articles 95 and 96 of the CRR (draft).

This is from our point of view clearly justified, as branches are in general embedded in the overall management structures and systems of their head quarter and in some cases of a group of financial institutions. The possibility of founding branches under the European Passport was especially created to make use of this embeddedness principle in order to enhance cross-border banking activities and in the end the integration of the European financial markets.

2) Questions & Answers

Q4. Does having the same remittance period for reporting on an individual and a consolidated level allow for a more streamlined reporting process?

In general, the proposed remittance period of 30 business days for both reporting on an individual and a consolidated level can be seen as appropriate. The data on individual level should be available before the data on group level, i. e. before consolidation. Therefore, the remittance of individual reports could be conducted in beforehand.

Q5. How would you assess the impact if remittance dates were different on an individual level from those on a consolidated level?

As already explained in the answer to question 4, it might be possible to remit the reporting on individual level in beforehand of the consolidated report. This can lead to a more streamlined reporting process.

Q24. 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.

As institutions shall submit a first set of data related to the reference date of 31 March 2013 to their national authorities by 13 May 2013, it is from our point of view a hardly workable scenario because the implementation of this ITS will concur with several other regulatory projects of the institutions arising not only from other CRD IV/ CRR I Articles but also from other sources like the Financial Stability Board (FSB) or the Basel Committee on Banking Supervision (BCBS).

All this will require changes to several primary reporting systems at the same time, which will lead to widespread adaption of IT systems in order to meet the requirements.

In this context, we have to point to the fact that the CRD IV and CRR I are still discussed in Council and Parliament and serious implementation of changes can only start after their publication.

Therefore, we suggest that if the first reporting on this ITS is envisaged for 13 May 2013, than the implementation of those ITS concerning the liquidity (acc. to Art. 403 of CRR I) and leverage ratio (acc. to Art. 417 of CRR I) reporting requirements should be postponed, e. g. until 1 January 2014. This may lead to a more practicable timeline, bearing in mind that the areas of liquidity and leverage reporting are highly technical and IT-driven, too, and that these ITS will likely be comprehensive and detailed and require many changes.

Q26. 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?

The ITS had been developed on the basis of the COREP and FINREP guidelines, given that these have been implemented already in various Member States. In the case of Germany, FINREP might have been less implemented than in other member states. And apart from this, the proposed FINREP reporting requirements of this ITS go far beyond in scale compared to the last FINREP guidelines of CEBS in 2009 (“FINREP rev2”).

Therefore, if FINREP reporting shall become applicable for single institutions, we suggest that the implementation date for institutions that have not been subject to FINREP so far should be delayed by 6 months, so that the first reporting should be conducted based on data as of 30 September 2013.

Q27. Would the required implementation period be the same for reporting requirements on an individual basis and on a consolidated basis?

If FINREP reporting shall become applicable for single institutions, they should at least receive a prolonged period of time for implementation and should therefore report for the first time on a data base as of 30 September 2013 (cf. answer to question 26).