Dear Madam,
Dear Sir,

Subject: Consultation Paper 50 on draft ITS for supervisory reporting

Before responding to the questions of the consultation paper, Febelfin would like to share with you a series of general considerations and overall suggestions. In the second part of our letter you will find the answers to the consultation and in the third part we are pleased to address some additional technical comments.

1) General comments and suggestions

a) Febelfin is in favour of harmonized and simplified reporting requirements

First of all, Febelfin wants to put forward clearly that it is strongly in favour of harmonized and simplified reporting requirements. However, we are doubting whether the draft ITS as currently proposed by EBA are really contributing to a (more) simplified reporting, since a lot of new reporting requirements have been inserted in the draft ITS (both for FINREP and COREP). As Febelfin is attached to the “less is more”- principle, it fears that the abundance of requested data will cause a lot of sourcing problems as many details are not available in the systems for consolidation or accounting. This could prevent entities from focusing on the important/essential figures which may affect in turn the quality of the overall reporting. Finally, Febelfin would welcome further explanation on the rationale beyond (some of) the proposed new reporting requirements and the real supervisory needs.
b) Reporting reference and remittance dates. Reporting to be reduced to essential data and within a reasonably short time frame

As far as it concerns the timing of the ITS development and the application date (Article 13), an implementation period of 9 months seems to be far too short. We are of the opinion that the implementation in 2014 would be feasible, provided the changes remain as simple as possible.

Therefore, we would like to propose 2013 as implementation year only for the own funds reporting under COREP. All other new (COREP and FINREP) reporting should be applicable as of 2014 at the earliest.

We agree that it is indeed of utmost importance for regulators to receive data within a reasonably short time frame. However, we believe that supervisors should make a fundamental choice between the time frame for delivery of the reporting on the one hand and the quantity of the data that should be delivered on the other hand. It would be in the best interest of a good and sound prudential review that the quantity of the information is reduced to the essentials and that these essential data should then be remitted within a reasonably short time frame.

In connection with the proposed advancing of remittance dates, it should be underlined too that the preparation of the FINREP tables will coincide with many other reporting requirements, a.o. preparation of quarterly interim accounts and even more extended annual accounts with press releases on fixed data. This could affect the quality of the reporting in our opinion.

As a result, Febelfin would like to propose a phased-in remittance (provided a couple of tables would disappear): reporting on core information (e.g. FINREP part 1, tables 1 & 2. Balance sheet and Income Statement): to be remitted within a 30 business days period; all other reporting to be normally remitted within a 50 business days period (or at least within a 45 business days period).

c) IFRS and FINREP

The terminology used in the proposed FINREP reports is not always in line with IFRS requirements. This may cause confusion and different understanding by preparers, and thus ultimately undermine the objective of creating a harmonized reporting.

We have the impression that FINREP attempts to be fully compliant with IFRS disclosure requirements. However, in our opinion the aim of FINREP should be to point to the important/essential elements that enable a good and sound prudential review. Via FINREP a supervisor should have an overview/insight of the most important risks that are present in the financial system. The objective of FINREP should not be to be as “IFRS disclosure”-compliant as possible.
We comprehend that the accounting standard used in FINREP are IFRS for valuation purposes, but we do not understand why the disclosure requirements as prescribed by IFRS should be copied in FINREP.

The interim and annual financial statements are reports that must be fully IFRS disclosure compliant and FINREP should not be an annual report “bis”, while adding an additional prudential layer.

In other words, the sole criterion to determine whether a table/disclosure should be asked within the scope of FINREP should be: “Is the information relevant from a prudential review angle?” and not “Is this a disclosure requirement in IFRS?”

Another finding is that too many data are asked with very short remittance dates and increased frequency:

- **Requested data:** 4,545 more cells are asked in new FINREP compared to old FINREP. Compared to the old FINREP the following tables are new (23 in total): 3.1, 4.2, 10.1, 10.2, 10.3, 14.3, 14.4, 14.5, 14.6, 15, 17.1, 17.2, 17.3, 17.5, 19, 20.2, 21.1, 21.5, 23.2, 23.3, 24, 28.2, 28.3.

  Compared to the new FINREP only the following tables of the old FINREP have been deleted (18 in total): 16a/b, 17, 18, 19, 26, 34, 36, 39a/b/c/d, 40b, 40c, 40d, 43, 44b, 44c.

  In the new FINREP the narratives are no longer requested.

  In the old FINREP the number of cells that could contain amounts on a quarterly basis was: 1,884. Annually the number of cells that could contain amounts was: 3,687.

  In the new FINREP the number of cells that could contain amounts on a quarterly basis is: 5,601 (estimation based on 41.80 reporting & having to disclose 13 countries on tables 10.1 & 14.3). Semi-annually the number of cells that could contain amounts is: 8,232 (estimation based on 41.80 reporting & having to disclose 13 countries on tables 10.1, 10.2, 10.3 & 14.3) …

- **Increased frequency:** all tables are required on a quarterly basis (except tables 10.2 & 10.3 which are semi-annually) while before 29 tables were annually and the rest quarterly.

- **Shorter remittance dates:** the deadline for the old FINREP was two months and fifteen calendar days for Q1, Q2 and Q3 reporting. For Q4 reporting, the deadline was one month prior to the general meeting of shareholders and no later than three months after the closing.

  It is clear that the newly proposed remittance dates are extremely challenging and will be very hard to meet, certainly knowing that the first weeks after the closing all resources are deployed at producing the financial statements.
Finally, we understand that the EBA considers lifting some of the options that are offered by the IFRS, such as the choice to use trade date or settlement date for the recognition on the balance sheet. We believe that regulators should not remove any of the options available in IFRS as this may require entities that have made other choices - even though these choices are fully IFRS compliant - to make substantial and expensive changes to the core of their accounting systems.

**d) Cost impact**

It seems to be very difficult to give a precise estimate of the costs linked to the implementation of the new reporting standards. Nevertheless, it is quite obvious, considering the changes as described above, that the ITS proposed will require significant investments of resources (special allocation and training of staff; adaptation of software…).

Moreover, situations where systems have to be adapted for only a couple of months should be absolutely avoided. In other words, the IASB discussions and work programme (e.g. on IFRS 9) have to be taken into consideration carefully.

**e) Format and frequency of reporting on financial information on a consolidated basis. Reporting at solo level. Local GAAP**

Febelfin strongly emphasizes that FINREP should not apply at solo level, as long as local GAAP are applicable.

**f) Geographical breakdown**

We notice that a lot of proposed reports require a geographical breakdown (country / counterparty split) sometimes from a totally different angle.

Geographical information is not generally available within accounting and consolidation systems, although it could be added of course. However, adding geographical information from different angles for each transaction is excessively burdensome and expensive.

Moreover, providing a geographical split for the income statement would be extremely difficult as accounting systems do not keep track of the underlying transactions for profit or loss figures.

Eventually, it could be questioned whether all required geographical details justify the costs to develop the reports and to overcome reconciliation issues.

In particular, we have some genuine doubts on the prudential importance of having a geographical split for liabilities and income statement items.

Therefore, we would like to encourage the supervisor to determine which type of geographical information is crucial for prudential purposes and in which reports such information would be indeed essential (either 41.80, 90.34, FINREP or COREP).

In illustration of these comments, you will find hereafter a summary of our findings:
Numerous geographical splits are required based on the country of residence of the counterparty, whereas tables 10.1, 10.2 & 10.3 require a split of the assets and off-balance sheet commitments per country and tables 14.1 and 14.2 require the split of respectively assets and liabilities into 4 regions.

Table 14.3 requires a split per country for the interest margin.

Numerous geographical splits are required based on the location of the activity.

- Table 14.4 is a split into domestic and non-domestic assets.
- Table 14.5 is a split into domestic and non-domestic liabilities.
- Table 14.6 is a split into domestic and non-domestic revenues/expenses.

- It should also be reminded that there are already existing reports that provide information on exposures per country:
  - The 41.80 report details the assets and off-balance sheet commitments per country.
  - The report 90.34 provides details of exposures per country.
  - The new COREP also includes a split of exposures per country

**g) Counterparty split**

Numerous tables require counterparty information:

- Assets: Tables 3.1 (cash & cash equivalents), 3.2 (HFTI excl der.), 3.4 (HFTO), 3.5 (AFS), 3.8 (L&R, HTM), 4.1 (past due-impaired), 4.2 (past due), 9 (all loans & advances), 10.1 (all IFRS books by product), 10.2 (by NACE), 10.3 (only general government), 11.2 (allowances)
- Liabilities: Table 5 (HFTI, HFTO, Amort. Cost)
- Off-balance: Tables 6.1, 6.2
- Income statement: Table 17.1
- Equity: Table 20.2

Various other reports already provide information per counterparty:

- The 41.80 report intersects country information with counterparty information for assets.
- The COREP also provides counterparty information for assets and off balance sheet commitments.
- The liquidity reporting provides counterparty information for assets, liabilities and off balance sheet commitments.

In other words, also in this field there are too many different reports requiring a counterparty split.

As already written, we believe that a fundamental choice should be made by the supervisors; they should clearly indicate in which reporting they would like to see the exposure split by counterparty (either 41.80, COREP Liquidity or FINREP).
h) Counterparty split alignment

Counterparty analysis is required in various reporting (41.80, FINREP, COREP, Liquidity) but the alignment of counterparties between the various reporting remains an issue. The number of counterparties and the counterparty names are different for the various reporting, though they all have to be addressed to the same supervisor. Therefore, we believe that the counterparty analysis should be allocated into one reporting in order to avoid divergences and inconsistencies in the various reports.

i) Principle of proportionality

Within the scope of the present consultation paper, Febelfin would like to repeat that it represents 238 members or a very large sample of undertakings active in the Belgian financial industry. Among its members are credit institutions, asset managers, investment funds, portfolio managers and investments advisers, stock brokers as well as lease companies, factoring companies, venture capital and private equity undertakings. The (Belgian) financial industry cannot be considered as homogeneous. Febelfin advocates respect for this diversity, while maintaining the level playing field. As a result, Febelfin is strongly in favour of the application of the Principle of Proportionality within the scope of regulation and supervision.

Proportionality meant within the scope of regulation and supervision is based upon a generally acknowledged principle of the due course of law and has two aspects:

- proportionality has to be taken into account when implementing the requirements. Proportionality is thus key concept and requires regulators to take into account several factors, including for instance the nature, scale and complexity of the business, or the systemic relevance of an entity, while elaborating and implementing new requirements;
- supervision has to be carried out too in a proportionate manner.

The principle has to be applied where it would be disproportionate to the nature, scale and complexity of undertakings' business to apply the general rules (quantitative and qualitative) without relief.

The crucial criterion for the application of the principle of proportionality should in our opinion relate to the scale of activities and the risk profile of an institution. In other words, it is the type, scale, inherent risks and complexity of the activities incorporated in the chosen business model that should be decisive for the application of the principle of proportionality.

There exists a genuine need today for a framework defining and recognizing equivalent and proportionate measures within the scope of CRR I adding an extra dimension within the same set of regulation. These equivalent and proportionate measures may thus not represent any preferential treatment of the institutions concerned or impede to reach the same prudential goals.

Within the framework of COREP, Febelfin would like EBA to give for instance more consideration to asset management firms without clients' assets in their custody:

- either by a set of separate reporting templates limited to Capital adequacy, Credit risk and counterparty risk, Currency risk and Counterparty concentration risk
- or by a set of separate instructions.
2) Responses to the questions of the consultation paper

CHAPTER 1

Subject matter, Scope and Definitions

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

As FINREP is normally based on IFRS including the IFRS scope of consolidation, it is quite obvious that the use of only the CRR scope of consolidation could have a serious cost impact for most of our members.

See also 1 d)

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?**

The same goes of course, if both consolidation perimeters IFRS and CRR would be applicable.

See also 1 d)

CHAPTER 2

Reporting reference and remittance dates

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?**

Remittance days should not be linked to the calendar year.

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

Not in our opinion.

We would like to repeat here that the preparation of the FINREP tables will coincide with many other reporting requirements, a.o. preparation of quarterly interim accounts and even more extended annual accounts with press releases on fixed data which could affect the quality of the reporting. Another side effect of the simultaneous remittance dates relates to possible clashes between FINREP and COREP. We also wonder by when the unaudited FINREP has to be updated? After the publication of the annual accounts?
5. How would you assess the impact if remittance dates were different on an individual level from those on a consolidated level?

COREP: when the reporting at a solo level has to be remitted before the reporting at consolidated level, the quality of its data is less assured

FINREP: see 1 e)

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

Assuming that this question relates to FINREP, it should be repeated that this is indeed an open question. See our answer to question 4

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

See 1b), 1 c) and 1e)

CHAPTER 3

Format and frequency of reporting on own funds requirements

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

Not at all in our opinion (see 1 d, 1 f, 1 g and 1 h).

Seems to be very burdensome

Application of Pareto principle instead?

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.

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

11. Is the calculation of the threshold sufficiently clear?

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

13. Is the calculation of the threshold sufficiently clear?

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?

The proposed system of thresholds is quite unclear and appears furthermore to be quite complicated and very burdensome.

Alternative solutions should be examined therefore.

An impact assessment and cost-benefits analysis seem to be most appropriate in this field, also in connection with the application of proportionality principle.
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 costs will seriously raise!

**Format and frequency of reporting on financial information**

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?

FINREP should be aligned with IFRS. See 1 c)

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

See 1 b) and 1 c)

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 semiannual frequency compared to quarterly.

See 1 b, 1 c) and 1 d)

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

See 1 e)

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) Would there be obstacles for applying reporting on an individual level?

This would increase the costs dramatically

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

At least 2 years
CHAPTER 6

IT solutions

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?

Difficult to answer

CHAPTER 7

Final provisions

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.

See 1 b), 1 c) and 1 d). The 1st assumption will be the most expensive in our view

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.

   1 b) and 1 c)

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?

   1 b)

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?

   ?

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

   See 1 e)
Annex I and Annex II

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?

Yes

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

Yes (e.g. geographical and currency breakdowns)

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.

No. See e.g. Annex I, Part 3. Credit and counterparty credit risks IRB approach. The (new) references to collaterals are understandable from a Foundation IRB approach-angle, but not from the AIRB approach-angle as the LGDs are determined here by the risk model of the bank concerned.
The number of obligors and counterparties: unclear and not relevant
Contractual netting. Breakdown per country (ranking 1 to 10): is very complex

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?

See 1 d). To be further explored

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

See 1 d). The expectation is that the costs will be very high.

Annex III, Annex IV, and Annex V (see attachment)

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.
Table 1.1 Assets
Investments in subsidiaries, joint ventures and associates’ should be clarified in the following way: ‘Investments in subsidiaries out of consolidation scope, joint ventures and associates’

Table 1.3 - Equity
• We do not understand lines 210 to 250 and their difference with lines 090 to 180.
• Acc other OCI & revaluation reserves?
• What is the meaning of lines 180 & 330?

Table 3.1 – Breakdown of financial assets by asset class: demand deposits and cash equivalents (new):
We do not understand line 040-equity instruments in this table.

In all tables 3.2, 3.4, 17.5, 21.2 and 29.2 the change in fair value due to changes in credit risk is asked.
We propose to limit this information to the HFVPL liabilities.
For assets the FV is mostly determined based on quoted prices (that include the CR impact) and having to separate the CR impact would require substantial additional computations by banks for thousands of positions. Also, we understand and subscribe the importance of the change in FV due to changes in own credit risk for our liabilities but we do not see the prudential importance in disclosing this for the assets. This would lead to an important additional workload.

Table 3.5 – Breakdown of financial assets by asset class: AFS:
• Why is the presentation of provisions not aligned throughout tables 3.5, 3.8 and 4.1? In table 3.5 provisions are shown as 1 amount in column 040, whereas in tables 3.8 & 4.1 provisions are split into (i) specific-indass, (ii) specific coll. ass & (iii) IBNR.
• Does column 040 Accumulated impairment include IBNR?

Table 4.1 – Financial assets subject to impairment that are past due or impaired (old 10)
• Accumulated value adjustments recorded directly to the income statement (acc write-offs): It will be difficult to obtain this information in accounting. Also, we do not understand the prudential importance of this. Once we recover assets that have been fully impaired and derecognized we will have a positive impact in the P&L.
• Is the product split (lines 220 to 300) required only for Households retail or for all counterparties?
Table 4.2 – Financial assets non-subject to impairment that are past due (new)
What is the difference with table 4.1 columns 010, 020, 030?
What is the difference between past due but not impaired-past due but not defaulted?

Table 5 – Breakdown of financial liabilities by product and by counterparty (20a, 21a, 22a)
We propose to take columns 060 (own credit risk) and 070 (amount repayable) out of table 5 and to ask these data only for Liabilities HFVPL book.

Table 7 – Derivatives: held for trading (old 4)
Economic hedge relations will be very difficult to source.

Question:
What is meant by: Defaulted (C020), Observed new defaults for the period (C030), Acc credit risk adjustments (C040), Acc write-offs (C050), Credit risk adj/write-offs, for observed new defaults (C060)
What is the link with COREP?

Template 10 (Annex III and Annex IV)

34. Do the provisions of Article 8 (3) and 11 (3) lead to a reduced reporting burden?
35. What are the cost implications of introducing a breakdown by individual countries and counterparties?

See 1 f)

Table 10.1 – Geographical breakdown of financial exposures subject to credit risk by residence of the counterparty (new)
There are already existing reports that provide information on exposures per country. The 41.80 report details the assets and off-balance sheet commitments per country. Also the report 90.34 provides details of exposures per country. Next to this, the new COREP also includes a split of exposures per country.
We believe that too many different reports require the same type of data and we believe that a fundamental choice should be made by the supervisor in which report he would like to see the exposure split by country (either 41.80, 90.34, FINREP or COREP).
The split by country is combined with other dimensions of analysis is leading to a multiplication effect in terms of required data.

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

Table 10.2 – Breakdown of loans and advances to non-financial corporations by NACE code semi-annually (new)
The detail per NACE code is not available in accounting…

From a cost-income point of view, we wonder if the advantage of this breakdown by individual countries justifies the extra costs and efforts (adaptation of systems, long development time, reporting burden)

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

We believe that too many different reports require the same type of data and we believe that a fundamental choice should be made by the supervisor

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?

Table 10.3 – Geographical breakdown of debt securities held from central governments by residence of the counterparty and by residual maturity, semi-annually (new). The debt securities with general governments are already split by country in table 10.1.

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

We believe that in table 10.3 the split should be limited by maturity and not be combining country and maturity.

Template 14 (Annex III and Annex IV)

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?

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?

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?

See also 1 f)

Table 14.1 – Geographical breakdown of assets by residence of the counterparty (old 3b,6b,7b,8b,9b)
We believe that there is a duplication of data asked as also in table 10.1, 10.2 & 10.3 a geo split (by country even) is asked. There are already existing reports that provide information on exposures per country. The 41.80 report details the assets and off-balance sheet commitments per country. Also the report 90.34 provides details of exposures per country. Next to this, the new COREP also includes a split of exposures per country. We believe that too many different reports require the same type of data and we believe that a fundamental choice should be made by the supervisor in which report he would like to see the exposure split by country (either 41.80, 90.34, FINREP or COREP).

From a cost-income point of view, we wonder if the advantage of this breakdown by individual countries justifies the extra costs and efforts (adaptation of systems, long development time, reporting burden)

Table 14.3 – Geographical breakdown of selected income statement items by residence of the counterparty (new)
P&L data are not available by country of residence of the counterparty.
In CP50 section 2 art 8 par 3 the geographical distribution of tables 10.1 to 10.3 is described. There is no mention on how to do the geo repartition of table 14.3. Which countries must be disclosed?
From a cost-income point of view, we wonder if the advantage of this breakdown by individual countries justifies the extra costs and efforts (adaptation of systems, long development time, reporting burden)

Table 14.4 – Geographical breakdown of assets by location of activities
In 95% of the cases, the location of activity will correspond to the residence of the counterparty

**Templates for reporting financial information according to national accounting frameworks**

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

Belgian banks are applying today (in line with IFRS) the “dirty prize” as well under FINREP as COREP and this should stay this way. Otherwise, it would even require changes to the source system...

**Instructions in Annex V**

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?
No. IAS 7 definition of cash management does not follow practice used when publishing financial statements
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?

See 1 f)

3) Additional comments

Table 17.1 – Interest income and expenses by instrument, asset class and counterparty (new)
This table could be difficult to source.

Table 17.2 – Realised gains and losses on financial assets and liabilities not measured at fair value through profit or loss by instrument (new_28)
We believe that either table 17.2 (split by instrument) or table 29.1 (split by IFRS book) should be asked as they are nearly the same.

Table 17.3 – Gains and losses on financial assets and liabilities held for trading by instrument (new)
Table 17.3 and 17.4 treat the same subject and we believe that one of the two should be suppressed.

Template 18. Fee and commission income and expenses by activity
Additional explanation is needed, especially about:
• what are institutional customers? Which counterparty category does it correspond to?
• What is meant by: Central administration services for institutional customers?

Template 19. Statement of comprehensive income
Line 320 Share of other comprehensive income and expense of entities accounted for using the equity method:
What is the benefit of this separate line, which requires a new split of the comprehensive income, especially of ‘Valuation gains or losses take to equity’?

Table 21.1 – Breakdown of loans and advances by collateral and guarantees (new)
Links between the collateral and the assets is not information that is readily available in the accounting.

Table 24 – Off-balance sheet activities: asset management, custody and other service (new)
We believe that this will be difficult to source. Especially columns 020 and 030. Also the different type of activities will be difficult to source (rows).
Table 29.2 – Gains and losses on financial assets and liabilities designated at fair value (old 29)
We believe that the amount of change in FV due to changes in the credit risk should only be asked for liabilities and not for assets. See also T 3.2, 3.4, 5, 21.2, 29.2

Table 31 – Scope of group (46a,b,c)
Certain data are already asked in the 80.91 report. We propose that either the 80.91 or T31 would be deleted.

We sincerely hope that this letter with its comments and suggestions can assist you in the further development of the ITS.

Yours faithfully,

Michel Vermaerke  Daniel Mareels
Chief Executive Officer  General Manager