

EBA/ITS/2021/02

---

5 March 2021

---

# Final Report

---

Draft Implementing Technical Standards

on reporting requirements for investment firms under Article 54(3)  
and on disclosures requirements under Article 49(2) of Regulation  
(EU) 2019/2033

# Contents

---

|  |    |
|--|----|
| 1. Executive Summary   | 3  |
| 2. Background and rationale  | 3  |
| 2.1 Background   | 3  |
| 2.2. Draft ITS on reporting requirements for investment firms under Article 54(3) and on disclosures requirements under Article 49(2) of IFR | 5  |
| 3. Draft implementing technical standards  | 11 |
| 4. Accompanying documents  | 19 |
| 4.1 Additional clarifying examples   | 19 |
| 4.2 Draft cost-benefit analysis/impact assessment  | 20 |
| 4.3 Feedback on the public consultation  | 26 |

# 1. Executive Summary

---

1. The Investment Firms Directive (IFD) and the Investment Firms Regulation (IFR) were published in the Official Journal on 5 December 2019 and entered into force on 26 December 2019.
2. The IFR give a significant number of mandates to the European Banking Authority (EBA) covering a broad range of areas related to the prudential treatment of investment firms. In particular, this document puts forward the EBA's work on two major subjects:
  - a) The mandates related to the reporting requirements for investment firms pursuant to Article 54 of IFR.
  - b) The mandates related to the disclosure requirements for investment firms under Article 49 of IFR.

## **New ITS on supervisory reporting and disclosures of investment firms**

3. This final report proposes an ITS on supervisory reporting and disclosures, which will cover all supervisory reporting and disclosures requirements for investment firms under IFR. A proportionate regulatory framework has been developed by the EBA taking into account the business of investment firms, their activity, size and interconnectedness.
4. There are commonalities between the information that investment firms have to report to their supervisors and the regulatory information that they have to make public in the interest of investors and external stakeholders. Therefore, consistency and integration between both frameworks should be targeted to the extent possible. To ensure consistency, integration of supervisory reporting and disclosures was carried out, specifically with regard to the own funds templates.

## **Next steps**

5. The draft ITS will be submitted to the Commission for endorsement before being published in the Official Journal of the European Union. The EBA will also develop the data point model (DPM), XBRL taxonomy and validation rules based on the final draft ITS. The first reference date for the application of the reporting implementing technical standard is expected to be 30 September 2021 for class 2 investment firms and 31 December 2021 for class 3 investment firms.

# 2. Background and rationale

---

## 2.1 Background

6. In December 2017 the European Commission adopted a proposal to amend the rules and requirements for investment firms in order to make them more proportionate and risk-

sensitive, capturing their business models in a better way. As a result, the European Commission put forward a proposal for a new prudential framework for investment firms (in the form of a Regulation and a Directive), which was published in the Official Journal in December 2019. The new framework ensures that a differentiation is made between investment firms that are systemically important or are exposed to the same types of risks as credit institutions and continue to be under the scope of the CRR/CRD, and other investment firms, whose size and activities are unlikely to create comparable risks. The new IFR/IFD package covers small and non-interconnected investment firms (for the purposes of this final report class 3 firms) and other investment firms other than small and non-interconnected investment firms (for the purposes of this final report – class 2 firms). IFR requires the development of several pieces of level 2 legislation in order to reflect and implement the new requirements for investment firms.

7. Investment firms will be subject to reporting requirements to the competent authorities regarding their compliance with the prudential framework. The IFR includes in Article 54 a mandate to EBA to develop the reporting requirements for investment firms, and specifically sets out requirements in terms of own funds, levels of minimum capital, concentration risk, liquidity requirements and level of activity in respect of small and non-interconnected investment firms.
8. Investment firms will be subject to disclosure requirements. The provisions on disclosure are contained in Articles 46 to 53 IFR. Accordingly, investment firms are required to disclose their capital resources, capital requirements, remuneration policies, and practices and governance standards. Articles 49 and 52 IFR include the mandates to EBA to develop implementing technical standards on disclosure of own funds and regulatory technical standards on disclosure of investment policy.
9. The EBA provided the reporting and disclosure requirements for investment firms with a focus on developing proportionate and fit-for-purpose reporting; the information reported should reflect the underlying regulation and capture all the necessary information according to the nature, scale and level of risk of the activities of the investment firms. Moreover, the EBA has developed this standard in line with the principle of maximum harmonisation to ensure uniform implementation of the requirements and facilitate its implementation.
10. A comprehensive and more standardised approach for developing a reporting and disclosure framework is of crucial importance to the day-to-day work of supervisors and to promote market discipline. Similarly to what was done in other areas of the reporting framework, the EBA has integrated Pillar 3 disclosure requirements with supervisory reporting by standardising the formats and definitions with a view to improving consistency between reporting and disclosure requirements, which should facilitate compliance with both requirements.
11. The EBA will complement the reporting requirements defined in the relevant legal standards with a data point model (DPM). A DPM supports harmonised implementation of the reporting framework. It bridges the gap between business definitions and IT: the business concepts are specified in the DPM according to formal rules, as required by IT specialists, while being still manageable by business experts and data users. The DPM provides the metadata support to fully automate the production of data exchange specifications, such as XBRL taxonomies, or

other equivalent exchange formats.<sup>1</sup> The EBA will also develop XBRL taxonomy, but it will not be part of the ITS. The development of a DPM and XBRL taxonomy is not pre-empting any decision by competent authorities on the format in which the data will be collected by them.

## 2.2. Draft ITS on reporting requirements for investment firms under Article 54(3) and on disclosure requirements under Article 49(2) of IFR

12. Article 54 of IFR provides a mandate to the EBA to develop a regulatory reporting framework for investment firms, covering different areas. The EBA has developed adequate ITS attending to the specific business of investment firms and following the principle of proportionality with the aim of striking a balance between the reduction of the costs of reporting for investment firms and the quality/effectiveness of supervision.
13. In that context, the EBA introduces with this ITS a different set of templates and instructions for class 2 investment firms (Annexes I and II of the Draft ITS) and a set of templates and instructions for class 3 firms (Annexes III and IV of the Draft ITS) where the supervisory reporting framework also incorporates different and tailored reporting templates with different frequencies. In addition, one template has been included to define the **size and level of activity thresholds** that will trigger a shift to the reporting requirements into one or the other classification of investment firms (class 2 and class 3).
14. Class 2 firms will need to report the different blocks of information detailed in the following sub-items, while class 3 firms will provide information on Own funds and in some cases on Liquidity requirements (subject to competent authorities' discretion).

### 2.2.1. Reporting requirements

#### Own funds: level, composition, requirements and calculation

15. The first block of information consists of a set of five templates:
  - **IF 01.00 – Own Funds:** Provides information on the own funds composition. The template has been tailored from the template C 01.00 of Corep for credit institutions, in order to maintain only those items needed for investment firms. In addition, a simplified version (IF 01.01) has also been provided for class 3 firms, which contains only the necessary items adapted to the size and business of small and non-interconnected investment firms. In the latter case, some deductions have not been included.
  - After the consultation, some items were added to the template to cover elements of the own funds or deductions that had not been reflected in the templates before (mainly aggregate 'other' items).
  - **IF 02.01 – Own funds requirements:** Investment firms shall report items such as the permanent minimum capital requirement, fixed overheads requirement and total K-factor. This last item is necessary only in the case of class 2 firms. In the set of templates

---

<sup>1</sup> For further information on the EBA's data point model, please see <https://eba.europa.eu/risk-analysis-and-data/dpm-data-dictionary>

for class 3 firms (IF 02.03) this item has not been included pursuant to Article 11(2) of IFR. Other items, such as additional own funds requirements and additional own funds guidance, have been included to reflect additional capital due to SREP and guidance requirements and items to report as per the transitional provisions specified in Article 57 of IFR.

- **IF 02.02 – Capital ratios:** This template requests investment firms to provide information related to the main capital ratios. The same items have been maintained for class 3 firms in template IF 02.04.
- **IF 03.00 – Fixed overhead requirements:** The template contains the items referred to in Article 13(4) of IFR for the calculation of the requirement, including the items further developed in the *Draft RTS to specify the calculation of the fixed overheads requirement and to define the notion of a material change (Article 13(4) of the IFR)*. The items provided in this template are the same in the case of class 3 firms (IF 03.01) with the exception of ‘Interest paid to customers on client money where this is at the firm’s discretion’, which are not included in the case of small and non-interconnected investment firms.
- **IF 04.00 – Total K-factor requirement calculations:** The template contains the relevant and necessary items for the calculation of the K-factor requirement. The template requests investment firms to report the factor amount without the application of the coefficients specified in the IFR, and to report the K-factor requirement.

### Small and non-interconnected investment firms

16. Article 54(1), point (d) of IFR requests investment firms to report information regarding their level of activity with regard to the conditions specified in Article 12(1) IFR. The conditions according to the latter have been included in this template.
  - **IF 05.00 – Level of activity – thresholds review:** The template contains the different items for the review of the thresholds specified in Article 12(1) IFR. In addition, the template contains the breakdown by investment service. The same items have been considered for the reporting of class 3 firms.

### K-factor requirement – Additional details

17. The content of this section consists of 13 templates, which shall be reported by class 2 firms.
18. The details for the calculations of the K-factor requirement are requested in the templates **IF 06.01 to IF 06.13**. The information provided in these templates corresponds to the additional details needed for calculating each K-factor. The templates include rows and columns to reflect the calculations of the factor amount of the reporting period. In addition, other templates include items needed to reflect the information on the calculation of the average monthly/daily values of the factor amount calculation.
  - **IF 06.09 – K-Net position risk – K-NPR additional detail:** For the calculation of K-NPR, three methods can be used: the Standardised Approach (SA), the Alternative SA (ASA) and the alternative internal model approach (A-IM) defined in the CRR. Pursuant to Article 57(2) IFR, ASA and A-IM will not be applicable until 26 June 2026 or the date of

application of those approaches to the credit institutions.<sup>2</sup> During the transitional period investment firms are allowed to use the internal model approach under CRR (IM).

The template IF 06.09 includes information related to the total under the SA and IM approaches. Given that the framework for calculating K-NPR is entirely built on the provisions of the CRR, additional details on the own funds requirements will be reported in the same templates for the standardised and internal model approaches as for credit institutions (COREP templates C 18.00 – C 24.00).

- **IF 06.11 Trading counterparty default – TCD additional details:** The template includes core information on the calculation of the own fund requirements and exposure values in accordance with the methodology of Articles 26 and 27 IFR. Where investment firms make use of the derogation to apply the CRR framework in parts or in its entirety to the applicable exposures to determine K-TCD in accordance with Article 25(4) and (5) IFR, they are asked to report only high-level information in template IF 06.11, but have to provide additional details in templates taken from the framework applicable to credit institutions, namely COREP templates C 34.02 (CCR component) and C 25.00 (CVA component, where applicable). The requirement to report these templates is defined by virtue of a cross-reference to the ITS on reporting under the CRR.

## Concentration Risk

19. Concentration risk is reported under two separate parts:

- **IF 07.00 – IF 07.05 – Concentration Risk:** The information on concentration risk has been included in different templates. As per Article 54(2) IFR, investment firms shall report the level of concentration risk with respect to credit institutions, investment firms and other entities where client money is held (IF 07.00), where client securities are deposited (IF 07.01), concentration risk with respect to the credit institutions where the investment firm's own cash is deposited (IF 07.02). The level of concentration risk from earnings (IF 07.03), the level of concentration risk associated with the trading book positions (IF 07.04), and the level of concentration risk of off-balance sheet items are not recorded in the trading book (IF 07.05).
- **IF 08.00 – K-CON requirement:** The template has been designed following the articles contained in Part Four of IFR. Specifically the template includes the necessary items in order to report information on the limits with regard to concentration risk and the exposure value excess pursuant to Articles 36 and 37 IFR.

## Liquidity Requirements

- **IF 09.00 – Liquidity requirements:** The information contained in the liquidity template contains the necessary items to reflect the liquid assets as per the LCR Delegated

---

<sup>2</sup> Against this background, no information on these two approaches is included in this final report. Reporting requirements on them will be defined closer to the time when the approaches become eligible.

Regulation.<sup>3</sup> Some breakdown details have been included with regard to the different levels of liquid assets. In addition, client guarantees and unencumbered short-term deposits have been included in the template. In these cases, when the competent authority may not exempt small and non-interconnected investment firms from reporting liquidity requirements, an additional template has been included in Annex III (IF 09.01).

## Group Capital Test

20. Article 8 of IFR provides for an alternative and very simple approach to determine the own funds requirements and assess the adequacy of the available own funds for a group of investment firms. This approach can only be applied subject to permission being granted by the competent authority, and only by groups with a sufficiently simple group structure and limited exposure of clients or the market to their risk. Where investment firm groups benefit from the application of Article 8 IFR, they are asked to report a very limited and simple set of information:
- **IF 11.01 – Own funds composition – group capital test (IF11.1):** information on the composition of own funds (aligned with the structure of template IF 01.00).
  - **IF 11.02 – Own funds instruments – group capital test (IF11.2):** information on the ‘own funds instruments’, i.e. intragroup holdings, contingent liabilities and total own funds requirements of the subsidiaries.
  - **IF 11.03 – Information on subsidiaries’ undertakings:** provides the relevant information on capital requirements, contingent liabilities, subordinated claims and holdings of financial sector entities at subsidiary level.

## 2.2.2 Disclosure requirements

21. **Part VI of Regulation (EU) 2019/2033** on the prudential requirements of investment firms (IFR) specifies the disclosure requirements for investment firms under the scope of application of the same regulation. In particular, **article 49** of the IFR specifies the disclosure requirements on own funds. The same article includes the mandate for the EBA to develop, in consultation with ESMA, draft implementing technical standards specifying the templates for the disclosure requirements under Article 49.
22. In accordance with Article 49 of IFR, this applies to:
- a) Investment firms that do not meet the conditions for qualifying as small and non-interconnected investment firms set out in Article 12(1) of the IFR;
  - b) and to investment firms that meet the conditions for qualifying as small and non-interconnected investment firms set out in Article 12(1) which issue Additional Tier 1 instruments.
23. Prudential disclosures under the Pillar 3 framework play a key role in promoting market discipline through the public reporting of meaningful information on the risks to their financial position, capital or liquidity, thus reducing asymmetry of information between investment firms and users of information. The definition and implementation of granular, consistent and

---

<sup>3</sup> Articles 10 to 13 of Delegated Regulation (EU) 2015/61



comparable disclosures templates, content and formats is a major step towards enhanced market discipline by allowing users of information to compare the risk profiles of investment firms and make informed decisions.

24. The objective of this ITS is to ensure consistency and comparability of own funds disclosures by investment firms under the IFR, while ensuring proportionality. For this purpose, the draft ITS includes in this package the following three fixed templates developed in accordance with the CRR and keeping in mind the principle of proportionality.

#### Template IF EU CC1:

25. This template provides users with the necessary information on the composition of own funds, such as Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items, and applicable filters and deductions applied to the own funds of investment firms, including the reconciliation of these items with the relevant items of the institutions' audited balance sheet, and a description of all restrictions applied to the calculation of own funds, in accordance with Article 49 (1)(a) and (b) of the IFR.
26. Disclosure requirements of own funds already existed under Part Eight of the CRR, which has been revised under the CRR2; hence related disclosure templates already exist and are being updated by the EBA in accordance with CRR2 (EBA-CP-2019-09); moreover, investment firm specific reporting templates have been developed based on Article 54 of the IFR. Following reasons relating to the complexity and size of investment firms, as well as the granularity of the information, this template follows the implementation of the reporting requirements on own funds in accordance with Article 54 of IFR, which already takes into account this principle of proportionality, and those disclosure specific requirements like the breakdown of deductions from own funds.
27. As such, this template is split into two parts in order to take into account the principle of proportionality and to allow for better differentiation of disclosure requirements between class 2 and class 3 investment firms (with a simpler template for the latter). In addition to the reporting data, the template will have:
  - A column where the investment firm shall disclose the cross-reference of each own funds item with the relevant item in the balance sheet.
  - The requirement for investment firms to describe in the narrative accompanying the template all restrictions applicable to the calculation of own funds.

#### Template IF EU CC2

28. This template provides users with a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items, and applicable filters and deductions applied to the investment firm's own funds and the balance sheet in their audited financial statements, in accordance with Article 49(a) of the IFR. This template is based on the disclosure templates that already exist under the CRR, namely template EU CC2 on the reconciliation of regulatory own funds to balance sheet in the audited financial statements, included in annexes 7 and 8 of EBA-CP-2019-

09. The flexibility of this template, which asks investment firms to replicate the breakdown of items in their audited balance sheets, accommodates both the need for proportionality and for flexibility for investment firms to include their own breakdown. This way, continuity in input is ensured for investment firms without upholding unnecessary complexity. This template applies to both class 2 and class 3 investment firms.

#### Template IF EU CCA:

This template reflects the requirement for investment firms to disclose a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the investment firm; following Article 49(1), point (b) of the IFR. It has been developed based on the template of the main features of regulatory own funds instruments and eligible liabilities instruments, and it is to be adjusted where appropriate and developed for the implementation of the equivalent disclosure requirement included in Article 437 of CRR, applicable to institutions under the scope of application of the same regulation. The template has been revised and adjusted in line with the provisions applicable to investment firms in the IFR (for example, all rows related to eligible liabilities and resolution aspects and those related to CRR transitional provisions have been dropped or adjusted to reflect any IFR transitional provisions). The rationale for this is that the complexity of the template implementing the disclosure requirement in Article 49(1), point (b) of the IFR is not dependent on the type of institution (credit institution or class 1 investment firms versus class 2 or class 3 investment firm), but rather depends on the complexity of the issuance and of the instrument according to the terms specified in the prospectus. This template applies both to class 2 and to class 3 investment firms with issuances of AT1 instruments.

# 3. Draft implementing technical standards

---

## COMMISSION IMPLEMENTING REGULATION (EU) .../...

of XXX

### **laying down implementing technical standards with regard to supervisory reporting and disclosures of investment firms in accordance with Regulation (EU) No 2019/2033 of the European Parliament and of the Council**

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 806/2014<sup>4</sup> and in particular Article 49(2) and Article 54(3) thereof,

Whereas:

- (1) Regulation (EU) 2019/2033 (“IFR”) has introduced a mandate in Article 54 to develop a proportionate regulatory reporting framework for the new prudential regime of investment firms.
- (2) The reporting requirements for investment firms should be tailored to the business of the investment firms and proportionate to the scale and complexity of different investment firms and should, in particular, take into account of whether investment firms are considered to be small and non-interconnected as per the conditions set in Article 12 of the IFR. It is, therefore, appropriate to set out separated reporting requirements for small and non-interconnected investment firms and for all the other investment firms regulated under the IFR.
- (3) In accordance with Article 54(1) of the IFR, investment firms other than small and non-interconnected investment firms shall report information related to the level and composition of their own funds, their own funds requirements, the basis for the

---

<sup>4</sup> OJ L 314, 5.12.2019, p. 1.

calculation of their own funds requirements, their liquidity requirements and their adherence to the provisions on concentration risk.

- (4) Pursuant Article 54(1) of the IFR, small and non-interconnected firms reporting should concern information related to the level and composition of their own funds, their own funds requirements, and the basis for the calculation of their own funds requirements. Small and non-interconnected firms are not subject to the same level of detail of information as all the other investment firms regulated under IFR, hence, the reporting templates on K-factor calculation are not applicable to small and non-interconnected firms. In addition and pursuant Article 54(2) of IFR, small and non-interconnected firms shall be exempt from reporting on concentration risk and should be required to report on liquidity requirements only where such requirements apply to them.
- (5) All investment firms regulated under IFR shall report a template to monitor their activity profile and size in relation to the parameters and thresholds in order to evaluate whether they meet the criteria to be classified as a small and non-interconnected investment firm. An investment firm that exceeds the regulatory thresholds or fails to meet the other conditions should not be considered as small and non-interconnected firm.
- (6) In order to provide transparency to their investors and the wider markets, the IFR requires firms other than small and non-interconnected investment firms to publicly disclose their levels of own funds, own funds requirements, governance arrangements, risk management and objectives, investment policy, remuneration policies and practices and information on ESG risks. Small and non-interconnected investment firms are not subject to public disclosure requirements, except where they issue Additional Tier 1 instruments in order to provide transparency to the investors in those instruments.
- (7) There is a need for consistent and comparable public information on own funds of investment firms. While proportionate, the provisions of this Regulation aim at ensuring that the templates and tables used by investment firms for own funds disclosures convey sufficiently comprehensive and comparable information on the composition and quality of their own funds.
- (8) More specifically, this Implementing Regulation introduces a quantitative disclosure template on composition of own funds and a flexible template on reconciliation of regulatory own funds with the audited financial statements. It also includes a template with information on the most relevant features of own funds instruments issued by the investment firm.
- (9) The disclosure template on composition of own funds has been built in close alignment with the related reporting template on the level and composition of own funds also specified in this Implementing Regulation. This approach ensures proportionality and facilitates its implementation. The disclosure template on full reconciliation of own funds with the audited financial statements has been developed in a flexible and proportionate way, as the breakdown of the template will be based on the breakdown of the balance sheet in the investment firm's audited financial statements. Finally the template on main features of regulatory own funds is a fixed template and its complexity depends on the complexity of the own funds instruments.
- (10) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority (EBA) to the Commission.
- (11) EBA has conducted an open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and

benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council <sup>5</sup>,

HAS ADOPTED THIS REGULATION:

## **TITLE I**

### **SUPERVISORY REPORTING**

#### *Article 1*

##### *Reporting reference dates*

1. Investment firms shall submit information to competent authorities as this information stands on the following reporting reference dates:
  - (a) Quarterly reporting: 31 March, 30 June, 30 September and 31 December;
  - (b) Annual reporting: 31 December.
2. Where investment firms are permitted by national laws to report their financial information based on their accounting year-end which deviates from the calendar year, reporting reference dates may be adjusted accordingly, so that the quarterly reporting of information is done every three months of the respective accounting year and the annual reporting at the accounting year-end.

#### *Article 2*

##### *Reporting remittance dates*

1. Investment firms shall submit information to competent authorities by close of business of the following remittance dates:
  - (a) Quarterly reporting: 12 May, 11 August, 11 November and 11 February;
  - (b) Annual reporting: 11 February.

---

<sup>5</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. If the remittance day is a public holiday in the Member State of the competent authority to which the report is to be provided, or a Saturday or a Sunday, data shall be submitted on the following working day.

3. Where investment firms report their information using adjusted reporting reference dates based on their accounting year-end as set out in Article 2 (2) of this Regulation, the remittance dates may also be adjusted accordingly so that the same remittance period from the adjusted reporting reference date is maintained.

4. Investment firms may submit unaudited figures. Where audited figures deviate from submitted unaudited figures, the revised, audited figures shall be submitted without undue delay. Unaudited figures are figures that have not received an external auditor's opinion whereas audited figures are figures audited by an external auditor expressing an audit opinion.

5. Corrections to the submitted reports shall be submitted to the competent authorities without undue delay.

### *Article 3*

#### *Application of reporting requirements on an individual basis*

In order to comply with the reporting requirements of Article 54 of Regulation (EU) 2019/2033 on an individual basis, investment firms shall report the information specified in Articles 5, 6 and 7 of this Regulation with the frequency specified therein.

### *Article 4*

#### *Application of reporting requirements on a consolidated basis*

In order to comply with the reporting requirements referred to in Article 54 of Regulation (EU) 2019/2033 on a consolidated basis, investment firms shall report the information specified in Article 5 and 6 of this Implementing Regulation.

### *Article 5*

#### *Format and frequency of reporting by investment firms other than small and non-interconnected investment firms*

1. Investment firms that do not meet the conditions specified in Article 12(1) of Regulation (EU) 2019/2033 shall report the information set out in Article 54(1) and (2) of Regulation (EU) 2019/2033 in the templates of Annex I in accordance with the instructions of Annex II with a quarterly frequency.

2. In addition to the information referred to in paragraph 1, investment firms that do not meet the conditions specified in Article 12(1) of Regulation (EU) 2019/2033 and that determine the RtM K-factor requirement on the basis of K-NPR in accordance with Article 21(1) of

that Regulation shall report the information specified in templates C 18.00 to C 24.00 of Annex I to [Implementing Regulation (EU) xx/xx]<sup>6</sup> in accordance with instructions set out in section 5 of Annex II to that Implementing Regulation with a quarterly frequency.

3. In addition to the information referred to in paragraph 1, investment firms that do not meet the conditions specified in Article 12(1) of Regulation (EU) 2019/2033 and make use of the derogation of Article 25 (4) of Regulation (EU) 2019/2033 shall report the information specified in template C 34.02 of Annex I to [Implementing Regulation (EU) xx/xx] in accordance with instructions set out in Annex II to that Implementing Regulation with a quarterly frequency.

4. In addition to the information referred to in paragraph 1, investment firms that do not meet the conditions specified in Article 12(1) of Regulation (EU) 2019/2033 and make use of the derogation of the second subparagraph of Article 25 (5) of Regulation (EU) 2019/2033 shall report the information specified in template C 25.00 of Annex I to [Implementing Regulation (EU) xx/xx] in accordance with instructions set out in Annex II to that Implementing Regulation with a quarterly frequency.

## *Article 6*

### *Format and frequency of reporting by small and non-interconnected investment firms*

1. Small and non-interconnected investment firms set out in Article 12(1) of Regulation (EU) 2019/2033 shall report the information set out in the templates of Annex III pursuant to the instructions of Annex IV with an annual frequency. Where such an investment firm benefits from the exemption based on the second subparagraph of Article 43(1) of Regulation (EU) 2019/2033, it is exempted from the duty to submit the information specified in template IF 09.01 of Annex III to this Regulation.

2. Investment firms shall commence reporting the information specified in paragraph (1) as soon as they are considered small and non-interconnected investment firms pursuant to the provisions of Article 12(4) of Regulation (EU) 2019/2033.

3. As soon as investment firms do not meet the conditions to be considered as small and non-interconnected investment firms pursuant to Article 12(3) of Regulation (EU) 2019/2033, they shall cease reporting the information specified in paragraph (1) and shall commence reporting the information set out in Article 6 of this Regulation.

## *Article 7*

### *Format and frequency of reporting by entities benefitting from Article 8 of Regulation (EU) 2019/2033*

By derogation from Articles 5 and 6 of this Regulation, entities referred to in Article 8(3) of Regulation (EU) 2019/2033 that are benefitting from the application of that same Article shall report the information set out in the templates of Annex VIII in accordance with the instructions of Annex IX with a quarterly frequency.

---

<sup>6</sup> To EU Commission to replace with the new version of Implementing Regulation 680/2014.

## Article 8

### *Data precision and information associated with submissions*

1. Investment firms shall submit the information referred to in this Implementing Regulation in the data exchange formats and representations specified by competent authorities and respecting the data point definition of the data point model and the validation formulae specified in Annex V as well as the following specifications:

(a) information that is not required or not applicable shall not be included in a data submission;

(b) numeric values shall be submitted as facts pursuant to the following conventions:

(i) data points with the data type 'Monetary' shall be reported using a minimum precision equivalent to thousands of units;

(ii) data points with the data type 'Percentage' shall be expressed as per unit with a minimum precision equivalent to four decimals;

(iii) data points with the data type 'Integer' shall be reported using no decimals and a precision equivalent to units.

2. Investment firms shall be identified by their Legal Entity Identifier (LEI). Legal entities and counterparties other than investment firms shall be identified by their LEI where available.

3. Information submitted by investment firms on the basis of this Implementing Regulation shall be associated with the following information:

(a) reporting reference date and reference period;

(b) reporting currency;

(c) accounting standard;

(d) identifier of the reporting institution (LEI);

(e) scope of consolidation.

## TITLE II

### PUBLIC DISCLOSURE BY INVESTMENT FIRMS

## Article 9

### *Disclosure principles*

1. Information to be disclosed in accordance with Article 12 of this Regulation shall be subject to the following principles:

(a) Disclosures shall be subject to the same level of internal verification as that applicable to the management report included in the investment firm's financial report.

(b) Disclosures shall be clear. They shall be presented in a form that is understandable to users of information and communicated through an accessible medium. Important messages shall be highlighted and easy to find. Complex issues shall be explained in simple language. Related information shall be presented together.

(c) Disclosures shall be meaningful and consistent over time to enable users of information to compare information across disclosure periods.



(d) Quantitative disclosures shall be accompanied by qualitative explanations and any other supplementary information that may be necessary in order for the users of that information to understand them, noting in particular any significant change in any given disclosure compared to the information contained in the previous disclosures.

*Article 10*  
*Disclosure of own funds by investment firms*

Investment firms shall make the disclosures on own funds required in Article 49(1) of Regulation (EU) No 2019/2033, in accordance with the templates of Annex VI and the relevant instructions set out in Annex VII.

*Article 11*  
*General disclosure provisions*

1. Where disclosing information in accordance with this Implementing Regulation, investment firms shall ensure that numeric values are submitted as facts pursuant to the following:

- (a) Quantitative monetary data shall be disclosed using a minimum precision equivalent to thousands of units;
- (b) Quantitative data disclosed as ‘Percentage’ shall be expressed as per unit with a minimum precision equivalent to four decimals.

2. Where disclosing information in accordance with this Implementing Regulation, investment firms shall ensure that the data are associated with the following information:

- (a) disclosure reference date and reference period;
- (b) disclosure currency;
- (c) name and where relevant, identifier of the disclosing institution (LEI);
- (d) where relevant, accounting standard; and
- (e) where relevant, scope of consolidation

**TITLE III**

**FINAL PROVISIONS**

*Article 12*  
*Entry into force*

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

Title I of this Regulation shall apply from 1 September 2021.

Title II of this Regulation shall apply from 26 June 2021. This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the  
Commission  
The President*

*[For the Commission  
On behalf of the President*

*[Position]*

# 4. Accompanying documents

## 4.1 Additional clarifying examples

- 29. The following example is only included for illustrative purposes, for the purpose of the reporting of templates IF 06.00, for the reporting of additional details on the K-factor calculation.
- 30. The example below illustrates how to report using the templates on COH for the period of March 2022.

**TimeLine**

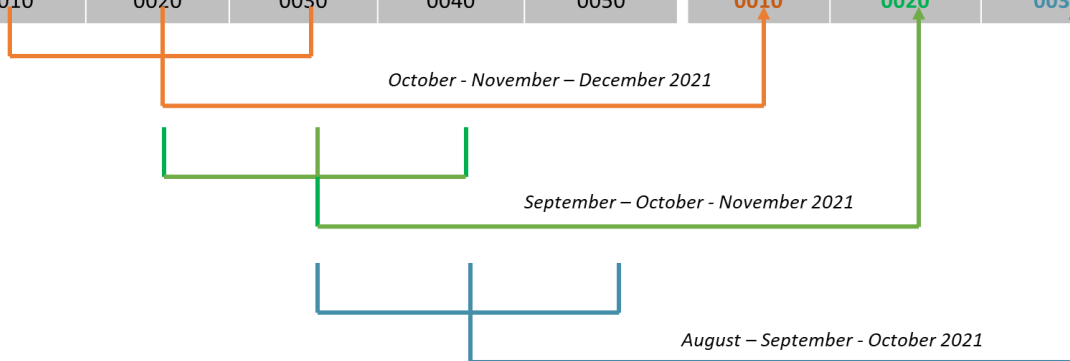
| Month t    | Month t-1     | Month t-2    | Month t-3     | Month t-4     | Month t-5    | Month t-6      | Month t-7   |
|------------|---------------|--------------|---------------|---------------|--------------|----------------|-------------|
| March 2022 | February 2022 | January 2022 | December 2021 | November 2021 | October 2021 | September 2021 | August 2021 |

**IF 06.08**

| Monthly averages of total daily client orders handled values |               |              |                |             |
|--|---------------|--------------|----------------|-------------|
| December 2021  | November 2021 | October 2021 | September 2021 | August 2021 |
| 0010   | 0020          | 0030         | 0040           | 0050        |

**IF 06.07**

| Factor amount |               |              |
|---------------|---------------|--------------|
| March 2022    | February 2022 | January 2022 |
| 0010          | 0020          | 0030         |



## 4.2 Draft cost-benefit analysis/impact assessment

Following Articles 10 and 15 of Regulation (EU) No 1093/2010 (EBA Regulation), the EBA shall analyse the potential costs and benefits of draft implementing technical standards. The ITS developed by the EBA shall therefore be accompanied by an Impact Assessment (IA) which analyses ‘the potential related costs and benefits’.

This analysis presents the IA of the main policy options included in this final report on the draft ITS on disclosure templates and instructions for investment firms as envisaged under Article 49 of the new regulation on the prudential treatment of investment firms (Regulation (EU) 2019/2033, IFR), the draft ITS on reporting templates and instructions as envisaged under Article 54(3) of the new regulation. The IA is high level and qualitative in nature.

### A. Problem identification and background

The EU population of investment firms is both large and extremely diverse. There are around 2500 investment firms authorised by MiFID in the EU<sup>7</sup> and all these firms vary greatly in terms of size, business model, risk profile, complexity and interconnectedness, ranging from one-person companies to large internationally active groups.

Currently, the prudential treatment of investment firms is set out under the CRR/CRDV framework. Depending on the services they provide, and their complexity or size, some of the investment firms are exempt from prudential regulation, some are subject to lighter prudential regulation, and others are subject to the full CRR/CRD rules.

Being covered by the same prudential regulation has led to a situation in which certain investment firms need to undergo the same complex calculations and processes as banks in order to calculate capital requirements for risks that are not relevant to their business models. In December 2017 the European Commission adopted a proposal to amend the rules and requirements for investment firms in order to make them more proportionate and risk-sensitive, capturing their business models in a better way. As a result, the European Commission put forward a proposal for a new prudential framework for investment firms (in the form of a Regulation and a Directive), which was published in the Official Journal in December 2019. The new framework ensures that a differentiation is made between class 1 investment firms that are systemically important, or are exposed to the same types of risk as credit institutions and who continue to be under the scope of the CRR/CRDV, and other investment firms whose size and activities are unlikely to create comparable risks.<sup>8</sup> The new IFR/IFD package covers such class 2 and class 3 investment firms, which include other investment firms and small and non-interconnected investment firms, respectively.

IFR requires the development of several pieces of level 2 legislation in order to reflect and implement the new requirements for investment firms. Specifically, Article 49 of the IFR specifies the disclosure requirements on own funds. The same article includes the mandate for the EBA to develop, in

---

<sup>7</sup> [Report on Investment Firms- EBA’s Response to the Commission’s Call for Advice \(2015\)](#)

<sup>8</sup> See also the [Inception Impact Assessment](#) conducted in 2017 by the EC, ESMA and EBA.

consultation with ESMA, a draft implementing technical standards specifying the templates for the disclosure requirements of Article 49.

With regards to reporting, Article 54 of the regulation mandates the EBA to develop new templates and instructions to lay down the formats, reporting dates and definitions of the reporting requirements applicable to investment firms.

## B. Policy objectives

New disclosure templates on own funds and reporting templates are crucial to complete the new prudential framework for investment firms.

The policy objective of the ITS on disclosure is to ensure consistency and comparability of own funds disclosures by investment firms in accordance with Article 49 of the IFR, whilst at the same time ensuring that this is achieved in the most effective, proportional and streamlined way for both investment firms and users of the data.

Similarly, the draft ITS on reporting have been created to ensure consistent reporting by investment firms and enable competent authorities to consistently monitor the size of investment firms under their remit and, based on this, reach conclusions on the applicable regulatory framework. Specifically, the ITS on reporting have been drafted to reflect Article 54: to be 'concise, proportionate to the nature, scope and complexity of the activities of the investment firms, taking into account the differences in the level of detail of information submitted by an investment firm that meets the conditions for qualifying as a small and non-interconnected investment firm set out in Article 12(1)'.

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

Section C. presents the main policy options discussed and the decisions made during the development of the templates and instructions. Advantages and disadvantages, as well as potential costs and benefits of the policy options and the preferred options resulting from this analysis are assessed below.

Section C. is split into two parts, discussing in turn disclosure templates and reporting templates.

### **Draft ITS on reporting and disclosure templates pursuant to Articles 49 and 54 of IFR**

#### PART I – Disclosure templates (IFR Article 49)

Throughout the policy options considered below, the choice has always been whether to build the new disclosure templates for investment firms from scratch, or to base them on existing, related templates. Of the latter, several templates already exist or are under development:

- **Disclosure templates** on own funds already exist for institutions subject to disclosure requirements under Part Eight of the CRR and are being updated following the revised disclosure requirements included in the CRR II.
- The EBA is developing **supervisory reporting templates for investment firms** in accordance with Article 54 of the IFR.
- Finally, templates for **supervisory reporting of own funds by institutions under the CRR** already exist (COREP).

When assessing the policy options, the analysis has taken into account the principle of proportionality and, where relevant, the need for integration with supervisory reporting.

- **Basis for the own funds templates (EU IF CC1)**

**Option 1a: Use the disclosure templates for financial institutions under the CRR as a base and adapt them accordingly for investment firms**

**Option 1b: Build the disclosure templates based on reporting templates for investment firms**

**Option 1c: Develop new disclosure templates from scratch**

Article 49 of the IFR sets out the disclosure requirements on own funds for investment firms and the mandate for the EBA to implement these. Instead of building new templates from scratch, designing and building the templates based on own funds templates that already exist has been assessed as the preferred option, and Option 1c has therefore been eliminated. This will facilitate the implementation of the disclosure templates by investment firms and ensure consistency of the data provided by them under the different frameworks.

Article 49(1)(a) requires the inclusion of detailed information on the composition of own funds, including Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items, and applicable filters and deductions applied to the own funds of investment firms, including the reconciliation of these items with the relevant items of institutions' audited balance sheet. Article 437 of the CRR requires similar disclosures by institutions under the scope of Part Eight of the CRR, and the related disclosure templates are included in the EBA-CP-2019-09.<sup>9</sup> As such, using the disclosure templates developed under the CRR might seem like a reasonable choice. However, following proportionality considerations, it was assessed that it is not advisable to use the disclosure templates under the CRR as a base. The level of complexity and granularity of the latter is excessive, and there are also important differences in terms of the underlying regulations on own funds.

The reporting templates developed in accordance with Article 54 of the IFR take into account the principle of proportionality and are developed reflecting the level of complexity and size of investment firms. They include all the information that institutions are required to disclose, such as the breakdown of deductions to own funds. Consequently, **Option 1b has been chosen as the preferred option**. The new disclosure templates EU IF CC1 have been designed by building on the reporting templates on

---

<sup>9</sup> [EBA-CP-2019-09 on draft Implementing Technical Standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation \(EU\) No 575/2013](#)

own funds under the IFR, specifically template IF 01 of the reporting package that is also part of this final report. The disclosure template implements the different breakdowns for class 2 and class 3 investment firms as specified in the reporting package. The only addition that has been made compared to the reporting templates is column b, where investment firms are asked to include the cross-reference to the relevant item of their audited balance sheet (see further discussion on this below). The disclosure templates further require investment firms to provide qualitative explanations on the composition of own funds and on the applicable restrictions and deductions.

Choosing templates applicable to the same institutions as the basis for the new disclosure templates aims to provide continuity and minimise the burden on investment firms in transitioning to the new requirements.

- **Reconciliation of accounting and regulatory data (EU IF CC2)**

**Option 2a: Reconciliation of regulatory and audited financial data through a new template on audited figures developed from scratch**

**Option 2b: Reconciliation of regulatory and audited financial data through the template on audited figures existing already under the CRR**

IFR Article 49(1)(a) requires investment firms to disclose a full reconciliation of own funds and the balance sheet in their audited financial statements. Following this requirement, investment firms have to disclose the differences between the scope of accounting consolidation and the scope of regulatory consolidation, showing the link between the balance sheet in their published financial statements and the numbers that are disclosed in the composition of own funds in Template EU IF CC1. The cross-reference to audited financial statements will be implemented through an additional template (EU IF CC2) on the audited financial statements, which will in turn be cross-referenced to the relevant item in template EU IF CC1 (i.e. next to the items in the balance sheet relevant for regulatory own funds).

Similar to the different options available for the design of the own funds disclosure templates discussed above, the additional template on audited financial statements can be either developed from scratch, or be based on the disclosure templates that already exist under the CRR, namely template EU CC2 on the reconciliation of regulatory own funds with the balance sheet in the audited financial statements.<sup>10</sup> This template requires institutions to replicate the breakdown of items of their audited balance sheets. Its design is sufficiently flexible to accommodate both the need for proportionality and flexibility by investment firms, by enabling them to include the breakdown of their own financial statements. **Option 2b has therefore been chosen as the preferred option.**

This way, again, continuity in input is ensured for investment firms without upholding unnecessary complexity.

- **Template on main features of own instruments issued by the firm (EU IF CCA)**

---

<sup>10</sup> See Annexes 7 and 8 of [EBA-CP-2019-09 on draft Implementing Technical Standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation \(EU\) No 575/2013](#)

**Option 3a: Build on the template on the main features of regulatory own funds instruments and eligible liabilities instruments (already developed under the CRR) and adjust it where appropriate**

**Option 3b: Create a new template for investment firms on the main features of own funds issued from scratch**

IFR Article 49(1)(b) requires investment firms to disclose a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued. Again, a disclosure template on the main features of own fund instruments has already been developed to implement the related requirement under Article 437 of the CRR for institutions subject to Part Eight of the same regulation (see annexes 7 and 8 of EBA-CP-2019-09 16 October 2019).

In line with the previous policy choices, **Option 3a, to build on the disclosure template on the main features of regulatory own funds instruments and eligible liabilities instruments developed under the CRR and adjust it where appropriate**, has been chosen as the preferred option. The rationale is that the complexity in this context is not dependent on the type of institution (credit institution versus investment firm), but rather depends on the complexity of the issuance and of the instrument according to the terms specified in the prospectus. As such, existing templates under the CRR provide a very good base on which the new templates can be built.

Again, this policy choice ensures maximum continuity for investment firms and users of disclosed data.

#### PART II – Reporting templates (IFR Article 54)

- **Own funds templates: level, composition, requirements and calculation (IF1, IF2 and IF3)**

**Option 4a: Have one set of templates on own funds for class 2 and class 3 investment firms, with differing reporting requirements for the two**

**Option 4b: Have two separate sets of reporting templates for class 2 and class 3 investment firms, reflecting the different granularity of the reporting requirements**

Regulation 2019/2033 through Article 12 sets out the classification of different types of investment firms by size. Firms are classified into ‘small and non-interconnected investment firms’, so called class 3 investment firms, and bigger ones, class 2 investment firms.<sup>11</sup> Class 3 investment firms are exempt from certain requirements, including on calculations related to own funds. K-factor requirements, for instance, do not need to be calculated for class 3 investment firms.

As such, different prudential requirements also imply that reporting requirements differ between class 2 and class 3 investment firms. Option 4a, to still have both types of investment firms reporting under the same set of templates, but requiring class 3 firms to only submit certain items, has been eliminated. Having both class 2 and class 3 firms reporting using the same set of templates would require certain cells to be shaded differently to indicate that they do not need to be filled in by everyone and in general would make the templates quite convoluted and complex. Instead, **Option**

---

<sup>11</sup> Class 1 investment firms are the systemically important ones which will continue to fall under CRR/CRDV rules.



**4b has been identified as the preferred option.** Having two separate sets of templates will improve the readability and usability of the templates for both the investment firms completing the templates and the competent authorities receiving and assessing the data.

- **Total K-factor requirement calculations (IF4)**

**Option 5a: Include detailed breakdowns for the calculation of each K-factor**

**Option 5b: Include only the total K-factor items needed for the calculation of the total K-factor requirement**

The IFR in Article 11(1), point (c) sets out the K-factor requirement calculations and pursuant to Article 54(1), point (b), class 2 investment firms should report their K-factor requirement calculations (K-factor requirements do not apply to class 3 firms following Article 11(2)). K-factor requirements consist of the sum of at least the Risk-to-Client (RtC) K-factors, the Risk-to-Market (RtM) K-factors, and the Risk-to-Firm (RtF) K-factors.

All relevant K-factors are included in template IF5, where investment firms will have to report the factor amount and the K-factor requirement. Consistent with the choice made under the previous option, it has been decided that the templates will be kept as clear and streamlined as possible to maximise readability and usability for all users. Additional possible breakdowns of the K-factors have therefore not been included in the template, and **Option 5b has been chosen as the preferred option.** For supervisory purposes, more insight into further details on the calculations is contained in template IF6.

- **Liquidity requirement templates (IF9)**

**Option 6a: Liquidity requirement templates to map one-to-one with existing LCR templates for credit institutions**

**Option 6b: Liquidity requirement templates to build on existing LCR templates for credit institutions, but less granular information to be included**

Article 54 of the IFR regulation mandates the EBA to develop templates on the liquidity requirements of investment firms. Article 43 in turn sets out investment firms' liquidity requirements. For the purpose of defining liquid assets, the article refers to the Commission Delegated Regulation (EU) 2015/61, which supplements the CRR on the LCR requirements for credit institutions.<sup>12</sup> As such, definitions such as liquid assets level 1 and level 2 are already clearly defined for investment firms. Further, since LCR reporting requirements and templates for credit institutions already exist, the liquidity templates for investment firms can hence be directly built on these.

However, not all items listed in the LCR requirements for credit institutions are relevant for investment firms and would therefore also be left blank in the reporting templates. On the one hand, the direct reference in the IFR's Article on the liquidity requirements to the delegated regulation on the LCR for credit institutions would imply that all items included in the latter need to also be included for the

---

<sup>12</sup> [Commission Delegated Regulation \(EU\) 2015/61 to supplement Regulation \(EU\) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions](#)

reporting purposes of investment firms. On the other hand, it can be argued that a clear case for reflection exists in cases where it is easy to show that entries are not relevant for investment firms.

Therefore, **Option 6b has been chosen** as the preferred option and a balance has been struck which very closely follows the LCR reporting templates for credit institutions, but which eliminates those entries that are unambiguously not relevant for investment firms.

#### D. Conclusion

The adoption of new regulations for investment firms in the EU requires reporting and disclosure requirements for these institutions to be implemented in line with the new obligations. The new requirements are aimed at reducing the burden for investment firms and to closer align them with their business models and activities and hence by definition, the new disclosure and reporting templates and instructions on own funds will make the process less complex for investment firms.

During the development of the new templates, policy choices were made with the aim of combining and achieving the following key objectives:

- i) Build as much as possible on existing disclosure or reporting templates, wherever applicable and relevant, in order to minimise the changes needed to be undertaken by investment firms.
- ii) Minimising any unnecessary burdens to investment firms by simplifying the templates wherever possible;
- iii) Ensuring that all relevant and crucial information for reporting and disclosure purposes is captured.

### 4.3 Feedback on the public consultation

The EBA publicly consulted on the draft proposal contained in this paper.

The consultation period lasted for three months, started on 4 June 2020 and ended on 4 September 2020. Overall, twelve responses were received, of which nine were published on the EBA website.

This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.

In many cases, industry bodies made similar comments, or the same body repeated its comments in response to different questions, in an introduction or in general comments. In such cases, the comments, and the EBA analysis, are included in the section of this paper where the EBA considers them most appropriate.

Changes to the draft ITS have been incorporated as a result of the responses received during the public consultation.

## Summary of key issues and the EBA's response

### General comments

Stakeholders provided general comments on various issues of the draft ITS. If relevant, the EBA has addressed these issues and changed the draft ITS accordingly. The following paragraphs summarised the key issues.

#### Application dates and reporting frequencies

With regard to the date of application and reporting frequencies, some stakeholders requested clarification on when the different templates need to be reported. The EBA clarified that the application date for disclosure requirements is 26 June 2021, while the application date for reporting requirements is 1 September. Therefore, the first reporting reference date will be September 2021 for reports that are submitted quarterly and December 2021 for reports that are submitted annually. Therefore, the draft ITS have been amended to reflect this change.

#### Proportionality

Some stakeholders commented that the new reporting framework for investment firms appears to place a disproportionate burden on investment firms when compared to current reporting requirements under CRD IV. In addition, stakeholders suggested the use of a reporting platform that permits firms to filter out returns that are not relevant to their activities or size to reduce the potential for superfluous or erroneous reporting. The EBA understands the investment firms' concerns with regard to proportionality. The EBA has revised the templates and following the mandates of the IFR, have designed, where possible, reporting templates that cover the activities of the full spectrum of investment firms by differentiating between small and non-interconnected investment firms and other investment firms for which different types of reporting template have been included in Annexes I and III of the ITS. In addition, the EBA is currently developing the integration of reporting and disclosures as there are some commonalities between the information that institutions have to report to their supervisors and the regulatory information that they have to make public in the interests of investors and external stakeholders. Therefore, consistency and integration between these two frameworks has been the target in the development of this ITS.

## Summary of responses to the consultation and the EBA’s analysis

| Comments                                 | Summary of responses received  | EBA analysis  | Amendments to the proposals   |
|--|--|---|---|
| <b>General comments</b>                  |  |   |   |
| Proportionality                          | <p>Some commenters mentioned that the current suite of reports appears to place a disproportionate burden on investment firms when compared to current reporting requirements under CRD IV.</p> <p>In addition, commenters suggested the creation of a reporting platform that would enable firms to filter out returns that were not relevant to their activities or size to reduce the potential for superfluous or erroneous reporting.</p> | <p>The investment firms reporting framework has been developed taking into account the principle of proportionality. In that respect, two different sets of templates have been developed. One specific set of templates containing information for investment firms classified as class 2 firms and a different set of templates and instructions for class 3 firms or small and non-interconnected investment firms.</p> <p>The templates for small and non-interconnected investment firms have been simplified, taking into account the characteristics of the investment firms to which they are addressed.</p> <p>The EBA cannot provide a reporting platform at this stage, as suggested by the commenters. However, the comments would be taken into consideration for any future development in the reporting landscape.</p> | <p>Templates have been reviewed and some clarifications provided to distinguish the reporting of small and non-interconnected investment firms from the reporting of larger investment firms.</p> |
| Materiality thresholds for resubmissions | <p>Some commenters suggested including a concept of materiality for resubmission of regulatory returns where the audited figures deviate from submitted unaudited figures.</p>   | <p>According to the proposed regulation, investment firms may submit unaudited figures. However, where audited figures deviate from submitted unaudited figures, the revised, audited figures shall be submitted without undue delay.</p> <p>Taking into account the different types of investment firms, it is not possible to provide a materiality threshold for resubmission that could be applicable in a standard way to all investment firms.</p>  | <p>–</p>  |

| Comments            | Summary of responses received  | EBA analysis  | Amendments to the proposals  |
|---------------------|--|---|--|
|                     |  | <p>In addition, it is important to be aligned with the approach of credit institutions on resubmissions of data and to maintain harmonisation with other frameworks.</p>  |  |
| DPM                 | <p>Some comments explained that at the current stage, investment firms are not able to analyse the impact of the DPM.</p>  | <p>The DPM provides a harmonised set of definitions that complements the definitions provided through the instructions of templates. The DPM has been developed as a tool to assist investment firms in providing the correct figures in their reporting templates.</p> <p>In addition, it is of utmost importance to have a standard set of definitions which is harmonised with other reporting frameworks, in order to avoid duplications and enhance the coherence of the data reported.</p>  | -  |
| Date of application | <p>The date of application of the ITS related to both supervisory reporting as well as disclosure requirements is set simultaneously with the entry into force of IFR, i.e., 26 June 2021. Many investment firms that are currently applying the reporting and disclosure requirements under the CRR regime will need to shift to the IFR regime on that date. Therefore, it would be appreciated if the EBA could provide additional clarity as to how this transition should be implemented.</p> | <p>The IFR is applicable on June 2021.</p> <p>The intended first reference date of reporting in accordance with the ITS is 30 September 2021, with a remittance date of 11 November 2021 for class 2 firms, and reference date of 31 December and remittance date of 11 February for class 3 firms.</p> <p>The idea behind starting the reporting regime in September is to provide investment firms with more time to implement the reporting requirements, both in terms of content and technical format.</p> <p>Competent authorities will need to monitor compliance with the IFR from its application date in June 2021.</p> | <p>Amendments are included in the ITS and also in this final report in order to clarify this point</p> |

| Comments  | Summary of responses received   | EBA analysis   | Amendments to the proposals  |
|---|---|--|--|
|   |   | <p>This may result in some information requests to investment firms between June and August 2021. We would expect, however, that supervisors consider proportionality and find a pragmatic approach for monitoring compliance during the first months of the application of the IFR.</p>   |  |
| <p>K-NPR and reporting of market risk templates</p>                       | <p>Some commenters note the EBA’s proposal that all firms subject to K-NPR will need to submit the COREP templates for ‘market risk’.</p> <p>In order to ensure greater proportionality in reporting, commenters suggest the EBA to consider applying an approach where only firms for whom K-NPR is a material risk to have to submit the detailed COREP market risk templates, while other firms would only need to submit a simplified K-NPR report.</p> | <p>Investment firms that are subject to the K-NPR requirement engage in activities that are riskier by nature than investment firms that are not subject to this requirement. Given that those activities are directly comparable to those of credit institutions active in the same field, they are subject to the same kind of requirement by nature.</p> <p>The nature of the activities warrants closer monitoring by the supervisor irrespective of the size of the respective business. The supervisor both needs insights into the positions and their composition as well as the associated capital requirements, considering also that the size of the business activity may be big in notional terms, even if the associated K-factor requirement is low. Furthermore, the COREP templates are well known and have been in use already for years by investment firms that had already been active prior to the creation of the IFR. The design of the templates follows mainly the process of calculating the requirement to limit the additional effort compared to a calculation of the requirement without reporting.</p> | <p>The ITS text has been reviewed to clarify the specific references to CRR.</p> |
| <p><b>Responses to questions in Consultation Paper EBA/CP/2019/10</b></p> |   |  |  |
| <p><b>Own funds: level, composition, requirements and calculation</b></p> |   |  |  |

| Comments  | Summary of responses received   | EBA analysis   | Amendments to the proposals   |
|---|---|--|---|
| <b>Question 1: Are the instructions and templates clear to the respondents?</b>   |   |  |   |
| Fixed overhead requirements (FOR)   | Further clarification was requested by respondents with regard to what is exactly included in the 'Total expenses' row. Usually Total expenses would refer to fixed overheads plus depreciation expenses.   | This issue has been clarified in the RTS on the calculation of FOR. The templates have been amended to include two items that allow the subtraction from total costs the depreciation of goodwill and of other capital instruments that are deducted from capital. | IF 03.00 and IF 03.01 have been amended to further clarify the reporting of FOR following the updates in the RTS on calculation of FOR. |
| Fixed overhead requirements (FOR)   | Commenters request clarification on why the instructions of the IF 03.00 template require row 0030 to be the difference between rows 0050 and 0060, rather than the sum of those rows.  | IF 03.00 has been amended to include the sign convention provided in the instructions of Annex II paragraph 8.<br><br>Any further guidance on checks between rows and columns will be provided through validation rules.   | IF 03.00 and IF 03.01 have been amended   |
| <b>Question 2: Is the level of detail on small and non-interconnected investment firm templates and instructions sufficient and proportionate for the level of activity of these firms?</b> |   |  |   |
| Proportionality and nil-returns   | Some commenters mentioned that not all templates are applicable to their specific type of investment firm and explain that it is disproportionate to fill in all templates, whereas it would be preferable to only populate templates that are relevant to their characteristics. | Article 9(1), point (a) of the ITS on supervisory reporting and disclosures explains that information that is not required or not applicable shall not be included in a data submission.   | -   |
| <b>Small and non-interconnected investment firms</b>  |   |  |   |
| <b>Question 3: Are the instructions and templates IF 05.00 and IF 05.01 clear to the respondents?</b>   |   |  |   |
| Application of template IF 05.00  | Clarification was sought with regard to whether 05.00 should be filled in by all investment firms or only by those  | The template shall be filled in by all investment firms as it will provide the necessary data to supervisors to  | -   |

| Comments  | Summary of responses received  | EBA analysis   | Amendments to the proposals   |
|---|--|--|---|
|   | who want to prove that they qualify as small and non-interconnected investment firms.  | determine if a firm shall be classified as a class 2 or class 3 firm.  |   |
| <b>K-factor requirement</b>   |  |  |   |
| <b>Question 4: Do the respondents identify any discrepancies between templates IF 06.01 – IF 06.13 and instructions and the calculation of the requirements set out in the underlying regulation?</b> |  |  |   |
| K-factors calculation<br>- IF 06.00<br>- IF 06.13   | Article 54 of the IFR states that firms shall report on a quarterly basis, however template IF 06 on K-factor metrics requires monthly data, including current monthly metrics that are not used to calculate the average value of the K-factor.   | The K-factor metrics require some monthly data for their calculation. The rationale behind the request for this data is to have consistent historic data of the calculations for supervisory purposes. | -   |
| <b>Concentration risk</b>   |  |  |   |
| <b>Question 5: Do the respondents identify any discrepancies between templates IF 07.00 – IF 08.00 and instructions and the calculation of the requirements set out in the underlying regulation?</b> |  |  |   |
| IF 08.00 – Connected clients  | Commenters request clarification on whether the use of Article 4, point (39) of the CRR ‘group of connected clients’ is necessary. In template IF 08.00, firms shall report concentration risk of ‘groups of connected counterparties’. There is no specific reference to the definition of ‘connected clients’. | Article 4, point (19) of the IFR provides the definition of a group of connected clients with a link to the definition provided Article 4, point (39) of the CRR.                                      | Amendments have been included in the instructions of template IF 08.00 in order to provide reference to group of connected clients. |
| <b>Liquidity requirements</b>   |  |  |   |
| <b>Question 6: Are the instructions and templates clear to the respondents?</b>   |  |  |   |
| IF 09.00 and IF 09.01   | Commenters explained that instructions and templates are clear.  | -  | -   |



| Comments  | Summary of responses received  | EBA analysis   | Amendments to the proposals |
|---|--|--|-----------------------------|
| <b>Group Capital Test</b>   |  |  |                             |
| <b>Question 7: Are the instructions and templates (IF 11.01, 11.02, 11.03) clear to the respondents?</b>  |  |  |                             |
| Application of these templates  | Some commenters request confirmation regarding the application of Article 8 and the submission of the group capital test templates.  | The group capital test templates are only applicable when competent authorities make use of the derogation provided in Article 8 IFR, meaning upon authorisation from the competent authority of the use of this derogation. | –                           |
| <b>Disclosure ITS</b>   |  |  |                             |
| <b>Template IF EU CC1</b>   |  |  |                             |
| <b>Question 8: Do the respondents identify any discrepancies between the template and instructions and the requirements set out in the underlying regulation?</b> |  |  |                             |
| Source based on reference numbers/letters of the balance sheet in the audited financial statements  | EU IF CC1 – ref (b) is asking for sources based on the audited balance sheet. However, the majority of these items will not be disclosed within the balance sheet in the financial statements. Further clarification on whether it is or isn't mandatory to complete references against every line for which an amount exists in column (a) is needed. | Investment firms shall provide the sources based on the balance sheet in the audited financial statements to the extent that it is possible to provide those details.  | –                           |
| <b>Template IF EU CC2</b>   |  |  |                             |
| <b>Question 9: Do the respondents identify any discrepancies between the template and instructions and the requirements set out in the underlying regulation?</b> |  |  |                             |

| Comments  | Summary of responses received   | EBA analysis  | Amendments to the proposals |
|---|---|---|-----------------------------|
| <p>Definition of accounting</p>   | <p>It is stated at the top of EU IF CC2 that this is a flexible template and that, “Columns shall be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes have to be entered in column (a) only.”</p> <p>Commenters request further clarity on the definition of ‘accounting’.</p> | <p>By accounting, we refer to data as reported in the audited public financial statements.</p> <p>In paragraph 11 of the instructions provided in Annex VII, there is a specific reference that where investment firms meet the obligations laid down in Part Six IFR on an individual and consolidated basis. If a firm’s scope of accounting consolidation and its scope of regulatory consolidation are exactly the same, only column (a) shall be filled.</p> | <p>–</p>                    |
| <p><b>Template IF EU CCA</b></p>  |   |   |                             |
| <p><b>Question 10: Are the instructions and templates clear to the respondents?</b></p> |   |   |                             |
| <p>Level of detail of template IF EU CCA</p>  | <p>Some commenters agree with the content and instructions of the templates.</p> <p>Other commenters mentioned that the implementation of such a granular set of disclosure requirements under the Pillar 3 framework is not proportionate for a relatively simple investment firm structure.</p>   | <p>The template is designed in accordance with the essential elements requested by the IFR.</p> <p>The complexity of this template depends more on the capital instrument than on the complexity of the firm.</p> <p>In addition, the template provides the possibility to report N/A (not applicable) if the question is not applicable for your specific investment firm.</p>   | <p>–</p>                    |
| <p><b>Draft ITS on reporting and disclosures of investment firms</b></p>                |   |   |                             |
| <p><b>Question 11: Is the ITS text clear to the respondents?</b></p>                    |   |   |                             |

| Comments   | Summary of responses received  | EBA analysis   | Amendments to the proposals   |
|--|--|--|---|
| Reporting requirements for Class 2 and class 3 firms                         | <p>Clarification is required on the specific templates firms are required to submit depending on whether they fall within class 2 or class 3.</p> <p>Explicit instructions for class 2 firms and class 3 firms would assist in understanding the individual reporting requirements.</p>  | <p>The ITS provides separate annexes for class 2 firms and class 3 firms. Articles 5 and 6 of the ITS provide the specifications with regard to templates and instructions for class 2 and class 3 firms.</p> <ul style="list-style-type: none"> <li>Annex I and II refer to templates and instructions for class 2 firms.</li> <li>Annex III and IV refer to templates and instructions for class 3 firms.</li> </ul> | <p>Clarifications are also provided in the ITS text and in this final report.</p>     |
| Level of application – individual vs. consolidated reporting and disclosures | <p>Commenters requested clarification with regard to the level of application (individual/consolidated) for the various reports/disclosures required under IFR in order to reduce unnecessary submissions.</p>   | <p>The level of application of the different reporting and disclosure requirements is defined under Articles 5, 6, 7 and 8 of the IFR.</p> <p>The reporting and disclosure requirements apply at the individual and consolidated levels. Some exceptions are provided in Article 6 IFR.</p>  | <p>–</p>  |
| Nil-returns  | <p>Some commenters mentioned that not all templates are applicable to their specific type of investment firm and explain that it is disproportionate to fill in all templates, whereas it would be preferable to only populate templates that are relevant to their characteristics.</p> | <p>Article 8(1), point (a) of the ITS on supervisory reporting and disclosures explains that information that is not required or not applicable shall not be included in a data submission.</p>  | <p>–</p>  |
| First submission date  | <p>Clarification has been requested regarding the expected first reference dates for all investment firms (class 2 and class 3 firms).</p>   | <p>Class 2 investment firms’ first reference date is 30/09/2021, with remittance date 11/11/2021 as mentioned in Article 1 and 2 of the ITS.</p> <p>Class 3 investment firms first reference date is 31/12/2020, with remittance date 11/02/2022 as mentioned in Article 1 and 2 of the ITS.</p>   | <p>Clarifications have been included in the ITS text and also in the final report</p> |
| Reporting formats  | <p>Commenters support the proposed approach in Article 9 of the ITS that the data exchange formats and representations</p>   | <p>In principle, the proposed reporting format does not have an impact on formats on the first level of</p>  | <p>–</p>  |

| Comments                       | Summary of responses received   | EBA analysis  | Amendments to the proposals  |
|--------------------------------|---|---|--|
|                                | <p>should be specified by competent authorities. In particular, the very reduced reporting requirements for small-sized investment firms.</p> <p>Other commenters are concerned that the data format specification could cause additional burdens and possible delays in the reporting submission dates and request certain leeway for submissions of regulatory reports in the first two years in order to plan with sufficient time in advance.</p> | <p>reporting (from investment firms to competent authorities).</p> <p>Competent authorities will determine the specific data format for the submissions.</p> <p>Submission on the second level of reporting (from competent authorities to the EBA) shall be submitted in XBRL.</p> |  |
| Reference date for disclosures | Some questions were raised with regard to the frequency of the disclosures and the reference date (particularly for the first disclosure, as the ITS will apply from June 2021).  | The frequency is annual according to Article 46(1) and (2) IFR. The first disclosure date should be end of year, as the disclosure is annual.   | Clarifications have been included in the ITS text and also in the final report |