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Brussels, 8 June 2007

Subject: CEBS consultation on Financial Reporting

Dear Sir/Madam,

We welcome the opportunity to comment on the proposed changes to the Financial Reporting (FINREP) model.

We support the technical changes proposed to FINREP as regards the incorporation of the option included in IAS 19-Employee Benefits. We welcome the possibility to recognize actuarial results in equity rather than in P&L. However, we would appreciate receiving further explanations concerning the new tables 38B and 38C, which have been added to the framework, as well as further guidance as to the relation between table 38A and tables 38B/C. In addition, we would like to recommend keeping the following sentence in Table 11 B (Intangible assets): '*Increases or decreases resulting from revaluations and impairment losses recognized or reversed directly in equity*'. We think that the removal of this sentence would make the XBRL taxonomy even more complicated. Reporting entities can report "0" in cases when the sentence is not applicable to them.

We would like to stress that the CEBS Guidelines on Financial Reporting should remain non-binding and that regulators should not be obliged to adopt the Guidelines. We would also like to make clear that there are countries in which the banking industry considers FINREP to be unnecessary and duplicative of IFRS requirements. In these Member States there is a strong belief that IFRS requirements are sufficient and regulators should not require information, in whatever guise, above the scope of the IFRS.

The optional character of FINREP should therefore be retained with the guidelines being made available to supervisors in those jurisdictions which choose to follow the approach. The cross border nature of many institutions necessitates, however, that there is a degree of consistency to these additional requirements. Otherwise there is a real possibility that contradictory approaches will develop, increasing the burden on institutions.

We would like to use this opportunity to bring to your attention issues which need to be improved in order to rationalize FINREP for those countries that are using it.

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Institutions active across jurisdiction borders should be able to use one centralised information/reporting system in order to meet all the reporting requirements of different countries. In practice, however, significant differences between the national frameworks on financial reporting can be observed. Although FINREP does not and should not harmonize the amount of financial information within the EU it should be possible for institutions operating cross border to work on the basis of a unique reporting format (including breakdowns and taxonomy), from which data may be extracted according to different regulators' requirements.

It is important that reporting requirements and the supporting IT-framework are synchronized as they are interlinked and changes in one could have a significant impact on others. It is vital to bring into line the reporting content with the validation rules and the XBRL-taxonomy. Since changes in the business requirements may have important implications for the FINREP taxonomy, we would welcome a more enhanced cooperation with XBRL experts working for regulators. We must stress, however, that there can be no question of XBRL being mandated for the reporting of forward looking information.

We would like to illustrate our comments with the following examples of different treatments between FINREP models in some EU countries. This variety of treatments is a serious problem for cross border institutions and is clearly in contradiction with the initial intentions of CEBS.

1) Reporting formats differ relating to the XBRL-taxonomy

For example:

- Presentation of the operating income and expense in the Profit and Loss Account;
- Cancellation of the minority interest;
- Related party disclosure;
- Cancellation of the interest gains and losses on dividends and from trading and Fair Value Option;
- Difference in the flows of the movement tables;
- Display of previous financial year results pending allocation;
- Display of prudential provisions.

2) National regulators introduce changes and breakdowns which are not compatible with the FINREP-framework or even IFRS. CEBS-guidance is not respected or incomplete.

For example:

- CEBS guidance regarding accrued interest is unclear when related to the XBRL-taxonomy;
- In one country the CEBS breakdowns are not followed (table 30);
- Definition of notional amount under CEBS Guidelines in tables 3 and 8 is unclear and the requirements differ in practice;
- Split-up of equity instrument differs from the CEBS requirement in one of the examined countries;
- Definition of endowment capital and the investment in associates subsidiaries and joint ventures is unclear;

- In one country prudential provisions are mentioned in the P&L which is incompatible with IFRS;
- The requirement to breakdown the Fee and Commission income and expenses in one country is not in compliance with the CEBS–FINREP framework;
- Disclosure of accrued income/expense in one country is not in line with CEBS Guidance.

Inconsistency of the FINREP-model with the IFRS-rules

For example:

- Adding the prudential provisions on the front of the balance sheet;
- Mentioning the prudential provisions also in the P&L, which can not be regarded as being in line with IFRS;
- Mentioning the related parties on the front of the balance sheet is incompatible with both CEBS-FINREP Framework and IFRS.

3) National regulators give sometimes interpretations of IFRS-rules

For example:

- Definition of collateral and “personal collateral - real collateral”. In addition the interpretation provided by regulators in this country implies a difference in the definition of collateral between the COREP and the FINREP frameworks, where harmonization can be reached.
- The already mentioned differences in displaying the cancellation of the reassessment reserves on tangible and intangible, minority interest, interest gains and losses on dividends and from trading and Fair Value Option.

We would like to suggest to precise the last sentence in Chapter 1, 3. Structure of the financial reporting framework:

“National supervisory authorities may decide to require additional quantitative and qualitative financial information as long as consistency within the European Union is kept and this additional information is compatible with the FINREP framework and IFRS requirements.”

We would be pleased to provide you with more details of any aspects of this letter.

Yours sincerely,

Guido Ravoet