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BANKING AND FINANCE

Public consultation on fitness check on supervisory reporting

Fields marked with * are mandatory.

Introduction

Please note that this consultation is also available in German and in French.

Supervisory reporting requirements provide competent authorities with data on supervised entities (i.e. market participants) and their activities. Access to such data is essential to effectively supervise financial institutions, monitor systemic risks and ensure orderly markets, financial stability, and investor protection. EU law in this area consists of a large number of legislative acts covering a range of financial sector industries (banking, insurance, pension funds, investment services, post-trade services and investment funds, etc.) and products (loans, securities, derivatives, fund units, structured products, etc.). While the need to report to supervisory authorities is broadly acknowledged as being necessary, the financial crisis exposed some of the weaknesses of the supervisory reporting requirements, in that they failed to provide sufficient and/or practically useful information. As a result, legislators developed a significant number of new, and for the most part more granular, reporting requirements, the scale and pace of which may have increased the cost of compliance.

In September 2015, the European Commission launched a Call for Evidence to gather feedback from all interested stakeholders on the benefits, unintended effects, consistency, and coherence of the EU regulatory framework for financial services. Supervisory reporting was one of the key challenges highlighted by the respondents. Among the main concerns of the respondents were some overlaps and inconsistencies between reporting requirements in certain pieces of financial legislation (i.e. 'reporting frameworks'), a reportedly excessive number of requirements, as well as, at times, insufficient clarity as to what needs to be reported and an insufficient use of standards. According to the respondents, this results in excessive compliance costs and complexity. On the other hand, supervisors and regulators suggested that supervisory reporting requirements do not produce data of sufficient quality to allow them to fulfil their mandates.

Moreover, respondents stressed that implementing new reporting requirements is costly, mainly due to the need to implement or adapt IT systems and due to expenditure on training and maintenance. This suggests a need to reduce the frequency of changes to supervisory reporting requirements and to allow sufficient time to implement any changes envisaged in the legislation.

Finally, respondents to the Call for Evidence mentioned that in a number of cases Member States introduced supervisory reporting requirements in addition to those in EU legislation (so-called 'gold-plating'). These issues were subsequently discussed in an Expert Group (EG) composed of all Member States which discussed barriers to capital flows in areas of national competence. The EG identified a number of such barriers and called for further work in this area, among others to address national reporting requirements imposed in addition to those in existing EU legislation, where Member States agreed in principle that double reporting requirements should be avoided.

In order to build on the results of the Call for Evidence and other consultations and reviews, the European Commission has therefore launched a Fitness Check of existing supervisory reporting requirements. As part of this assessment, the Commission is now undertaking this public consultation to seek further and more specific input from stakeholders. The consultation aims to gather evidence on the cost of compliance with existing EU level supervisory reporting requirements (in force by the end of 2016), as well as on the consistency, coherence, effectiveness, efficiency, and added value of those requirements. More specifically, it aims to collect concrete quantitative evidence on, among others, costs incurred to meet the supervisory reporting requirements, and to gather specific examples of inconsistent, redundant or duplicative supervisory reporting requirements (e.g. reporting the same information under different frameworks or to different supervisory and/or regulatory entities). The consultation seeks feedback on ways in which supervisory reporting could be simplified and streamlined in the future. Bearing this in mind, the consultation aims at improving the usability and overall consistency of the EU supervisory reporting framework in order to help authorities achieve their objectives in a more effective and efficient way.

The feedback to this consultation will support the Commission's objective of ensuring that EU reporting requirements provide supervisors and regulators with the relevant high quality and timely information to help them to fulfil their mandates, while at the same time keeping the administrative and compliance costs and burden for firms to a minimum.

The consultation is structured along three sections reflecting the main issues and challenges that have been identified with respect to the EU supervisory reporting framework:

1. Assessing the effectiveness, efficiency, relevance, coherence, and EU added value of supervisory reporting requirements in place by the end of 2016
2. Quantifying the cost of compliance with supervisory reporting requirements
3. Identifying possible ways to simplify and streamline supervisory reporting

Respondents should provide their answers on the basis of the reporting frameworks which are relevant for them, and should take into consideration the costs incurred until the end of December 2016, and only for those frameworks in force at that date. Unless otherwise indicated, respondents should select only one answer per question. The consultation aims to go into greater detail into what has already been raised by stakeholders in various consultations. The objective is to gather specific evidence rather than general statements. A possibility to elaborate on a response has therefore been provided for each question. When doing so, respondents should aim to be as specific as possible and support their answers with examples as well as quantitative information. In Section 2 of the consultation, respondents are requested to be as specific as possible when quantifying their answers.

While the consultation is open to all interested parties, it is aimed primarily at stakeholders directly or indirectly involved in supervisory reporting, either on the reporting side or on the side receiving and/or processing the reported data, such as financial institutions, non-financial institutions undertaking securities or derivative transactions, central counterparties (CCPs), trade repositories, trading venues, national and EU supervisory and regulatory bodies.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-supervisory-reporting-requirements@ec.europa.eu.

More information:

- on this consultation
- on the protection of personal data regime for this consultation

1. Information about you

* Are you replying as:

- ○ a private individual
- ● an organisation or a company
- ○ a public authority or an international organisation

* Name of your organisation:

AMICE

Contact email address:

The information you provide here is for administrative purposes only and will not be published

silvia.herms@amice-eu.org

* Is your organisation included in the Transparency Register?
(If your organisation is not registered, we invite you to register here, although it is not compulsory to be registered to reply to this consultation. Why a transparency register?)

- ● Yes
- ○ No

* If so, please indicate your Register ID number:

62503501759-81

*Type of organisation:

- ( ) Academic institution
- ( ) Company, SME, micro-enterprise, sole trader
- ( ) Consultancy, law firm
- ( ) Consumer organisation
- (•) Industry association
- ( ) Media
- ( ) Non-governmental organisation
- ( ) Think tank
- ( ) Trade union
- ( ) Other

*Where are you based and/or where do you carry out your activity?

- ( ) Austria
- (•) Belgium
- ( ) Bulgaria
- ( ) Croatia
- ( ) Cyprus
- ( ) Czech Republic
- ( ) Denmark
- ( ) Estonia
- ( ) Finland
- ( ) France
- ( ) Germany
- ( ) Greece
- ( ) Hungary
- ( ) Iceland
- ( ) Ireland
- ( ) Italy
- ( ) Latvia
- ( ) Liechtenstein
- ( ) Lithuania
- ( ) Luxembourg
- ( ) Malta
- ( ) Norway
- ( ) Poland
- ( ) Portugal
- ( ) Romania
- ( ) Slovakia
- ( ) Slovenia
- ( ) Spain
- ( ) Sweden
- ( ) Switzerland
- ( ) The Netherlands
- ( ) United Kingdom
- ( ) Other country

*Field of activity or sector (*if applicable*):

at least 1 choice(s)

- [ ] Accounting
- [ ] Auditing

- [ ] Banking
- [ ] Consumer protection
- [ ] Credit rating agencies
- [x] Insurance
- [ ] Pensions
- [ ] Investment management (e.g. ucits, hedge funds, private equity funds, venture capital funds, money market funds)
- [ ] Market infrastructure / operators (e.g. CCPs, CSDs, Stock exchanges)
- [ ] Non-Financial / Corporate enterprise
- [ ] Law firm / Consultancy
- [ ] Trade Association
- [ ] Other
- [ ] Not applicable

Important notice on the publication of responses

*Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?
(see specific privacy statement)

- (●) Yes, I agree to my response being published under the name I indicate (*name of your organisation /company/public authority or your name if your reply as an individual*)
- ( ) No, I do not want my response to be published

2. Your opinion

Section 1: Assessing whether the supervisory reporting requirements are fit-for-purpose

The consultation is structured along three sections reflecting the main issues and challenges that have been identified with respect to the EU supervisory reporting framework:

The primary objective of supervisory reporting requirements is to provide supervisory authorities with the necessary data for them to monitor systemic risk in the markets, with the aim of safeguarding the stability of the financial system and ensure investor protection. In order to be effective, this data needs to be provided rapidly and be of sufficiently high quality. Section 1 of the consultation therefore aims to assess whether existing supervisory reporting requirements – in particular in light of the fairly recent move to more granular reporting frameworks – are working as intended. In order to do so, it is necessary to assess their effectiveness, relevance, efficiency, coherence, and EU added value.

For the purposes of this section, the above criteria are understood as follows:

1. **Effectiveness** – whether the supervisory reporting requirements have produced relevant and high quality data;
2. **Relevance –** whether all of the supervisory reporting requirements are necessary and appropriate for their intended objectives;
3. **Efficiency –** whether the set-up of the supervisory reporting requirements is proportionate in terms of costs/burden in view of its objectives (or, for supervisors, compared to the benefit it brings);
4. **Coherence –** whether the supervisory reporting requirements are consistent across the different reporting frameworks;
5. **EU added value** – whether supervisory reporting requirements at EU level have contributed to the achievement of the intended objectives in a better way than would have been the case if the reporting requirements were only introduced at the national level.

1.1 Taken together, to what extent have EU level supervisory reporting requirements contributed to improving the following:

a) financial stability (i.e. monitoring systemic risk)

- ○ Very significantly
- ○ Significantly
- ● Moderately
- ○ Marginally
- ○ Not at all
- ○ Don't know / not applicable

Please elaborate and provide examples to justify your answer to question 1.1.a):

The introduction of the prudent person principle has led to more reporting requirements. In the Solvency II framework, the reporting requirements for financial stability are very extensive and the deadlines are very short.

b) market integrity (i.e. surveillance of market abuse and orderly functioning of the markets)

- ○ Very significantly
- ○ Significantly
- ● Moderately
- ○ Marginally
- ○ Not at all
- ○ Don't know / not applicable

Please elaborate and provide examples to justify your answer to question 1.1.b):

Please see answer to question 1.1

c) investor protection (i.e. ensuring proper conduct by firms to ensure that investors are not disadvantaged/negatively impacted)

- ( ) Very significantly
- ( ) Significantly
- (x) Moderately
- ( ) Marginally
- ( ) Not at all
- ( ) Don’t know / not applicable

Please elaborate and provide examples to justify your answer to question 1.1.c):

Please see answer to question 1.1

1.2 Are all of the existing supervisory reporting requirements relevant for maintaining financial stability and upholding market integrity and investor protection?

- ( ) Yes, they are all relevant
- ( ) Most of them are relevant
- (x) Some of them are relevant
- ( ) Very few are relevant
- ( ) Don’t know / not applicable

If you do not think that all of the requirements are relevant, please provide specific examples of any requirements which in your view are superfluous and explain why you believe they are not necessary:

The following templates of the Solvency II framework will require some amendments:
• The asset-by-asset template S 06.02.
This template provides the supervisory authorities with all the detailed information of all exposures from insurers. Supervisors have requested this asset-related information for prudential purposes and in order to assess the investment behaviour of insurers. However, requesting the insurer how the prudent person principle has been implemented and conducting an assessment in the risk management and internal audit function would suffice. This would mean tying up Pillar 1 and Pillar 2 together.
If there is uncertainty regarding the appropriateness of the firm's investments the supervisory authorities can always ask for more detailed or granular information as part of the supervisory review process.
These templates are very burdensome and most of the requested information is very detailed and has to be obtained from the asset managers/custodians and rating agencies.
• Derivative transactions S.08.02
We understand the need from supervisory authorities to obtain further insight in the positions held at the reference date as requested in S 08 01, however we query which is the added value of providing detailed information on transactions closed in the reporting period. Having derivatives on the balance sheet should be governed by the risk management policy and the prudent person principle.
• Income gains and losses S.09.01
Solvency II does assess the economic development of the insurer. However, we query why this template is needed as it relates to accounting data. Furthermore, next to the financial statements, this information can also be assessed in section A of the RSR.
• Life obligation analysis S.14.01
Some information requested in this cell is not consistent with the nature of the template. For example, we query why the number of contracts is needed.
• Variation analysis S.29
EIOPA has produced a very extensive additional guidance documentation for the VA templates. We agree that an analysis of change provides very sensible information, but we question whether the current Variation Analysis templates achieve this objective given that different kinds of data flows are being submitted. Although this template will be submitted in 2018 for the very first time and with 2017 data, additional human and IT resources are needed to deliver the information requested and we wonder whether the goal would be met.

1.3 Is there information that should be reported but which currently is not (i.e. there are reporting requirements that should be added)?

- ○ Yes
- ● No
- ○ Don't know / not applicable

1.4 To what extent are supervisory reporting requirements across different EU level reporting frameworks coherent (e.g. in terms of scope, content, methodology, timing /frequency of submission, etc.)?

- ○ Fully coherent
- ○ Mostly coherent (a few or minor inconsistencies)
- ● Somewhat coherent (numerous inconsistencies)
- ○ Not coherent (mostly or totally inconsistent)
- ○ Don't know / not applicable

Please provide specific examples of reporting requirements which in your view are inconsistent and explain why you believe they are inconsistent:

Solvency II and FICOD regimes are inconsistent in some areas, mainly on the assessment and reporting of internal group transactions, large exposures / risk concentrations and the capital requirements. Following the introduction of IFRS17, firms will be requested to keep three systems in parallel: Solvency II, IFRS 17 and local accounting. It will be very expensive to keep the three systems in parallel.

1.5 To what extent is supervisory reporting in its current form efficient?

- ○ Very efficient
- ○ Quite efficient
- ● Rather inefficient
- ○ Very inefficient
- ○ Don't know / not applicable

If you think that supervisory reporting is not fully efficient, please provide specific examples and explain why you believe it is not efficient:

We believe that this question should be answered by supervisory authorities. In any case, there is a significant amount of overlaps in the Solvency framework in the reports to the supervisory authorities (i.e RSR, SFCR and ORSA). Moreover, narrative reporting and QRTs should not contain duplicate information.

1.6 How well are the supervisory reporting requirements adapted to developments in the fields of modern information and communication technologies (ICT) and digital processes?

- ● Very well
- ○ Fairly well
- ○ Not very well
- ○ Not at all
- ○ Don't know / not applicable

Please elaborate and provide examples to justify your answer to question 1.6:

Undertakings have made a big effort to adapt their systems to the new technologies.

1.7 To what extent has the adoption of supervisory reporting requirements at EU level facilitated supervisory reporting in areas where previously only national requirements existed?

- ○ Very significantly

- ( ) Significantly
- (x) Moderately
- ( ) Marginally
- ( ) Not at all
- ( ) It has made supervisory reporting more complicated
- ( ) Don’t know / not applicable

Please elaborate and provide examples to justify your answer to question 1.7:

The EU supervisory reporting has facilitated the comparability among insurers across Europe but it has not facilitated the process. Quite to the contrary, it has added a significant level of complexity to insurers, particularly SMEs. The monitoring of financial stability and systemic risk of the insurance sector has been improved but the extensive requirements have added a lot of burden to small companies as they have to assess, on a continuous basis, the consistency between the national and EU reporting requirements.

1.8 To what extent have options left to Member States in terms of implementing EU level supervisory reporting requirements (e.g. due to their adoption as Directives rather than Regulations) increased the compliance cost?

- ( ) Very significantly
- ( ) Significantly
- (x) Moderately
- ( ) Marginally
- ( ) Not at all
- ( ) Don’t know / not applicable

If you think divergent Member State implementation has increased the compliance cost, please provide specific examples of reporting frameworks or requirements where you believe this to be the case and explain your suggestions:

In the insurance sector, there are not many member state options and some of them do not increase the compliance costs. For example, in the Solvency II framework the following options decrease the burden on undertakings:
According to the Solvency II Directive national competent authorities (NCAs) may exempt or limit the submission of the quantitative reporting templates. These limitations and exemptions of quantitative regular reporting information are defined in Articles 35(6-7) and 254(2) of the Directive and summarised below:
• Limitation: under Article 35(6) undertakings can be authorised to submit a reduced scope of quarterly reporting, where this information is reported at least annually. Any template except S.28.01 or S.28.02 can be subject to a limitation from regular reporting (without prejudice to Article 129(4) of the Solvency II Directive as regards the Minimum Capital Requirement, i.e. at least the template regarding MCR information needs to be submitted quarterly);
• Exemption: under Article 35(7) undertakings can be authorised to submit a limited reporting or exempted from both quarterly and annual reporting only if the templates are reported on an item-by-item basis. A template is subject to 'reporting exemption' when it is exempted both quarterly and annually on an item-by-item basis;
• Under Article 254(2), paragraph 2 and 3, groups can benefit from limitation or exemption from reporting only in those cases where all insurance or reinsurance undertakings within the group benefit from the limitation or exemption.
• Under Annex II and III of Regulation (EU) 2015/2450 with regard to the templates for the submission of information to the supervisory authorities, regarding templates S.06.02 – List of Assets and S.08.01 - Open derivatives exemptions from reporting of credit rating information can be granted.

1.9 Are there any challenges in terms of processing the data, either prior to (i.e. within the reporting entity) or subsequent to (i.e. within the receiving/processing entity) it being reported?

- (•) Yes
- ( ) No
- ( ) Don't know / not applicable

If you answered yes to question 1.9, please elaborate and provide specific examples:

Firms experience significant challenges when processing the data prior to being reported.

1.10 Are there any negative environmental and/or social impacts related to supervisory reporting stemming from EU legislation?

- ( ) Yes, both environmental and social
- ( ) Yes, environmental only
- ( ) Yes, social only
- ( ) No
- (•) Don't know / not applicable

Section 2: Quantifying the cost of compliance with supervisory reporting requirements

The feedback received from stakeholders suggests that, over the past few years, the cost of implementation and compliance with supervisory reporting requirements has increased in a couple of ways. Firstly, the introduction of new reporting frameworks and the more granular approach to reporting have increased the number and frequency of reports, necessitating additional investments into IT systems and related areas such as hiring, training, updating work processes or services delivered by external contractors. Secondly, the increasing complexity of reporting has increased operational risk, including the cost of correcting errors and financial penalties or fines for not reporting in the required formats or within required deadlines. Section 2 of the consultation aims to gather concrete quantitative data concerning this compliance cost incurred by the end of 2016 for reporting frameworks in force by this date*.

* Note: some of the costs incurred until the end of 2016 may have been incurred in anticipation of supervisory reporting requirements to be implemented only as of January 2017. Section 2 is not intended to cover these compliance costs. All replies should be provided on the basis of the situation at the end of December 2016 for frameworks in force at that date.

2.1 Is supervisory reporting in its current form unnecessarily costly for its intended purposes (i.e. ensuring financial stability, market integrity, and investor protection)?

- (x) Yes
- ( ) No, it is at an appropriate level
- ( ) Don’t know / not applicable

2.2 To what extent have the following factors contributed to the excessive cost of supervisory reporting?

Please indicate the relevance of the following factors by giving each a rating from 0 (not contributed at all) to 4 (contributed greatly).

	0 (not contributed at all)	1	2	3	4 (contributed greatly)	Don’t know / not applicable
Too many requirements	( )	( )	( )	( )	(x)	( )
Need to report under several different reporting frameworks	( )	( )	( )	( )	(x)	( )
Need to report to too many different entities	( )	( )	( )	( )	(x)	( )

Lack of interoperability between reporting frameworks and/or between receiving/processing entities or supervisory authorities	○	●	○	○	○	○
Need to report too frequently	○	○	○	○	●	○
Overlapping requirements	○	○	○	○	●	○
Redundant requirements	○	○	○	○	●	○
Inconsistent requirements	○	○	○	○	●	○
Unclear/vague requirements	○	○	○	○	●	○
Insufficient use of (international) standards	○	●	○	○	○	○
Need to introduce/update IT systems	○	○	○	○	●	○
Need for additional human resources	○	○	○	○	●	○
Too many/too frequent amendments in the relevant legislation	○	○	○	○	●	○
Lack of a common financial language	○	●	○	○	○	○
Insufficient use of ICT Note: use of ICT is understood as presenting data in an electronic format rather than on paper and /or submitting it using electronic means (e.g. by email, via an online template) rather than by post or in person.	○	●	○	○	○	○
Insufficient level of automation of the reporting process Note: automation is understood as reducing or even fully eliminating human intervention from the supervisory reporting process.	○	●	○	○	○	○
Lack of (adequate) technical guidance/specifications	○	○	○	○	●	○

Please specify what other factors, if any, contributed to the excessive cost of supervisory reporting:

Please indicate the relevance of the listed factors by giving each a rating from 0 (not contributed at all) to 4 (contributed greatly).

	Factors	Rate from 0 to 4
Factor 1	Too many requirements: The Solvency II framework requires thousands different cells to be filled in on a quarterly basis and annual basis. Complexity: Some QRTs are very complex to implement and raise doubts about the use that the supervisory authorities can give (e.g Variation Analysis templates). Diverging interpretations: The technical specifications of the Solvency II reporting package are very principle-based and leave room to very different interpretations. As a result, the QRTs submitted by the various market players are difficult to compare and interpret by the different supervisory authorities.	4
Factor 2	Reporting deadlines which are being shortened: An extension of the reporting deadlines for both narrative and quantitative information is essential to obtain a good quality of the information submitted: * asset managers can normally submit the information on the look-through of the funds in 20 business days. This gives very little lead time to finalise the QRTs as the deadline for submission of the quarterly solos is D + 5 weeks. And given that the deadlines are being shortened every year, we would expect many companies will miss the deadlines or will be forced to deteriorate the quality of the data being reported. * And if the target is to submit the group SFCR within D + 14 weeks, the deadline will be respected but in detriment of the quality and completeness of the report.	4
Factor 3	Use of consultants to implement the required information in the QRTs.The need to outsource some provision of certain data requested (e.g look-through approach) The acquisition of licenses to have access to property right information.	4

Factor 4	Request to use XBRL format: submissions to the supervisory authority should be in XBRL format; Insurers have been requested to buy a new tool to convert the information to the expected format. Moreover the “XBRL format” is difficult to understand, increasing the processing time and /or requiring the use of experts which has a financial impact.	4
Factor 5	No stability of the reporting requirements: The costs have increased due to the continuous changes and updates to the NCAs tools. The lack of responses from the NCAs to the queries from the insurers have also lead to an increase in the expenditure.	4

2.3 To what extent have the following types of legislative/regulatory requirements been a source of excessive compliance costs in terms of supervisory reporting?

Please indicate the relevance of the following types of legislative/regulatory requirements by giving each a rating from 0 (not at all a source of costs) to 4 (very significant source of costs).

	0 (not at all a source of costs)	1	2	3	4 (very significant source of costs)	Don't know / not applicable
Supervisory reporting requirements imposed by EU Regulations and/or Directives	○	○	○	○	●	○
Different Member State implementation of EU financial legislation, resulting in diverse national supervisory reporting requirements for the same financial entity/product	○	●	○	○	○	○
National supervisory reporting requirements in addition to those in EU legislation for a specific financial entity /product	○	○	●	○	○	○
Other supervisory reporting requirements in addition to those in EU legislation for a specific financial entity /product	○	○	●	○	○	○

Please specify what other supervisory reporting requirements in addition to those in EU legislation for a specific financial entity/product have been a source of excessive compliance costs:

Please elaborate and provide examples to justify your answers to question 2.3:

The new supervisory requirements are a source of significant costs. The Solvency II reporting templates (so called QRTs) have put a heavy burden on the undertakings. The costs have not only been the immediate ones for changing IT-systems etc. There is also a permanent increase in costs for reporting because extra additional human resources have been required in all company functions involved in reporting. The drivers for this additional need for resources are:
• the rather large amount of data that needs to be collected (from different systems/departments) every quarter / year,
• the necessary controlling of the templates, and
• the governance involved at all levels, including the development, documentation and maintenance of policies and procedures.

2.4 Does the obligation to use structured reporting[1] and/or predetermined data and file formats[2] for supervisory reporting increase or decrease the compliance cost of supervisory reporting?

[1] (i.e. templates or forms in which specific data elements to be reported are listed).

[2] (i.e. (i) the exact way in which the individual data elements are to be encoded or (ii) the file format in which the information to be reported is exchanged/submitted).

- ○ Increases the compliance cost
- ○ Decreases the compliance cost
- ● Does not impact the compliance cost
- ○ Don’t know / not applicable

Please provide specific examples to substantiate your answer to question 2.4:

The structured reporting increases direct costs; It might be difficult, however, to find a sensible substitute to it; the alternative to use structured reporting, predetermined data and file formats would either be not useful, not fulfil the target, or would cause lot of additional work to explain which information can be found in the different data elements.

2.5 Please specify the supervisory reporting frameworks to which you are subject (or, in the case of entities receiving and/or processing the data or supervisory authorities, which you deal with or make use of):

Solvency II
FICOD
CRD
MIFID
EMIR

2.5.1 Please estimate the cost (in monetary terms and as a percentage of operating cost) for your entity of meeting supervisory reporting requirements (or, in the case of entities receiving and processing the data or supervisory authorities, of processing the data).

a) Average initial implementation cost (i.e. one-off cost):

a i) please estimate its average initial implementation cost (i.e. one-off cost) in euro for your supervisory reporting frameworks:

- ○ I am able to provide an estimate
- ● Not possible to estimate

Please explain why you cannot estimate the average initial implementation cost:

We noticed different principles followed by AMICE member companies when reporting the costs. Further guidance would be needed as to which costs should be reported. Firms normally consider pure Solvency II Pillar III marginal costs but there are reasons to report Pillar I costs too as the Pillar III implementation would not be possible without Pillar I.

a ii) please estimate the average initial implementation cost (i.e. one-off cost) as a percentage of total assets/turnover/other:

- ○ I am able to provide an estimate as a percentage of total assets
- ○ I am able to provide an estimate as a percentage of turnover
- ○ I am able to provide an estimate as a percentage of another basis
- ● Not possible to estimate

Please elaborate on why you cannot estimate the average initial implementation cost as a percentage of total assets/turnover/other:

We noticed different principles followed by AMICE member companies when reporting the costs. Further guidance would be needed as to which costs should be reported. Firms normally consider pure Solvency II Pillar III marginal costs but there are reasons to report Pillar I costs too as the Pillar III implementation would not be possible without Pillar I.

b) Annual running cost (i.e. recurrent cost) in 2016:

b i) please estimate annual running cost in 2016 in euro:

- ○ I am able to provide an estimate
- ● Not possible to estimate

c ii) please estimate the average annual running cost over the last 5 years (i.e. recurrent cost) as a percentage of operating cost:

- ○ I am able to provide an estimate
- ● Not possible to estimate

Please elaborate on why you cannot estimate the annual running cost in 2016:

We noticed different principles followed by AMICE member companies when reporting the costs. Further guidance would be needed as to which costs should be reported. Firms normally consider pure Solvency II Pillar III marginal costs but there are reasons to report Pillar I costs too as the Pillar III implementation would not be possible without Pillar I.

b ii) please estimate the annual running cost in 2016 (i.e. recurrent cost) as a percentage of operating cost:

- ○ I am able to provide an estimate
- ○ Not possible to estimate

c) Average annual running cost (i.e. recurrent cost) over the last 5 years:

c i) please estimate average annual running cost over the last 5 years in euro:

- ○ I am able to provide an estimate
- ◉ Not possible to estimate

Please elaborate on why you cannot estimate the average annual running cost over the last 5 years in euro:

We noticed different principles followed by AMICE member companies when reporting the costs. Further guidance would be needed as to which costs should be reported. Firms normally consider pure Solvency II Pillar III marginal costs but there are reasons to report Pillar I costs too as the Pillar III implementation would not be possible without Pillar I.

Please elaborate on why you cannot estimate the average annual running cost over the last 5 years as a percentage of operating cost:

We noticed different principles followed by AMICE member companies when reporting the costs. Further guidance would be needed as to which costs should be reported. Firms normally consider pure Solvency II Pillar III marginal costs but there are reasons to report Pillar I costs too as the Pillar III implementation would not be possible without Pillar I.

d) Average annual running cost (i.e. recurrent cost) over the last 10 years:

d i) please estimate average annual running cost over the last 10 years in euro:

- ○ I am able to provide an estimate
- ○ Not possible to estimate

d ii) please estimate the average annual running cost over the last 10 years (i.e. recurrent cost) as a percentage of operating cost:

- ○ I am able to provide an estimate

- [x] Not possible to estimate

Please elaborate on why you cannot estimate the average annual running cost over the last 10 years as a percentage of operating cost:

We noticed different principles followed by AMICE member companies when reporting the costs. Further guidance would be needed as to which costs should be reported. Firms normally consider pure Solvency II Pillar III marginal costs but there are reasons to report Pillar I costs too as the Pillar III implementation would not be possible without Pillar I.

2.5.2 Please indicate whether the above figures concern your entity as a whole or only a part thereof (i.e. a department, a subsidiary, a branch, a regional division, etc.).:

2.6 Which reporting frameworks contribute the most to the cost of compliance with supervisory reporting requirements? Please indicate as many frameworks as necessary and explain your answer.

Solvency II

2.7 Does your entity deal with supervisory reporting directly in-house or has this task been outsourced to an external provider?

- [ ] Fully in-house
- [ ] Partially outsourced
- [ ] Fully outsourced
- [ ] Don’t know / not applicable

Please elaborate on your answer to question 2.7 and, if possible, explain the reasons for your business choice:

2.8.1 Please indicate the size of your entity's department dealing with supervisory reporting in full-time equivalents (FTE):

2.8.1 a) at the end of 2016:

- I am able to provide an estimate
- Not possible to estimate

2.8.1 b) in 2009:

- I am able to provide an estimate
- Not possible to estimate

2.8.2 Please indicate the size of your entity's department dealing with supervisory reporting as a percentage of the compliance work force:

2.8.2 a) at the end of 2016:

- I am able to provide an estimate
- Not possible to estimate

2.8.2 b) in 2009:

- I am able to provide an estimate
- Not possible to estimate

2.8.3 Please indicate the size of your entity's department dealing with supervisory reporting as a percentage of the total work force:

2.8.3 a) at the end of 2016:

- I am able to provide an estimate
- Not possible to estimate

2.8.3 b) in 2009:

- I am able to provide an estimate
- Not possible to estimate

2.8.4 Please indicate whether the figures you provided in your answers to questions 2.8.1, 2.8.2 and 2.8.3 concern your entity as a whole or only a part thereof (i.e. a department, a subsidiary, a branch, a regional division, etc.):

2.9 Have any of the EU level reporting frameworks brought (or partially brought) cost-saving benefits (e.g. simplified regulatory reporting, facilitated internal data management processes, improved risk management, increased operational efficiencies, etc.)?

- ○ Yes
- ○ No
- ○ Don’t know / not applicable

Section 3: Identifying possible ways to simplify and streamline supervisory reporting

In response to the Call for Evidence, some stakeholders expressed strong support for targeted standardisation measures to allow a more effective use of technology to streamline and – to the extent possible – automate compliance and reporting functions. This is related to the framework of “RegTech” (“regulatory technology”), a recent initiative to address issues of regulatory compliance in the financial services sector through the use of innovative technology. However, detailed evidence on how exactly the use of ICT can help with supervisory reporting, and whether it is facilitated or hindered by the present set up of supervisory reporting requirements – is scarce. Section 3 of the consultation is therefore more forward-looking, and seeks stakeholders’ views on possible future developments in supervisory reporting, in particular with regards to greater use of ICT and greater automation.

3.1 Please indicate which of the following could reduce the compliance cost while maintaining a sufficient level of supervisory reporting to ensure that the intended objectives are achieved:

Please select all relevant answers that apply.

	Short term (2 years or less)	Long term (more than 2 years)	Don’t know / not applicable
Reduction of the number of data elements	●	○	○
Clarification of the content of the data elements	●	○	○
Greater alignment of reporting requirements	○	●	○
Greater standardisation/use of international standards	○	●	○
Development of a common financial language	●	○	○
Ensuring interoperability between reporting frameworks and /or receiving/processing entities or supervisory authorities	○	●	○
Greater use of ICT	○	●	○

Greater automation of the reporting process	○	●	○
Other	●	○	○

Please specify what other elements could reduce the compliance cost while maintaining a sufficient level of supervisory reporting to ensure that the intended objectives are achieved:

Ensuring interoperability between reporting frameworks would help firms subject to different reporting regimes.

Please elaborate, in particular explaining how you believe the answer(s) you selected for question 3.1 could be achieved in practice:

EIOPA should consider requiring some of the more detailed information only on special occasions, such as for the preparation of (or follow-up of) on-site inspections or in times of adverse economic developments.

Concerning the development of a common financial language (i.e. a set of harmonised definitions of the terms used in supervisory reporting):

3.2 To what extent would the development of a common financial language help reduce the compliance cost of supervisory reporting?

- ○ Very significantly
- ○ Significantly
- ○ Moderately
- ● Marginally
- ○ Not at all
- ○ Don’t know / not applicable

Please elaborate on your answer to question 3.2:

The main driver of the compliance costs is not the lack of a common financial language but the amount of reporting requirements.

3.3 To what extent would the development of a common financial language help improve the management (i.e. reporting or processing) of supervisory data required to be reported?

- ○ Very significantly

- Significantly
- Moderately
- (x) Marginally
- Not at all
- Don’t know / not applicable

Please elaborate on your answer to question 3.3:

The main driver of the compliance costs is not the lack of a common financial language but the amount of reporting requirements.

3.4 Are there any prerequisites for the development of a common financial language?

- Yes
- (x) No
- Don’t know / not applicable

3.5 Are there any obstacles to the development of a common financial language in the short term (i.e. 2 years or less)?

- Yes
- (x) No
- Don’t know / not applicable

Concerning interoperability between reporting frameworks (i.e. alignment /harmonisation of the reporting equirements) and/or receiving entities (i.e. the ability of entities receiving supervisory data to share it amongst themselves in such a way that it remains legible):

3.6 To what extent would ensuring interoperability between reporting frameworks and/or receiving entities help reduce the compliance cost of supervisory reporting?

- (x) Very significantly
- Significantly
- Moderately
- Marginally
- Not at all
- Don’t know / not applicable

Please elaborate on your answer to question 3.6:

The interoperability is understood as not having double reporting in different frameworks. If reporting requirements are harmonised and standardised, higher compliance costs are incurred at the beginning of the process (i.e in the short term) as the benefits come only in the long run.

3.7 To what extent would ensuring interoperability between reporting frameworks and/or receiving entities help improve the management (i.e. reporting or processing) of supervisory data required to be reported?

- ○ Very significantly
- ○ Significantly
- ● Moderately
- ○ Marginally
- ○ Not at all
- ○ Don't know / not applicable

Please elaborate on your answer to question 3.7:

Please see answer to question 3.6

3.8 Are there any prerequisites for introducing greater interoperability between reporting frameworks and/or receiving entities?

- ● Yes
- ○ No
- ○ Don't know / not applicable

If you answered yes to question 3.8, please elaborate and provide specific examples:

Please see answer to question 3.6

3.9 Are there any obstacles to introducing greater interoperability between reporting frameworks and/or receiving entities in the short term (i.e. 2 years or less)?

- ○ Yes
- ○ No
- ● Don't know / not applicable

Concerning greater use of ICT in supervisory reporting:

3.10 To what extent would greater use of ICT help reduce the compliance cost of supervisory reporting?

- ○ Very significantly
- ○ Significantly
- ◉ Moderately
- ○ Marginally
- ○ Not at all
- ○ Don't know / not applicable

Please elaborate on your answer to question 3.10:

Before considering the use of ICT, EIOPA and the NCAs would have to clarify which information is expected in each of the QRTs and the validations put in place should be stable and transmitted in a comprehensive manner (the validations and cross-checks across templates are set up by EIOPA, the NCAs and the ECB).

3.11 To what extent would greater use of ICT help improve the management (i.e. reporting or processing) of supervisory data required to be reported?

- ○ Very significantly
- ○ Significantly
- ◉ Moderately
- ○ Marginally
- ○ Not at all
- ○ Don't know / not applicable

Please elaborate on your answer to question 3.11:

Greater use of ICT would help improve the management. Please see also answer to question 3.10

3.12 Are there any prerequisites for the greater use of ICT in supervisory reporting?

- ◉ Yes
- ○ No
- ○ Don't know / not applicable

If you answered yes to question 3.12, please elaborate and provide specific examples:

Please see answer to question 3.10

3.13 Are there any obstacles to the greater use of ICT in supervisory reporting in the short term (i.e. 2 years or less)?

- [x] Yes
- [ ] No
- [ ] Don’t know / not applicable

If you answered yes to question 3.13, please elaborate and provide specific examples:

Please see answer to question 3.10

Concerning greater automation of the reporting process:

3.14 To what extent would greater automation of the reporting process help reduce the compliance cost supervisory reporting?

- [ ] Very significantly
- [ ] Significantly
- [x] Moderately
- [ ] Marginally
- [ ] Not at all
- [ ] Don’t know / not applicable

Please elaborate on your answer to question 3.14:

Insurers have assessed whether resorting to the software tools available in the market to carry out the Solvency II Standard Formula calculations and Reporting to the NCAs would help reduce the compliance costs. The conclusion is that the heterogeneity of the insurance business is such that the available tools cannot allow an automation of all existing cases; The possibility of having a full automation exists but it would be very costly (e.g need to buy different solutions for the group, life and non-life business, cashflow projection etc..).

3.15 To what extent would greater automation of the reporting process help improve the management (i.e. reporting and/or processing) of supervisory data required to be reported?

- [ ] Very significantly
- [ ] Significantly
- [x] Moderately
- [ ] Marginally
- [ ] Not at all
- [ ] Don’t know / not applicable

Please elaborate on your answer to question 3.11:

Please see answer to question 3.14

3.16 Are there any prerequisites for a greater automation of supervisory reporting?

- (x) Yes
- ( ) No
- ( ) Don't know / not applicable

If you answered yes to question 3.16, please elaborate and provide specific examples:

Please see answer to question 3.14

3.17 Are there any obstacles to a greater automation of supervisory reporting in the short term (i.e. 2 years or less)?

- (x) Yes
- ( ) No
- ( ) Don't know / not applicable

If you answered yes to question 3.17, please elaborate and provide specific examples:

Please see answer to question 3.14

3.18 What role can EU regulators play in facilitating or stimulating greater use of ICT in supervisory reporting?

- ( ) Crucial role
- (x) Important role
- ( ) Moderate role
- ( ) Limited role
- ( ) No role
- ( ) Don't know / not applicable

Please elaborate on your answer to question 3.18 and provide specific examples of where and how you believe EU regulators could help:

We believe that EU regulators have a key role in streamlining and simplifying the Solvency II reporting package. Please see answers to 3.19 and 3.20.

3.19 What role can EU regulators play in facilitating or stimulating greater automation of the reporting process?

- ○ Crucial role
- ○ Important role
- ● Moderate role
- ○ Limited role
- ○ No role
- ○ Don’t know / not applicable

Please elaborate on your answer to question 3.19 and provide specific examples of where and how you believe EU regulators could help:

The Solvency II framework foresees, in certain circumstances, exemptions and limitations of the quantitative reporting templates. However, twenty-one NCAs have not authorised any undertaking to use exemptions or limitations. The market share of undertakings benefiting from limitations stays below the maximum of 20% set in the Solvency II Directive. Member States should be encouraged to apply the provisions existing in the Solvency II legislation.

As a general remark, we would like to point out that the whole solvency II legislation has been built up in a coherent manner so that the determination of the solvency position today and in the future is controlled by an adequate and sound governance process including the risk management system. The results are disclosed to enhance transparency and comprehensibility. The whole system should therefore work in conjunction with each other and also rely on each other. However, when assessing both the narrative reporting (i.e RSR, SFCR) and quantitative information (i.e quarterly and annually QRTs), Pillar III seems to have been looked upon in isolation from the other pillars (Pillar I and Pillar II). EIOPA should consider requiring some of the more detailed information only on special occasions, such as for the preparation of (or follow-up of) on-site inspections or in times of adverse economic developments.

3.20 What else could be done to simplify supervisory reporting while ensuring that regulated entities continue to fulfil their supervisory reporting requirements?

The QRTs of Solvency II could be simplified as follows:

List of Assets - S.06.02:
The list of assets QRTs (sheets SE.06.02.16.01 and sheets SE.06.02.16.02) are expensive to produce each quarter. This template can be reported once a year if premium income <50M€ or total investment < 150M€.

Look-Through – S.06.03
Materiality threshold: We would like to request additional proportionality considerations for the annual calculations; Firms are exempted to submit the template S.06.03 from quarterly reporting when the ratio of

collective investments undertakings held by the undertaking to total investments is lower than 30%.

No exemption threshold is applied for annual reporting: However, Article 84 (3) of the Solvency II Delegated Acts allows firms to use data groupings up to 20% of the total value of the assets. The template S.06.03 could be aligned with the Delegated Acts so that the same level of granularity is required.

Premiums and Claims – S.05
The following QRTs cover the information related to premiums:
• S.04.01.01 – This template reports insurer's business written (premiums written and claims incurred) in the home country and through FPS. This template is reported by line of business.
• S.05.01.01 – This template reports total premiums written and claims incurred by line of business. This is also split out by gross, reinsurers share, and net.
• S.05.02.01 – This template reports total premiums written and claims incurred by home country and top 5 countries.

EIOPA could consolidate all premium and claim related templates to provide an overall picture of the premiums and claims and how these are broken down by line of business and country with a total column at the end.

Claims and Expenses – S.19.01, S.20.01, S.21.01, S.21.03
The lines of business which are less material are those which are normally not integrated in the systems and to retrieve the information requested for those non-material lines of business is very time consuming. Regarding the S19.01, S20.01, S21.01, S21.03 templates, different thresholds could be put forward, for example:
- submit the 2 or 3 most important lines of business only in terms of best estimate
- submit the most important lines of business whose cumulative best estimate represents at least 50% (for example) of the total best estimate.

Risk Concentration S.37.01
S.37.01 template is time consuming because firms have to:
- identify all the individual exposures or group of exposures in their firm's portfolio which are above certain thresholds defined by the supervisor
- report detailed information for each individual exposure identified above
As an example one company submitted, last reporting date, 61 individual exposures in this template; however they consider to be exposed to certain classes of risks only.
This template would have to be simplified.

Intra-Group Transactions S.36.01
The materiality threshold has been set up by type of Intra-group transaction (IGT) which depends on the bilateral solos concerned by the IGT.
The materiality thresholds are defined as a % of the SCR of the Solo(s) involved in the bilateral transaction; The threshold depends on the companies of the group having the transaction: The transactions have to be aggregated by risk type and have to respect some thresholds. Firms normally keep track of the IGTs at closing date but they do not for all the IGTs taking place all over the year.
As a result, firms submit all IGTs without any threshold

This template would have to be reviewed.

Activity by Country - S.04.01
An exemption threshold could be put forward for this template.

3.21 Can you provide any practical example of improvements to data management processes that could be applied to supervisory reporting with a view to reducing the compliance cost and/or improving the management of supervisory reporting?

- Yes
- No
- Don’t know / not applicable

3. Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here:

Useful links

More on the Transparency register (http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

Consultation details (http://ec.europa.eu/info/consultations/finance-2017-supervisory-reporting-requirements_en)

Specific privacy statement (http://ec.europa.eu/info/files/2017-supervisory-reporting-requirements-specific-privacy-statement_en)

Contact

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