



**COMPLYPORT**  
COMPLIANCE LEADERSHIP

# Regulatory Reporting Challenges: Experiences in the Financial Services Sector reporting in XBRL and XML formats

**Richard Revill and Josef Macdonald**



1

**Challenges**

2

Consequences

3

Conclusions

## What Senior Finance Professionals are saying?

### EVOLVING BANKING REGULATION 2014

Banking regulation has advanced noticeably since the 2008 financial crisis, with considerable progress achieved in 2013. However, many regulatory details remain unresolved and the banks' success in adapting to these regulatory changes varies greatly by institution and jurisdiction.

#### DAUNTING SCOPE OF REGULATION INDUSTRY CHALLENGE

One of the primary consequences has been a global movement to address

#### Current issues for private banks and wealth

Private banks and wealth managers are facing increased pressures on costs, tougher regulatory demands and the requirement for greater transparency. The industry has historically underinvested in the back and middle office, and businesses are continue to run legacy systems and manual processes to support client relationship managers and the f

- Firms in general are making necessary tactical investments in several areas to overcome regulatory challenges; however opportunities exist for firms to drive more transformational and incremental value, using compliance as the catalyst.

Given the complexity and regional variation of regulations, many firms take a tactical compliance approach by addressing requirements in a one-off manner. Today's regulatory environment opens up the opportunity for firms to do much more than that, by taking a hard look at many aspects of their operations, from who their core clients are, to how they charge for services, to how they invest strategically in technology.

---

**"I spend two days a week solely on regulation."**

---

Survey responde

## What regulators are saying?

Within 3 months of receipt of the draft ITS, the European Commission shall decide

### 3. Data and regulatory reporting

#### Critical in the coming year

Appetite from supervisors for more granular data has been growing since the start of the financial crisis. Several initiatives will combine to make data and reporting once again critical for firms in the coming year.

Although short term cost and time pressures may force firms to adopt tactical solutions, it could well be more effective to take a more fundamental, strategic approach in the medium term. These challenges apply across all financial services.

The follow-up to the AQR will be important to banks in the eurozone, but the issues extend much further. Data needs include those need for rewarding a bank in proportion for resolution and the principles for effective risk data aggregation.

More stringent data and profit requirements for insurers will be driven primarily by [Solvency II](#).

the implementing technical standard with the amendments it considers relevant or it may reject it.

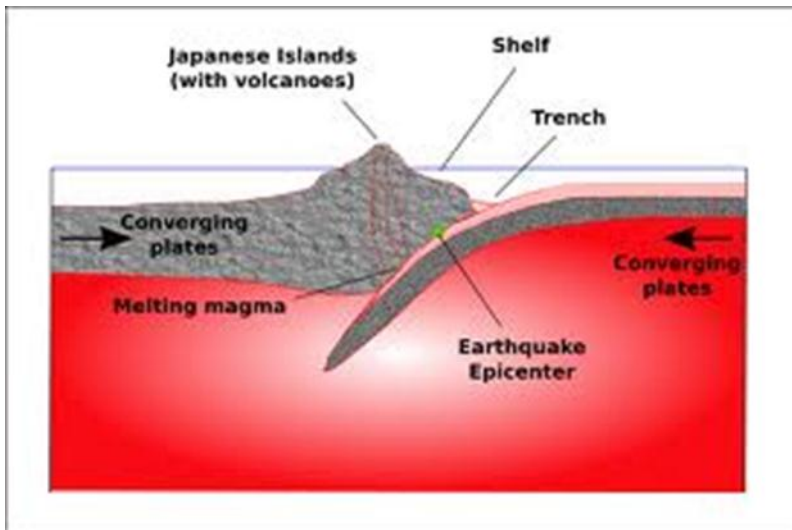
Where the European Commission intends not to endorse a draft ITS or intends to endorse it in part or with amendments, it shall follow the process as set out in Article 15 of EIOPA Regulation.



**tsu·na·mi** (tsoo-nä'mē)*n. pl. tsu·na·mis*

A very large ocean wave caused by an underwater earthquake or volcanic eruption.

[Japanese : tsu, *port* + nami, *wave*.]



## The “Converging Plates” of Regulatory Reporting:

1. New Directives
2. New Reporting Formats/Technologies
3. New Coverage

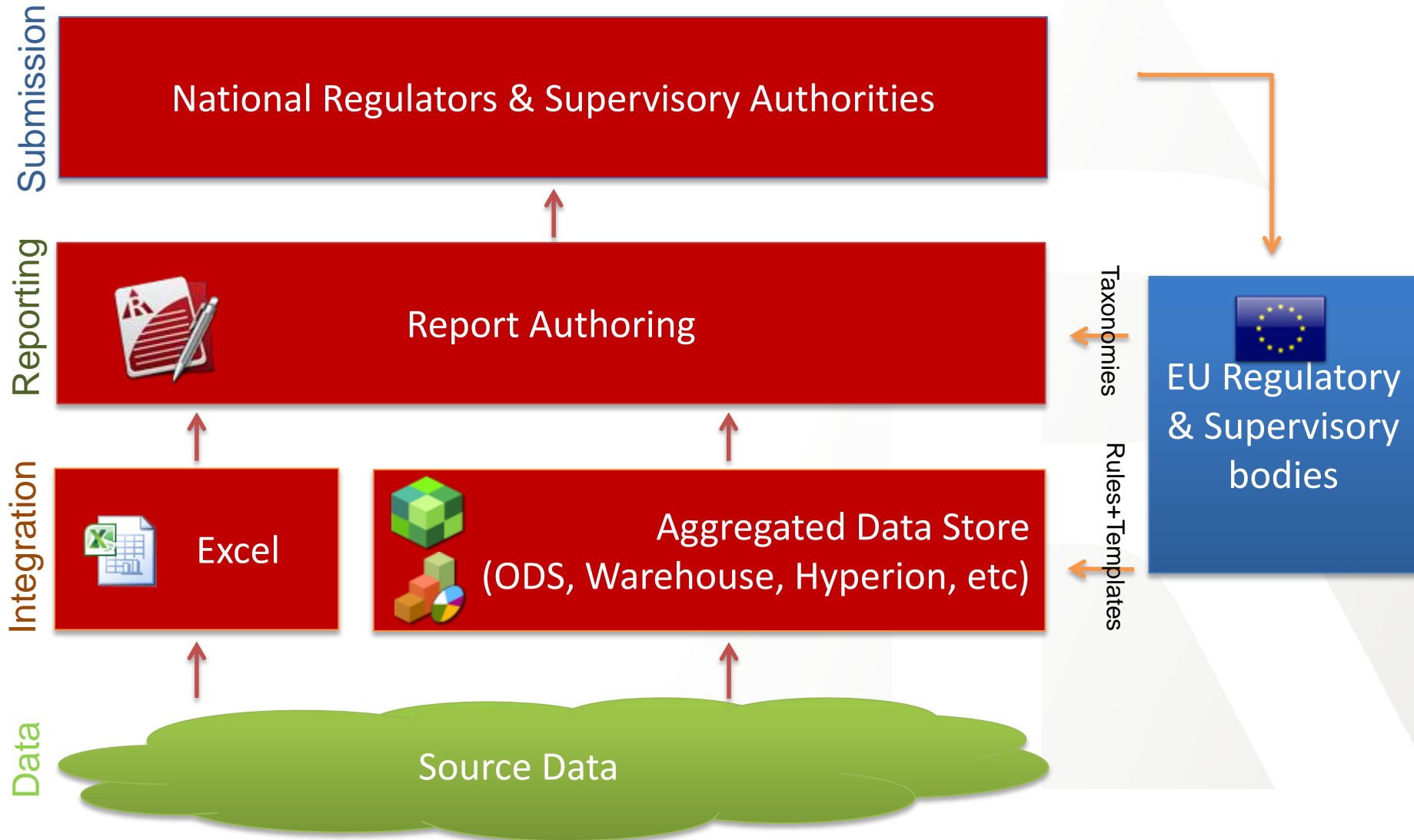
## 3x Reporting Regimes:

- CRD IV
- SOL II
- AIFMD

## 3x Layers in Reporting Process

- Integration Layer
- Report Creation Layer
- Output, Validation and Submission Layer

A re-usable and adaptable end to end regulatory reporting process



1

Challenges

2

Consequences

3

Conclusions

## CRD IV Case Study

Client	Supervisor	COREP	FINREP
Bank A	UK PRA/FCA Autorité de contrôle prudentiel	N/A N/A	HFM Excel
Bank B	Finanstilsynet	Essbase/Planning/ OBIEE	HFM/FDM/OBIEE
Bank C	UK PRA/FCA Central Bank of Ireland	Essbase/ODI Excel	Essbase/ODI Excel
Bank D	UK PRA/FCA	Excel/SQL	N/A
Bank E	Finansinspektionen UK PRA/FCA	Excel Excel	HFM Excel
Bank F	Central Bank of Ireland	Excel	Excel
Bank G	Finansinspektionen	HFM	HFM
Bank H	Finansinspektionen	Excel	Excel

Key: Requirement Ranking












- 1 Required for reporting in March - May 2016
- 2 Required for reporting in late 2016/early 2017
- 3 Out of scope

### Requirement Ranking

Insurer A	Insurer B	Insurer C	Entry point	Entry point acronym	Entry point code
2	2	2	Annual Solvency II reporting Solo	ars	0.01
1	1	1	Quarterly Solvency II reporting Solo	qrs	0.02
1	1	3	Day 1 Solvency II reporting Solo	d1s	0.03
2	3	3	Annual Solvency II reporting Group	arg	0.04
1	3	3	Quarterly Solvency II reporting Group	qrg	0.05
1	3	3	Day 1 Solvency II reporting Group	d1g	0.06
3	3	3	Annual Solvency II reporting Third country branches	arb	0.07
3	3	3	Quarterly Solvency II reporting Third country branches	qrb	0.08
3	3	3	Day 1 Solvency II reporting Third country branches	d1b	0.09
2	?	tbc	Annual Financial Stability reporting Solo	afs	0.10
1	?	tbc	Quarterly Financial Stability reporting Solo	qfs	0.11
2	3	3	Annual Financial Stability reporting Group	afg	0.12
1	3	3	Quarterly Financial Stability reporting Group	qfg	0.13
2	3	3	FS 3CB Individual Annual	ats	0.14
2	3	3	FS 3CB Individual Quarterly	qts	0.15
2	2	2	Annual ECB reporting Solo	aes	0.16
1	1	1	Quarterly ECB reporting Solo	qes	0.17
2	3	3	Annual ECB reporting Third country branches	aeb	0.18
2	3	3	Quarterly ECB reporting Third country branches	qeb	0.19
2	1	2	Annual Reporting Special Purpose Vehicles	spv	0.20

aifmd-submitting-data-q-a.pdf - Adobe Reader

File Edit View Window Help

Open      1 / 19   118%    

Tools Fill & Sign Comment

This file claims compliance with the PDF/A standard and has been opened read-only to prevent modification.

Enable Editing


Sign In

Export PDF

Adobe ExportPDF

Convert PDF files to Word or Excel online.

Select PDF File:

 aifmd-submitting-data-q-a.p...

1 file / 742 KB

Convert To:

Microsoft Word (\*.docx)

Recognize Text in English(U.S.)  
[Change](#)

Convert

Create PDF

Edit PDF

Send Files

Store Files

## Financial Conduct Authority



**Important information for AIFMD Annex IV transparency reporters - submitting accurate, consistent and complete data**

### Introduction

These Questions and Answers aim to make it easier for you to submit accurate reports, saving you time.

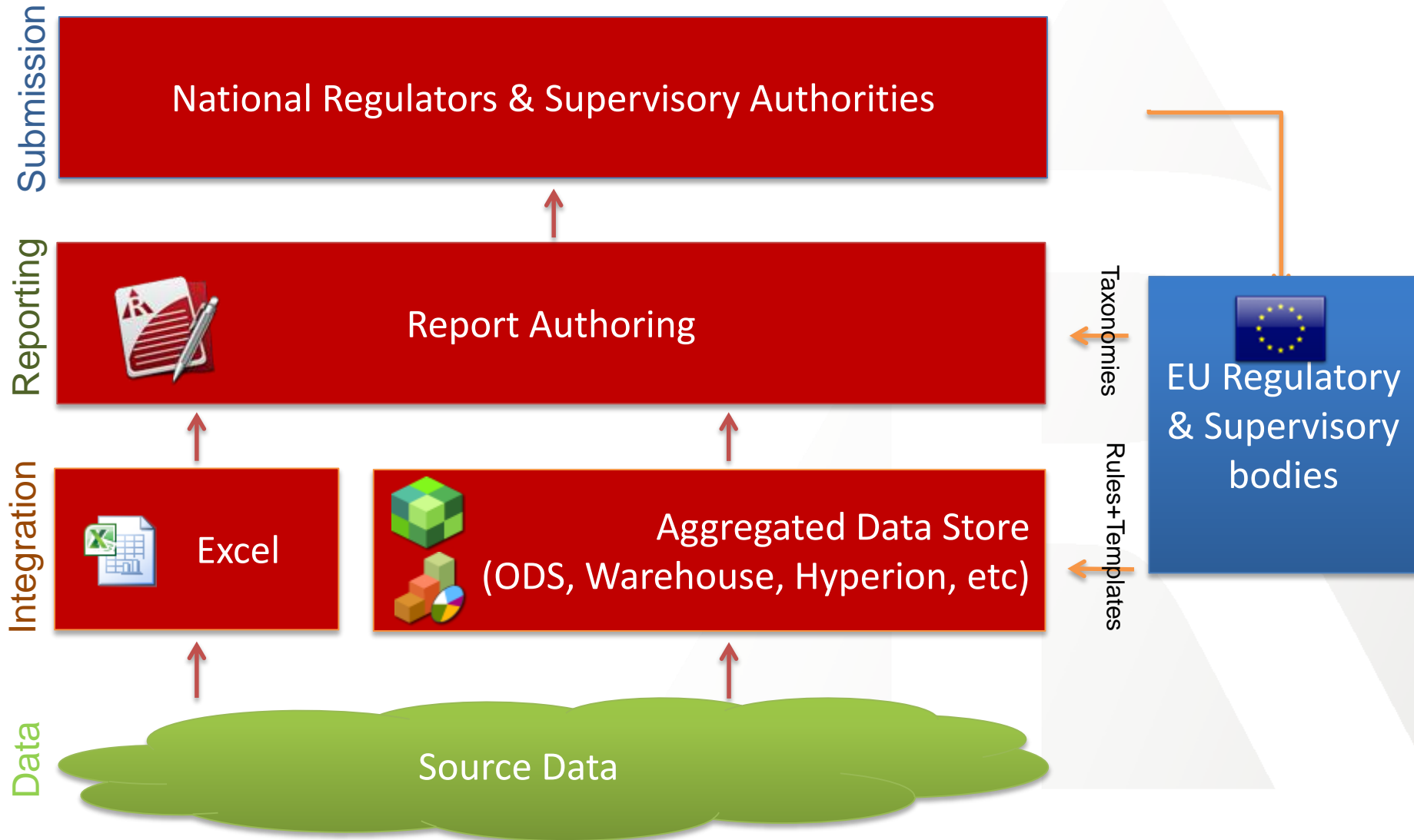
We:

- highlight some aspects of AIFMD transparency reporting where questions have been misinterpreted by some AIFMs
- identify where AIFMs have provided inconsistent responses to connected questions and

Fully charged (100%)

14:00

A re-usable and adaptable end to end regulatory reporting process



## What our Clients have asked for?

- SQL, OLAP, etc
- Many to one
- Aggregation
- Drill down
- Audit trail
- Mappings migration
- Reconciliation/Cross validation
- Pre-mapping - Data cube
- Pre-mapping - Loose coupling/API

## What our Clients have asked for?

### APPENDIX A: Reporting Obligations Under Review

Reporting Package	Group Regulator			Local Regulators										
	UK (PRA/BOE)	Ireland (CBI)	Netherlands (DNB)	India (RBI)	CN (PBOC / CBRC)	MY (BNM)	SG (MAS)	HK (HKMA)	AU (APRA)	JP (BOJ)	IT (BOI)	CH (SNB)	US (Fed)	KR (BOK)
COREP	✓	✓	✓											
FINREP	✓	✓	✓											
MLAR	✓													
RMAR	✓													
FSA 00 Reports	✓													
Bal Sheet	✓			✓		✓								
FDSF	✓													
EBA Stress Test	✓													
Statistical Reporting	✓	✓										✓		
Tax Reporting to HMRC	✓													
Statutory Accounts preparation	✓	✓	✓											
Local Country Reporting (Finance & Operational Reg / Tax / Basel II & II Reporting)				✓	✓	✓	✓	✓	✓	✓	✓	✓		
FCC Broker / Dealer													✓	
Financial Reporting / GL				✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Funding for Lending														

**Note** - Vendors are requested to provide a full list of currently available reports together with any already under development and the process to specify future reports.

What our Clients have asked for?

## Indifference to Filing Format

- XBRL
- XML
- iXBRL
- Pdf
- Word
- Excel



## Results:

- Local regulator variations
- Regulator and filer uncertainty
- Unfamiliar teams assembled across multiple disciplines
- Tactical solutions
  - ❑ Hurried implementations
  - ❑ Multiple developments & duplications
  - ❑ Reliance on Excel and manual input
  - ❑ Risk of high and increasing maintenance

1

Challenges

2

Consequences

3

Conclusions

To date European Regulatory approach has been to sparingly advise and support people to comply with tagging requirements, and not to reject returns (initially) or impose penalties for getting things wrong

- There has been a recent change to that approach:
  - Requests for re-submission is commonplace.
  - They are paying detailed attention to returns which appear not to have the amount of tagging that we would have expected
- We will continue to ignore software houses attempting to improve their products and support clients

### More focus on data quality

- Scaling of numbers - too many zeroes, focus on data indicators, decimal places

### Changes to templates and taxonomies

- Continued expansion of templates and business rules
- Improvements to the structure of the taxonomies
- Split during normalisation of tables

## Data and regulatory reporting

- Appetite from supervisors for more granular data has been growing.
- Several initiatives will combine to make data and reporting once again critical for firms in the coming year.
- FCA already claiming to be using CRD IV reporting as “canary in coal-mine” to prompt visits
- Although short term cost and time pressures may force firms to adopt tactical solutions, it could well be more effective to take a more fundamental, strategic approach in the medium term.

**Richard Revill**

<mailto:richard.revill@complyport.co.uk> | Direct: +44 (0) 20 7399 4996



**COMPLYPORT**  
COMPLIANCE LEADERSHIP

**Complyport Limited**

4 Millbank | Westminster | London | SW1P 3JA

Main Tel: +44 (0) 20 7399 4980 | Main Fax: +44 (0) 20 7629 8002 | [www.complyport.com](http://www.complyport.com)



[www.reportauthority.com](http://www.reportauthority.com)

[contactus@reportauthority.com](mailto:contactus@reportauthority.com)

**Josef Macdonald**

[Josef.Macdonald@amosca.co.uk](mailto:Josef.Macdonald@amosca.co.uk)

+44 7885 762 672

[www.amosca.co.uk](http://www.amosca.co.uk)