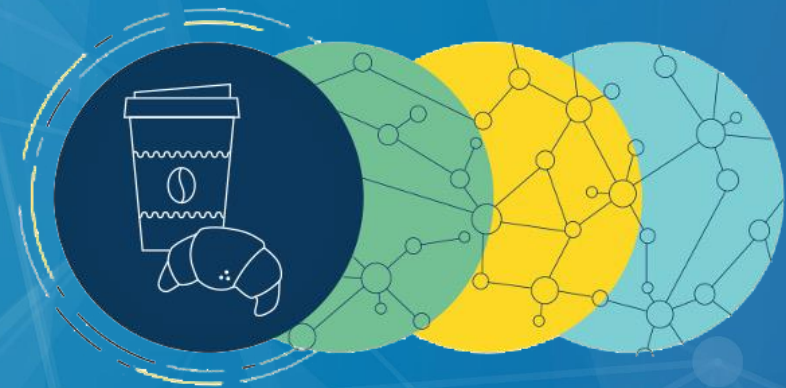


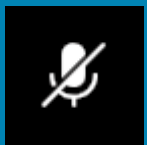
December virtual breakfast on Better Legislation for Smoother Implementation



On the menu: Financial regulatory reporting in the spotlight

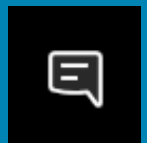
10 December 2020

Welcome to our webinar



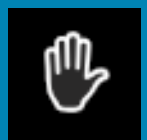
You will be muted

Please unmute yourself when you want to join the discussion



Use the chat

Submit your questions in writing by using the Microsoft Teams chat function



Raise your hand

Ask permission to make a question during the Q&A session using the MS Teams function

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The event code will be provided to you later on!

This webinar will be recorded



Welcome!

Who we are: the BLSI Community

*A living and continuously growing multi-disciplinary community on **better legislation for smoother implementation** to share good practices and co-create tools with interoperability in mind around*

- **Digital-ready policymaking**
- **Legislation and technology**
- **Streamlining regulatory reporting - *NEW***



Join us [here](#) and
[subscribe to our newsletter!](#)

The Legal Interoperability team



Zsofia Sziranyi



Cecile Guasch



Isa von Kalben





Learn more about our initiative to streamline regulatory reporting

What do we mean by regulatory reporting?

- **Regulatory reporting** is the periodical provision of structured or unstructured data (qualitative or quantitative) from concerned private and public organisations, to competent authorities (at EU or national level) as required by the requirements set in specific legislation.
- It is a process, which entails the following main stages:
 1. the setting of regulatory reporting requirements in a piece of legislation,
 2. data acquisition,
 3. data processing and
 4. data sharing.
- These stages involve both the public administrations setting the requirements and those dealing with reported data, as well as the parties which will be submitting required data.

Consult our Joinup page to find more information:

<https://joinup.ec.europa.eu/collection/better-legislation-smoother-implementation/streamlining-regulatory-reporting>



Learn more about our initiative to streamline regulatory reporting

Why does it matter?

- A **more coordinated approach** is needed to setting regulatory reporting obligations in different policy fields and different administrative levels and ensuring more strong coordination with policy monitoring and evaluation.
- The obligations often result in **unnecessary administrative burden** faced by those complying with the requirements set in a piece of legislation.
- Besides, the **use of emerging technologies** can greatly support the streamlining of regulatory reporting process.

Consult our Joinup page to find more information:

<https://joinup.ec.europa.eu/collection/better-legislation-smoother-implementation/streamlining-regulatory-reporting>



Learn more about our initiative to streamline regulatory reporting

What are we doing?

- The European Commission has set up a **Regulatory Reporting Community** of Practice to serve as a space for the exchange of lessons learnt and best practices.
- The main outputs of the Community of Practice will be made available to members of BLSI for their **information and feedback**.
- You can already consult some useful resources in our **new Joinup space!**

Consult our Joinup page to find more information:

<https://joinup.ec.europa.eu/collection/better-legislation-smoother-implementation/streamlining-regulatory-reporting>



Agenda

- / **01** Welcome
- / **02** Learn about how DG FISMA is re-defining supervisory reporting
- / **03** Regulatory reporting principles
- / **04** Q&A session
- / **05** Upcoming

Today's speakers

Directorate General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA)



Bartosz DWORAK,
DG FISMA, Unit E4
bartosz.dworak@ec.europa.eu



Pavel DIKO,
DG FISMA, Unit E4,
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Your professional background: do you see yourself in any of the below groups?

- Legislative / Policy
- Design / Business
- Operational / IT

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Which organisation do you come from and what are your expectations for today's session?

- *Open ended question*

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Strategy for supervisory data in EU financial services

Pavel DIKO and Bartosz DWORAK

Directorate General for Financial Stability, Financial Services and Capital Markets
Union (DG FISMA)

Fitness check of supervisory reporting requirements

Identified areas for improvement:

- Legislative process and instruments
- Governance
- Data needs and uses
- Consistency and harmonisation
- Technology



Broad roadmap of the FC follow-up

- Formulate a long-term vision
- Develop a strategy
- Prepare actions
- Implement

Exploit synergies with:

- Digital Finance Strategy
- European Data Strategy

Long-term vision - objectives

- Deliver accurate, unambiguous, and timely data to supervisory authorities.
- Enable effective and efficient monitoring and supervision of the financial system.
- Minimise the reporting costs and burden for the supervised entities and supervisors.

Long-term vision - principles

- Clear objectives
- Clear and common language
- Stakeholder collaboration
- Zero duplication
- Data sharing
- IT-readiness
- Stability

Specific elements of data collection environment

Some elements that remain unspecified in the long-term vision:

- Centralised vs. distributed
- Granular vs. aggregated data
- Harmonised data model vs. agility
- Data flows
- Connection between EU and national requirements
- Push vs. pull system

Initial ideas for actions

- Based on FC findings & in line with long-term vision / principles
- Caveats:
 - broad outlines which require further fine-tuning
 - other actions will likely be required
 - some are quite specific/focused, other more of a horizontal or supporting nature
 - several actions may be interdependent
- Supervisory authorities and industry should, to the extent possible, be engaged in development & implementation

Supervisory reporting manual

- Develop an internal **‘manual’ for drafting reporting requirements** to provide guidance for policymakers
 - defining reporting objectives
 - the consultation process
 - distribution of content between Level 1 and Level 2
 - setting empowerments for development of Level 2 legislation by the ESAs
 - use of standards
 - reporting and implementation timelines
- Create **‘centers of expertise’** within EC to ensure application in all new / revised legislation & provide support

Standards & identifiers

- Increase, broaden, and better co-ordinate use of European and international **standards and identifiers**
 - Examples of standards: ISO20022, XBRL, DPM, SDMX
 - Main identifiers: LEI, UTI, UPI, CDE
- Initial focus on the LEI, where EU is a global leader
 - ESRB recommendation on the LEI
- Ensure that new and revised EU legislation includes appropriate references
- Option of adopting dedicated legislation for use in financial sector reporting

Regulatory Concept Dictionary

- Establish a **reference dictionary for concepts and definitions**
 - work towards consistent use across EU financial services legislation
 - encourage use in national legislation
- Two projects by external contractors already underway:
 - manual review of reporting requirements in EU legislation
 - automated analysis of legislation combining natural language processing and machine learning to identify and extract concepts and definitions
- Objective: initial dictionary in 2021

Data sharing

- Facilitate & foster the **sharing of data** among relevant EU authorities
 - remove legal and technical obstacles
 - provide appropriate tools and legislative framework (e.g. common data spaces)
- Prerequisites for success:
 - ensure security and confidentiality of shared data
 - adapt access rights in EU legislation and, where necessary, national rules
- Input will be sought from concerned stakeholders (supervisors)

Governance

- Establish a suitable **permanent ‘forum’** to:
 - coordinate data collection and access across supervisory authorities
 - facilitate exchange of information
 - identify commonalities in data models
 - foster cooperation on establishing uniform standards, formats, processes, and data flows across sectors
- Forum could provide technical advice on legislative or non-legislative actions to achieve and maintain the supervisory data ecosystem
- Possibility of using an existing forum

Prerequisites for success

- Need for **technical advice and further assessment**, including cost/benefit analysis
 - Initial workshops held in November 2020
- Build on **existing initiatives**, e.g. EBA's integrated reporting feasibility study
- Take into account **sectoral initiatives** to ensure coherence and avoid duplicative work
- Reach out to **national authorities** to identify ways to:
 - minimise (or at least align) fragmented national level reporting
 - pool resources in creating data collection, processing and analysis infrastructure

What action do you think is necessary in order to successfully simplify and streamline supervisory reporting in the financial sector?

- *Only minor adjustments are necessary. The overall reporting system should be kept as it is now.*
- *The system should broadly be kept as it is now, but several of its elements need to be modified/improved.*
- *Most aspects of the system need to be modified, sometimes fairly significantly.*
- *The system should be rethought entirely.*
- *Don't know.*

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What benefits should initiatives to improve of supervisory data collection aim for, in your opinion? (indicate all that apply)

- *Reduction of costs*
- *Simplification of meeting regulatory requirements*
- *More effective financial system supervision*
- *More information available publicly on the state of the financial system*

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Regulatory reporting principles

Understand the challenges when setting regulatory reporting requirements and establish principles towards a streamlined regulatory reporting process that are aligned with the data strategy and based on best practices and lessons learnt

by the Regulatory Reporting Community of Practice

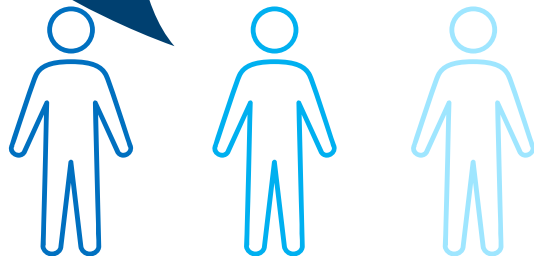
Issue paper on regulatory reporting principles 1/2

The phase of **setting regulatory reporting requirements** has implications for all subsequent stages of the regulatory reporting process. It is therefore crucial to ensure that the regulatory reporting requirements are clearly set, and they only mandate the gathering of the data that is necessary for the purpose taking account of data already collected, so, minimizing administrative burden.

Unclear regulatory reporting requirements set out in the legislative text

Complexity of both setting the regulatory reporting requirements and those of the following stages to collect, process and report data

Challenges



The **consequences** of these challenges, if not tackled, can be burdensome and counterproductive:

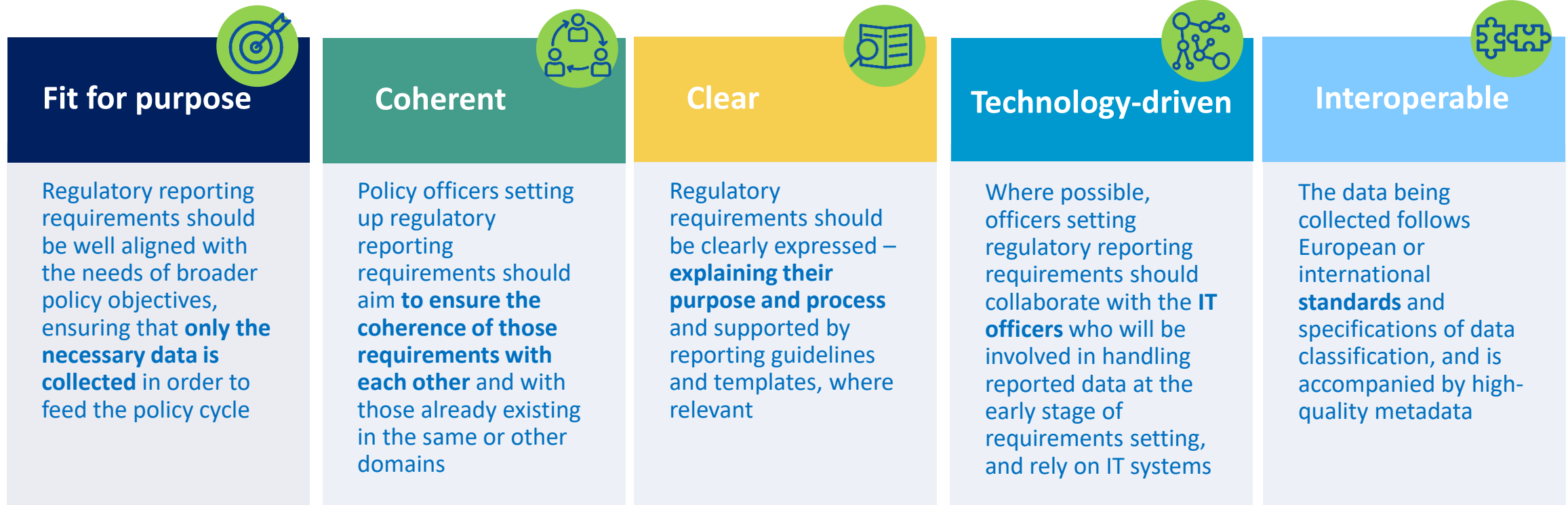
- Multiple reporting;
- Poor interoperability across data sets;
- Poor quality and reusability of the data collected; and
- Inconsistent reporting timelines, among others.

These challenges appear to be **shared across all parties from the Commission DGs and its Agencies** involved in the process.

Five principles for setting regulatory reporting requirements were identified. Each principle is accompanied by best practices.

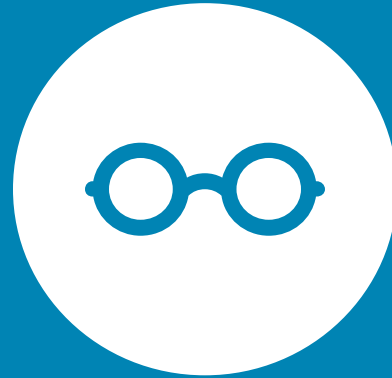
Issue paper on regulatory reporting principles 2/2

Five key principles for setting regulatory reporting requirements:





Q&A session



Next steps

Next steps



Continue the ongoing work on streamlining regulatory reporting. Feel free to share your feedback through our [custom Joinup page](#).



A call for topics for future webinars to be communicated via EU-legal-interopability@ec.europa.eu



Thank you very much for your participation!

We wish you all a wonderful winter holiday season 🎄 ❄️ ✨



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