



EUROPEAN CENTRAL BANK

EUROSYSTEM

Annex 1 to the cost-benefit assessment questionnaire on the Integrated Reporting Framework

An overview of the IReF
requirements

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1 Introduction

The ESCB has developed a draft reporting scheme for the Integrated Reporting Framework (IReF). This is based on the results of the qualitative stock-taking survey conducted in 2018 and additional assessment work aimed at streamlining reporting requirements. The present draft should be viewed as a baseline scenario, as different scenarios for several aspects of the collection framework are being assessed as part of the cost-benefit assessment (CBA) questionnaire. Based on the results of the CBA, a new version of the IReF reporting scheme will be presented during the next stages of the overall IReF cost-benefit analysis.¹

The current version of the draft scheme is attached as an annex to the CBA questionnaire through an Excel tool that captures the requirements, depending on:

- the type of reporting agent to which they will apply (i.e. credit institution or other deposit-taking corporation);
- the type of reporting (i.e. whether the reporting agent is subject to full reporting requirements or has been derogated in accordance with the scenarios presented in the CBA questionnaire);
- the corresponding instruments for which they are required (and the associated level of granularity and detail);
- the frequency and timeline (i.e. deadlines) of the reporting;
- whether the reporting agent is subject to MFI interest rate (MIR) reporting^{2,3}

This document provides a high-level description of the requirements, with the objective of further supporting the participation of stakeholders in the exercise. In particular, Section 2 reviews the requirements, describing their level of granularity and detail, as well as the main changes within the scope of the IReF compared with the existing ECB regulations, while Section 3 presents the data model that is being used to represent the draft scheme.

¹ The IReF data model allows for a large degree of flexibility in representing data requirements; see also Section 3.

² The current regulation on MIR statistics allows NCBs to follow a sample approach when collecting these reporting requirements from deposit-taking corporations; see Regulation ECB/2013/34. While it has not yet been decided whether a sample approach will be adopted under the IReF, the Excel tool separately identifies the requirements arising for MIR purposes.

³ Detailed instructions on how to use the Excel tool to visualise the requirements are provided directly in the file.

2 Overview of the draft IReF requirements

The main objective of the IReF initiative is to develop a unique collection layer for the statistical data requirements that would be directly applicable in euro area countries. The new scheme is characterised by an additional level of granularity and detail compared with the datasets that fall within the scope of the IReF (i.e. as legislated for in ECB statistical legal acts) in order to integrate the existing reporting lines and avoid the duplication of requirements. Although data volumes would increase, banks will be required to perform fewer classifications and aggregations, which can often be resource-intensive activities. These tasks will be mostly carried out centrally by the ESCB instead. As further discussed in Section 3, the IReF will use a unique data model and dictionary, which is expected to fully standardise definitions and ensure methodological soundness across the euro area. The information requested in the IReF will be closer to the banks' business logic, and the intention is to achieve a high degree of cross-country standardisation. It is also expected that the inherent flexibility with which granular data can be combined to produce new products and services may reduce the frequency of changes in the data reporting legal framework and, at the same time, decrease the need for ad hoc requests. The cross-country standardisation of reporting may be particularly important for those banks operating in several euro area countries.

This section first reviews the main features of the draft IReF scheme in relation to the current IReF baseline scenario and then presents the requirements for each instrument type, focusing on the differences compared with the existing requirements laid down in ECB legal acts. It should be remembered that, under the IReF, derogations would be applied to "small" reporting agents. Derogated institutions would be exempted from reporting granular data or would be required to report at a quarterly frequency only.⁴

2.1 General features of the draft IReF scheme under the baseline scenario

In line with the qualitative stock-taking results, the reporting scheme has been developed by anchoring requirements to applicable accounting standards. In particular, accounting standards applicable at the level of the legal entity⁵ will underpin IReF reporting.⁶ Under the baseline scenario, the inclusion of data on the accounting values of assets and liabilities is being considered for the IReF reporting scheme, with the objective of ensuring close linkages with financial statements. At the

⁴ The specific scenarios for the reporting obligations of derogated institutions will be tested in the CBA questionnaire.

⁵ Please be aware that the term "entity" is used in the documentation with reference to counterparties (e.g. legal entities). Components of an Entity Relationship Model are called "tables" to avoid misunderstandings.

⁶ Hence, data for branches of euro area credit institutions would be collected in accordance with the accounting standards of the legal entity. This is different from the current approach, whereby branches normally report statistical data to their host NCB based on the local accounting standards.

same time, potential deviations from statistical standards are bridged to the extent possible, in accordance with statistical concepts and practices. As is the case with AnaCredit reporting, positions are to be reported on a gross basis. All relevant information needed to compile the statistical aggregates in a manner that is consistent with ESA 2010 valuation methods is also covered in the scheme when it is not otherwise available. For example, in line with AnaCredit, the outstanding nominal amounts of loans are covered in the scheme, while for holdings of ISIN securities, market values are not collected from reporting agents under the baseline scenario as they can be sourced from the ESCB's Centralised Securities Database (CSDB). Positions to be recorded on the balance sheet from a statistical perspective (e.g. derivatives) are also part of the draft scheme, even when they might be considered off-balance-sheet from an accounting perspective.

In addition, requirements for effects not relating to transactions that would impact the amounts outstanding of an instrument are covered in the draft scheme where relevant. These requirements differ depending on the instrument type and the level of the reporting (e.g. instrument-level or aggregated) and are further explained in the CBA questionnaire. The IReF scheme will also collect all the data required to calculate credit institutions' minimum reserve requirements.

The draft scheme is consistent with the baseline scenario in that data relating to branches of euro area credit institutions will be collected through the head office. This is reflected in the distinction between the reporting agent, which represents the entity that, from a legal perspective, will be responsible for the reporting, and observed agents, which are the entities the data refer to.⁷

The requirements will share the same variables and measures across instruments to the extent that they are applicable in the existing reporting obligations. For example, counterparty risk/default information could also be collected for debtors of securities. However, these requirements are not included in the IReF as they are not part of the sectoral module of Securities Holdings Statistics (SHS). Each instrument type is thus characterised by selective reporting which can be seen as a "slice" of the harmonised overall scheme identified by the combination of all IReF variables and measures. Some variables and measures will be required for several instruments, although some may be unique to an instrument.⁸

In addition, all variables with similar domains are incorporated into the draft via the same member list. This means, for example, that all variables relating to maturities (e.g. the variables for original maturity and residual maturity applying to aggregated data requirements for deposits) will have the same subdomains and, therefore, the same members/codes are to be reported. Various design choices were made during

⁷ The concept of reporting agent and observed agent is explained in Chapter 2 of Part 1 of the [AnaCredit manual](#).

⁸ The current version of the draft scheme does not yet take into account the restrictions that will apply to the reporting and interdependencies across variables – for example, some of those aspects can be handled through "null explanatory variables". This also relates to the actual level of normalisation that will be introduced in the IReF model (see Section 3).

the drafting process in order to develop the draft IReF scheme from a technical perspective – these will be further assessed in the CBA questionnaire.⁹

Under the current baseline scenario, all requirements needed to compile statistical aggregates would be collected on a monthly basis with a timeline of T + 10-12 working days. The collection of the residual monthly data and all quarterly requirements, including (most of) the variables of an accounting nature, would take place at T + 20-24 working days. These aspects relating to the timeline will be tested in the CBA questionnaire. For instance, it could be beneficial for reporting agents to transmit all non-accounting information at a single transmission deadline.

2.2 Review of requirements by instrument¹⁰

2.2.1 Loan-level data¹¹

Granular loan-level requirements refer to loans to legal entities (i.e. entities other than natural persons) and would only be applicable to credit institutions, in line with the current AnaCredit Regulation. Under the baseline scenario, such requirements would be directly reused to compile aggregates on loans, and the AnaCredit threshold would be lowered to cover all loan positions with legal entities at the instrument level. The costs and benefits of this approach, and its implications in terms of the operationalisation of the requirements (e.g. the timing of the data transmission), will be assessed in the CBA questionnaire. Alternative scenarios will also be assessed (e.g. maintaining the threshold and collecting data on loans below the threshold on an aggregated basis).

The data requirements reflected in the draft scheme almost completely match those of AnaCredit. A few additional requirements have been included, mostly to ensure the coverage of variables needed for MIR purposes (e.g. renegotiated amounts). The baseline scenario also envisages detailed reporting of flow information on loan issuances, redemptions and interest payments. This approach would enable reporting of this information to be aligned with what might be covered for securities issued. However, as pointed out in the CBA, this approach would only be considered if a clear majority of respondents found it to be beneficial.

It is worth mentioning that a few variables (e.g. recognition) requested in the AnaCredit quarterly table of accounting information had to be shifted to monthly reporting so that monetary reports could be compiled from the data. Such requirements are not new as

⁹ It should be noted that certain variables currently incorporated into the ERM (e.g. the reference date or the reporting agent) are likely to be collected as header information in the technical transmission format.

¹⁰ This section describes for which instrument types data will be collected at a granular level. Whereas data for other instruments is envisaged to be collected on an aggregated basis, the question of whether to cover positions relating to “intra-group” and foreign direct investment relationships at a granular level is also being considered; see the CBA questionnaire for additional details.

¹¹ In line with the terminology used in ECB legal acts, “loans” should be interpreted in this framework as “loans and deposits” presented on the assets side of the balance sheet.

this information already underpins the current monthly reporting in the context of MFI balance sheet item (BSI) statistics.

2.2.2 Aggregated loan data

For credit institutions, aggregated requirements for loans only relate to loans to households. Deposit-taking corporations other than credit institutions would continue to report aggregated information on loans.

The requirements for aggregated loan data are mostly defined to cover the variables and measures needed for BSI and MIR purposes (i.e. including BSI requirements for loan securitisation and other transfers) but also allow other reports to be compiled from the data (e.g. IMF requirements, balance of payments (b.o.p.), international investment positions (i.i.p.) and financial accounts). The IReF scheme introduces an additional level of detail as variables are considered jointly and subdomains are more disaggregated than under the BSI and MIR regulations.

2.2.3 Holdings of securities

Under the baseline scenario, data would be collected at the instrument level for ISIN and non-ISIN securities, in line with current practice in several euro area countries. The proposal extends the requirements of the SHS Regulation, which only covers ISIN securities. Under the baseline scenario, information required for BSI and SHS purposes, such as market price, asset classification and the issuer of ISIN securities listed on an exchange, would not be collected from reporting agents. The CSDB would be used instead to enrich data from the IReF collection layer. For non-ISIN securities and unlisted ISIN securities, however, the equivalent information would be collected directly from reporting agents. Holdings of own securities would also be captured in the IReF, in line with the general rule to cover positions on a gross basis.

2.2.4 Securities issued for which the reporting/observed agent is the issuer or the debtor

Data would be collected at the instrument level for ISIN and non-ISIN securities. This means that, under the baseline scenario, instrument-level requirements also apply to equity securities issued. This goes beyond the requirements of the BSI Regulation, which includes equity securities as part of a higher-level requirement for capital and reserves. In contrast to the assets side, all reference information as well as flow data regarding a security (e.g. coupons, redemptions, tap issuances for debt securities and dividends) are included for collection. These requirements arise partly in relation to securities issues statistics specified in the ECB Guideline on Monetary and Financial Statistics, and are also linked to other ongoing work in the context of the G20 Data Gaps Initiative¹². Although requirements of this type are not currently included in ECB

¹² See also the [IMF website](#).

regulations, several euro area countries collect the information in their national collection frameworks.

The requirements cover all securities for which the reporting/observed agent acts as debtor, as well as all issuances for which the reporting/observed agent is an issuer for another entity. In the latter case, the reporting agent will report information on both the instrument and the debtor of the security. These data will also enable the ESCB to calculate statistics on securities issued without the need for dedicated data collections.

2.2.5 Securities for which the reporting/observed agent acts as custodian

In line with existing SHS requirements, data will be collected on ISIN securities for which the reporting/observed agent undertakes the safekeeping and administration of clients' securities accounts, including custodianship and related services such as cash/collateral management. It is clear that the majority of deposit-taking corporations will not be affected by this as they do not act as custodians.

Under the baseline scenario, instrument-level data relating to the holdings of legal entities would be collected for each individual holder. Limited reference information would be collected on the holder (i.e. name, address and institutional sector). Data on holdings of ISIN securities by households would continue being collected on a security-by-security basis at the level of the institutional sector and area of residency of the holder, in line with the current SHS Regulation.

2.2.6 Deposits¹³

Under the baseline scenario, the requirements for deposits are only aggregated and mostly cover the variables and measures needed for BSI, MIR and minimum reserve base purposes, although they also allow other reports to be derived from the data (e.g. IMF requirements, b.o.p., i.i.p. and financial accounts). With regard to deposits, the IReF scheme introduces an additional level of detail, as the subdomains of the applicable variables are more disaggregated compared with the BSI and MIR regulations, and requirements are identified by applying the variables jointly.

2.2.7 Financial derivatives

Under the baseline scenario, the IReF will include limited aggregated requirements with regard to the market value of asset and liability positions related to financial derivatives. Alongside the breakdowns by sector and area of residency of the counterparty, which are already covered in existing ECB regulations, it is also under consideration whether the IReF scheme should include additional breakdowns. These relate to the type of financial derivative, the currency of denomination of the

¹³ In line with the terminology used in ECB legal acts, "deposits" should be interpreted in this framework as "loans and deposits" presented on the liabilities side of the balance sheet.

instrument, the type of underlying and the role of the observed agent in the contract (i.e. buyer or seller). The CBA questionnaire will also assess the costs and benefits of reporting these additional variables which are already part of the national collection frameworks of several euro area countries.

2.2.8 Cash, other equity instruments, non-financial assets and remaining assets and liabilities

Under the baseline scenario, data referring to these instruments will be collected on an aggregated basis. The requirements are simplified and only a very small number of variables and measures apply – mostly to cover BSI needs. In the case of other equity instruments (i.e. equity instruments other than securities), however, the CBA questionnaire also assesses a scenario under which these requirements are collected at a granular level for positions relating to both assets and liabilities.

3 Data model and dictionary

The draft IReF reporting scheme has been developed on the basis of the AnaCredit logical entity relationship model (ERM), envisaging, for example, more instruments for both instrument-level and aggregated data reporting. From a technical perspective, the current design is in line with state-of-the-art solutions for data modelling, storage and management. The approach ensures a systematic representation of data requirements, which are structured in a set of (fairly) normalised tables linked by identifiers.¹⁴ In addition, reporting agents should already be familiar at least to some extent with the AnaCredit ERM. This also depends, of course, on how AnaCredit data collection has been implemented at the national level but, apart from this, the approach should also facilitate an understanding of the reporting requirements. The development of the IReF data dictionary is based on the ESCB's Single Data Dictionary (SDD), an approach which ensures that the definitions and the code lists that will be used to define the variables and their corresponding subdomains in the IReF ERM tables will be standardised across the euro area. This addresses some of the existing national deviations that have been indicated by the banking industry as major drawbacks of the ESCB's current approach to data reporting.¹⁵

The structure of the ERM is now presented in more detail. This is followed by an explanation of the rationale for the approach adopted in the IReF baseline scenario of using the same model to represent both aggregated and granular data requirements.

3.1 The ERM structure

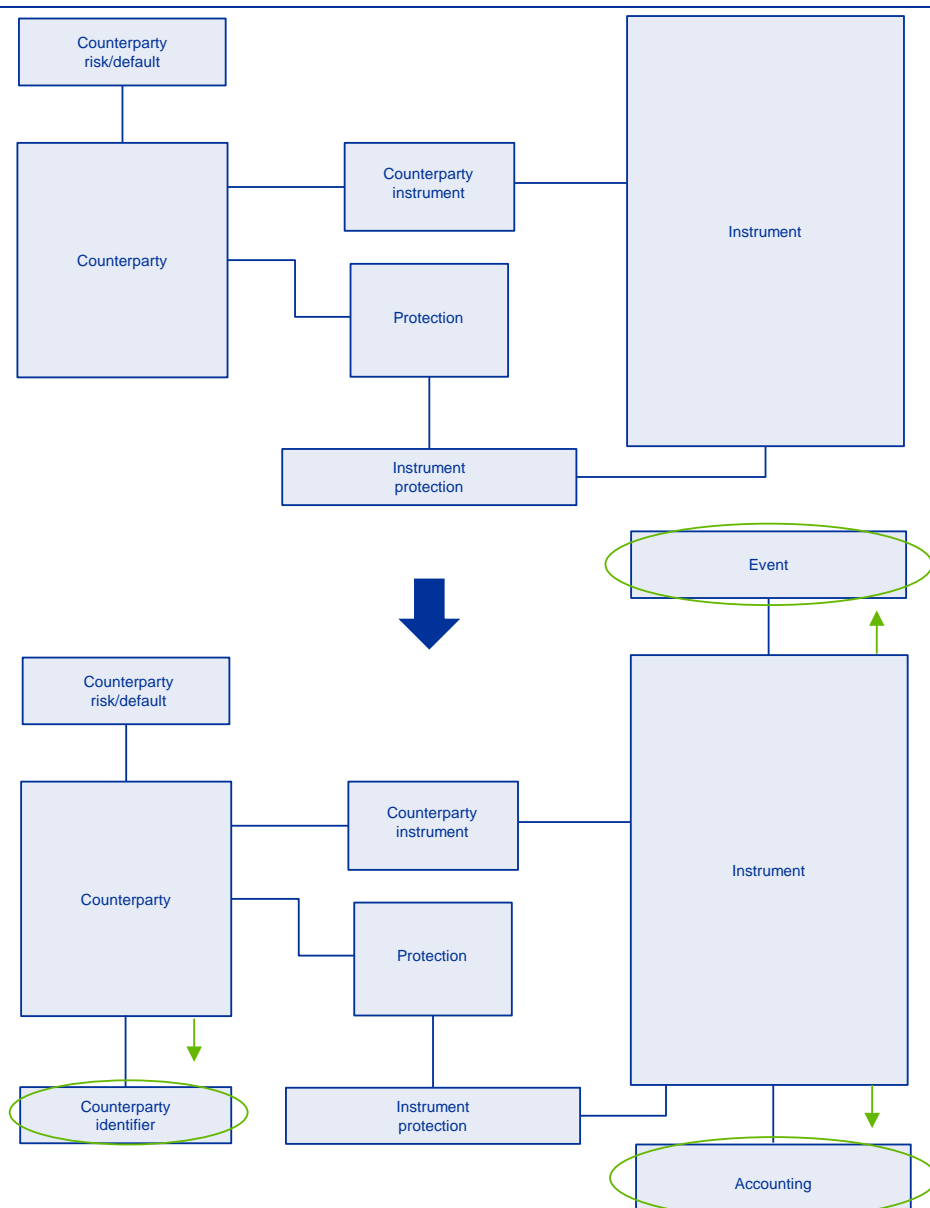
Figure 1 below shows how the AnaCredit ERM can be extended and adapted for IReF purposes. While the left side of the chart shows the main tables and entities of the AnaCredit logical ERM, the right side offers an overview of the ERM envisaged for the IReF. The same model is used to show both granular and aggregated data, allowing a single representation of the scheme used for the CBA questionnaire. For example, the instrument table contains data collected at the instrument level for loans and securities, as well as aggregated data on deposits (see also Section 3.2).

¹⁴ Normalisation means organising data in a database so that it meets two basic requirements: (1) there is no redundancy of data (i.e. all data are stored in only one place), and (2) data dependencies are logical (i.e. all related data items are stored together); see also Appendix 1.

¹⁵ See, for example, the EBF paper on [integrated reporting](#) or the corresponding [press release](#) of October 2018.

Figure 1

From the AnaCredit logical ERM to the IReF draft scheme



Note: The instrument table depicted in the AnaCredit ERM comprises information on the instrument as well as financial and accounting data.

The following points should be noted.

- The draft IReF scheme will include extensive information on counterparties (e.g. debtors of loans and securities) and securities (e.g. flow information) with the objective of feeding ESCB reference databases. It is expected that the approach to counterparty information will be similar to that followed under AnaCredit, in the sense that NCBs may use data from business registers instead of collecting counterparty data from reporting agents. The table shown for counterparty information may not, therefore, imply an actual requirement for the reporting agent if other means are available.

- Accounting information is shown separately in order to comply with the specifics of securities for which holdings of an individual security can be broken down, depending on the accounting classification of the instrument. Merging the instrument and the accounting information would thus result in a non-normalised table, which would lead to redundancies in the reporting (see also Appendix 1).
- The event table is a key extension of the scheme and includes data on both flows (e.g. dividends, coupons) and individual events (e.g. stock splits).
- A separate table was created to allow for the collection of counterparty identifiers.
- Besides these structural changes, additional variables and measures were included in some tables to ensure that the requirements are integrated effectively.

Further information on the draft scheme is provided in the complementary Excel tool. The tool also illustrates the cardinality of the relationships between the different tables.

3.2 Representation of aggregated data requirements

As mentioned above, a key feature of the IReF scheme under the baseline scenario is its joint representation of granular and aggregated data requirements within the same ERM structure. This makes it easier to explain the draft scheme as only one structure is applied. Although the costs and benefits of this approach will be assessed in the CBA questionnaire against possible alternatives, this section gives an example of how this kind of unique modelling can be developed in practice through the use of identifiers. It should be noted that, for the sake of simplicity, the example is fictional and does not match the requirements of the draft IReF scheme.

Figure 2
Granular versus aggregated data in a flat table

FLAT TABLE				
Instrument ID	AA	BB	Not applicable	Not applicable
Instrument type	Revolving	Revolving	Revolving	Overdraft
Counterparty ID	Y234	Y234	Not applicable	Not applicable
ESA sector	S.13	S.13	S.14	S.14
Country	AT	AT	AT	AT
Outstanding amount	200,000	450,000	1,000,000	1,000,000
	Instrument by instrument		Aggregated	
	Uniquely identified via the instrument-ID		Uniquely identified via all the fields reported	

Figure 2 shows a mixture of granular and aggregated information on loans in a “flat table”. The first column shows the variables and the measure defining the dataset, while the other columns show the data records, relating to two individual loans to government entities (identified by their counterparty IDs) and two loan aggregates (i.e.

potentially comprising numerous loans) with the household sector. Instrument-level data are uniquely identified via the instrument ID, while no identifiers are needed for aggregated data as the records are uniquely identified by the different combinations of the requested variables. However, there is nothing to prevent the allocation of identifiers to aggregated data for both instruments (i.e. “Instrument type”) and counterparties (i.e. “ESA sector” and “Country”), as Figure 3 shows. This information only represents an additional means of identification.

Figure 3
Use of identifiers for aggregated data in a flat table

FLAT TABLE

Instrument/Line ID	AA	BB	X1	X1
Instrument type	Revolving	Revolving	Revolving	Overdraft
Counterparty/Line ID	Y234	Y234	C1	C1
ESA sector	S.13	S.13	S.14	S.14
Country	AT	AT	AT	AT
Outstanding amount	200,000	450,000	1,000,000	1,000,000
	Instrument by instrument		Aggregated	
	Both data types use identifiers			

Note: The IDs could be assigned by reporting agents based on common rules that will be defined at a later stage of the process (e.g. number of digits, type of digits).

Figure 4
Adopting an ERM for aggregated data

TABLE: Instrument

Instrument/Line ID	AA	BB	X1	X1
Instrument type	Revolving	Revolving	Revolving	Overdraft
Counterparty/Line ID	Y234	Y234	C1	C1
Outstanding amount	200,000	450,000	1,000,000	1,000,000
	Single instruments		N instruments	

TABLE: Counterparty

Counterparty/Line ID	Y234	C1
ESA sector	S.13	S.14
Country	AT	AT
	Single counterparty	N counterparties

As Figure 4 shows, it is possible to use an ERM approach for both granular and aggregated data. Aggregated lines of data are split and treated as if they describe single instruments or counterparties, following the idea of normalisation applied in the ERM.

Appendix 1

The concept of normalisation

Normalisation may be understood as the process of organising information in different tables with the objective of avoiding redundancies. The following simplified dataset may be considered as an example:

- one debtor (“Counterparty ID”);
- the debtor is a non-financial corporation in Austria (“ESA” and “Country”);
- three individual loans are identified using the instrument ID.

Figure A1.1 shows the relevant information for the example in a flat table (i.e. a table covering all variables and measures) where measures are collected for all combinations of the values of the variables. This form of representation means that the ESA sector and the country could lead to redundancies, as a change in the counterparty information (e.g. ESA sector) would apply to all three loans, bearing in mind that they all have the same counterparty.

Figure A1.1
Flat-table representation

Observed agent	X123	X123	X123
Reference period	2019-05-31	2019-05-31	2019-05-31
Instrument ID	AA	BB	CC
Instrument type	Loan	Loan	Loan
Counterparty ID	Y234	Y234	Y234
ESA sector	S.11	S.11	S.11
Country	AT	AT	AT
Outstanding amount	200,000	450,000	1,000,000

Redundant information

As Figure A1.2 shows, normalisation means splitting the table into two sets of information (i.e. information relating to the instrument and information relating to the counterparties) in order to avoid redundancies. Following the new model, the dataset may be represented as shown in Figure A1.3.

Figure A1.2
Applying normalisation

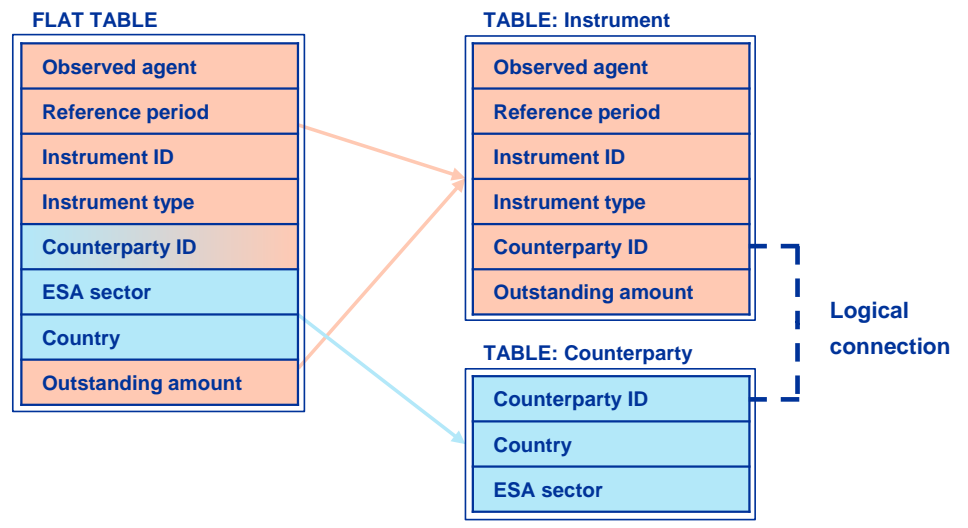


Figure A1.3
Redundancy-free model

TABLE: Instrument			
Observed agent	X123	X123	X123
Reference period	2019-05-31	2019-05-31	2019-05-31
Instrument ID	AA	BB	CC
Instrument type	Loan	Loan	Loan
Counterparty ID	Y234	Y234	Y234
Outstanding amount	200,000	450,000	1,000,000

TABLE: Counterparty	
Counterparty ID	Y234
ESA sector	S.11
Country	AT

Two tables/entities that are redundancy-free

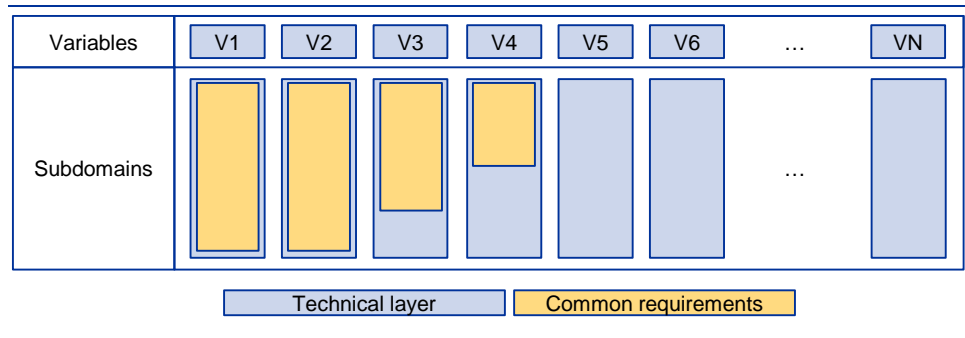
Appendix 2

Approach to national requirements under the IReF

As explained in detail in the CBA questionnaire, it is likely that some country-specific requirements will be maintained under the IReF. An extended IReF technical layer will be developed to model and describe country-specific requirements from a technical perspective, ensuring that overlapping requirements across countries are described in the same way. To achieve this aim, the common reporting scheme will be extended to include additional variables and by expanding the subdomains of existing variables in line with the national requirements.

The technical layer is depicted in Figure A2.1 as an extension of the common requirements which refer to the reporting scheme to be legislated for in the IReF Regulation.

Figure A2.1
The IReF technical layer

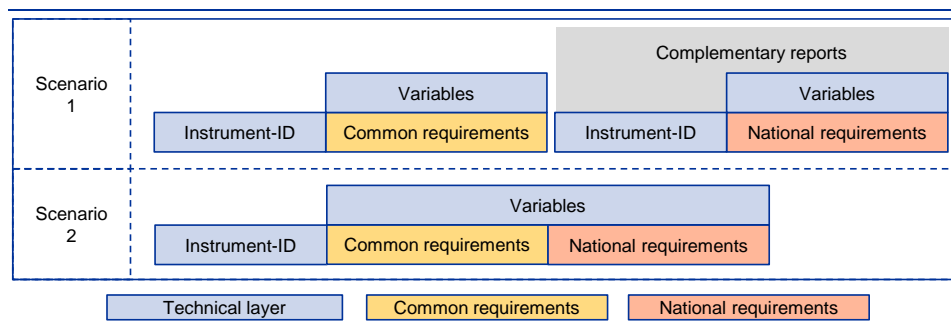


In order to translate this extended IReF technical layer into reporting schemes that would be applicable at national level, two scenarios are analysed:

- **Scenario 1:** Based on the extended IReF technical layer, define (i) a common reporting scheme that would apply in each country, and (ii) complementary reports on national requirements that would only apply in the relevant countries.
- **Scenario 2:** Based on the extended IReF technical layer, define national reporting schemes which would integrate common and national requirements.

Figure A2.2

Integration of non-aggregated country-specific requirements



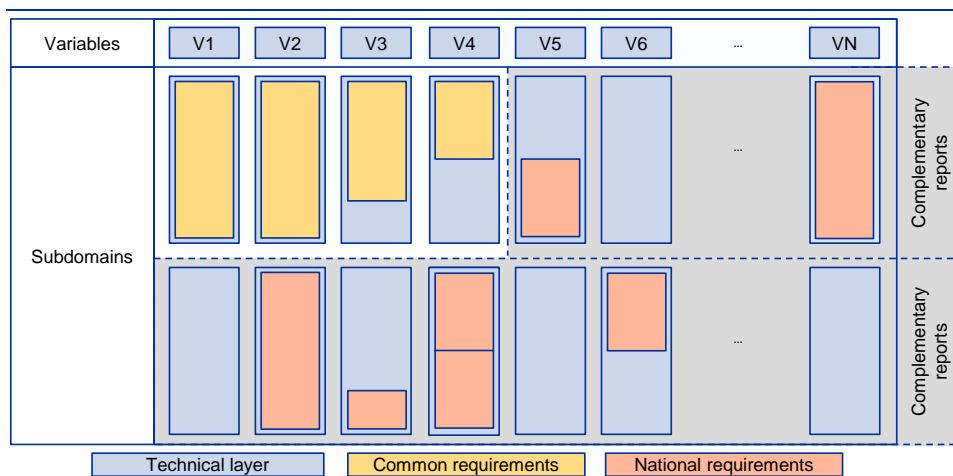
The two scenarios have the same implications for the integration of non-aggregated country-specific requirements collected at a level of granularity that already exists in the reporting scheme (see also Example 1 below). As Figure A2.2 above shows, any national requirements which relate to an existing granularity level do not result in a change to the common requirements.

Scenario 1 is depicted in Figure A2.3. The common requirements refer to the reporting scheme that would be legislated for in the IReF Regulation. National requirements would be represented in complementary reports and each NCB would obtain its own country-specific requirements by “slicing” these complementary reports. Those relating to aggregated data are shown in the lower panel. As national requirements are normally collected in combination with existing content, duplications in reporting cannot be ruled out. For example, the variables V2 and V4 need to be collected again in connection to the corresponding subdomains, even though the data are already available from the common reporting scheme. No duplications apply for V3 as the subdomains covered in the common reporting scheme and in the national requirements are disjoint. National requirements not relating to aggregated data (e.g. relating to instrument-level data) are shown in the corresponding complementary reports in the upper panel.¹⁶ As previously mentioned, this does not cause any change to the common requirements from a technical perspective, although duplications are also possible if the country-specific requirements relate to a more detailed member list in a subdomain.

¹⁶ There may be cases in which a country-specific requirement is at a different level of granularity compared with the IReF reporting scheme. For instance, data on derivatives might be collected at instrument level at the national level. Such cases are not taken into account in Figure A2.3 for the sake of simplicity, but they would be represented in the lower panel and would result in duplications in the data collection.

Figure A2.3

Scenario 1

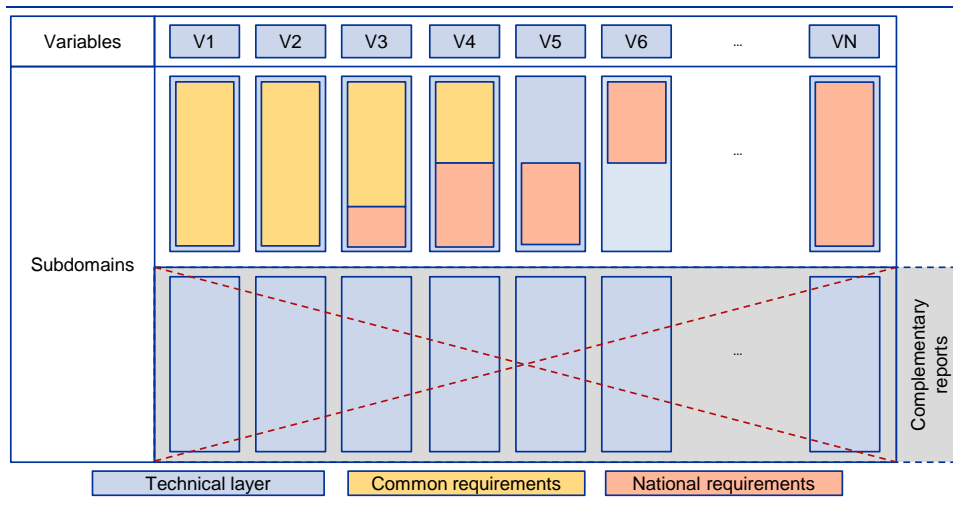


Note: The lower panel refers to aggregated data requirements, while the upper panel refers to data requirements not collected on an aggregated basis.

Scenario 2 is depicted in Figure A2.4. No complementary reports would be necessary, and each NCB would define the version of the IReF scheme that would apply nationally by “slicing” the IReF technical layer. In this case, variables V3 and V4 would be directly integrated with the common requirements to ensure redundancy-free collection.¹⁷

Figure A2.4

Scenario 2

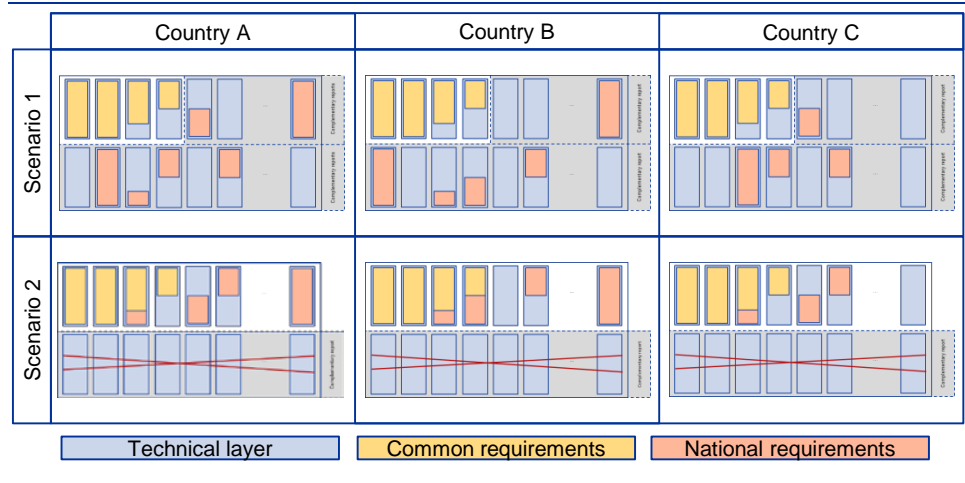


It is relevant to show the implications of the scenarios for a legal entity that has branches operating in different euro area countries. Under the IReF baseline scenario, in which the head office is responsible for the reporting of its euro area branches, each

¹⁷ Following on from the example in the previous footnote, there would be no duplication of data in **Scenario 2** as derivatives data could be collected without a complementary report/table at instrument level.

branch¹⁸ would represent an “observed agent” of the head office. Figure A2.5 presents the case of a legal entity with three observed agents (e.g. a head office resident in country A and two branches resident in country B and C respectively).

Figure A2.5
The impact of the scenarios on a legal entity



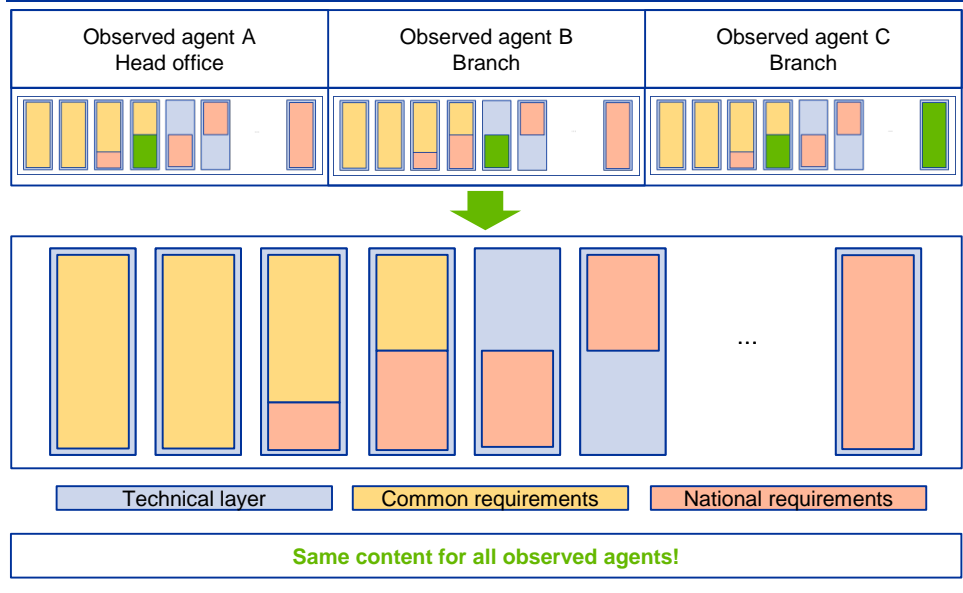
Under **Scenario 1**, the common reporting scheme would apply to the three observed agents without exception, while different complementary reports would apply in each country. Under **Scenario 2**, no common reporting scheme would be applied, and the head office would be responsible for reporting data on itself and each of the branches according to the applicable national reporting scheme.

The CBA questionnaire will also assess the option of granting reporting agents the discretion to report more information than the requested minimum under **Scenario 2**, in order to transmit the same dataset across countries. As Figure A2.6 shows, this would allow the head office to report data for the three observed agents redundancy-free and with a single structure in all the countries in which the legal entity operates by reporting additional information indicated via the green boxes. However, this would also mean that an NCB could, potentially, receive different returns from its reporting agents.

¹⁸ For the purposes of statistical reporting, when a legal entity has more than one branch operating in a country, these branches are considered to be one “observed agent” (i.e. a single institutional unit in the terminology of international statistical standards). For the sake of simplicity, the CBA also refers to such an observed agent as a “branch”.

Figure A2.6

Discretion in reporting for a legal entity



The CBA questionnaire will also assess whether the same discretion could be granted across legal entities – possibly even cross-border. Under **Scenario 2** this would allow subsidiaries of the same banking group to report the same dataset redundancy-free in all the countries in which they operate. All national requirements would be exchanged within the ESCB to fulfil national needs.

Figure A2.7

Discretion in reporting across legal entities

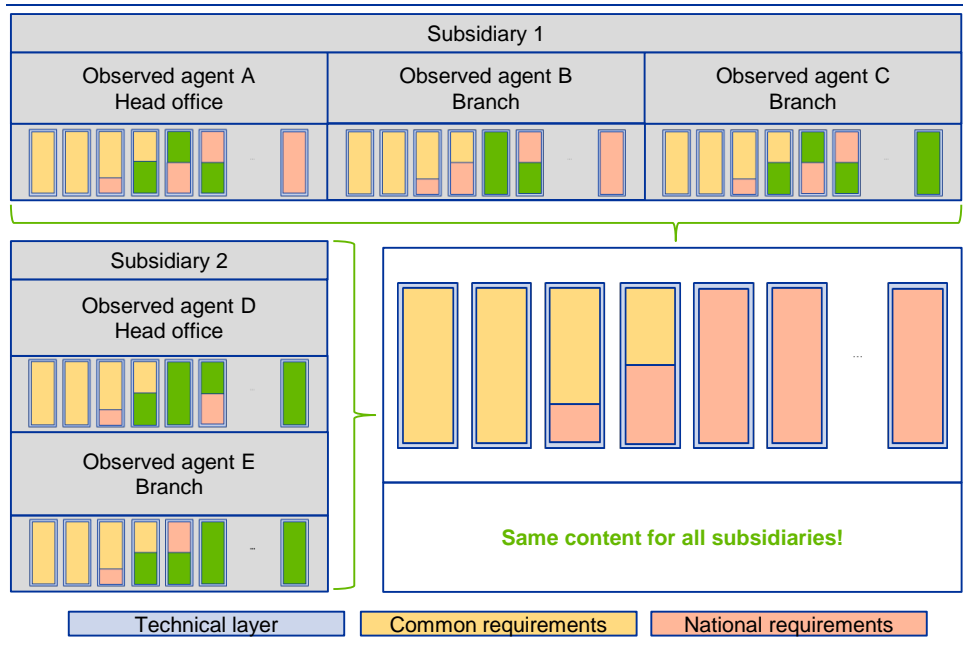


Figure A2.7 shows a banking group with two subsidiaries, respectively with three and two observed agents which operate in different euro area countries. Rather than dealing with five different reporting schemes in each of the countries in which it operates, the banking group would be able to organise the reporting using a common set of requirements which would accommodate all national requirements. This common set of requirements would cover the reporting requirements of all the countries in which the group operates, and the approach could support the centralisation of external reporting activities at the group level.

A number of concrete examples are now provided which further illustrate the possible integration of national requirements.

Example 1

Introducing an additional variable at the granular level

The current AnaCredit Regulation does not cover information on the internal ratings of counterparties. If this variable were required by some NCBs as part of their national requirements under the IReF, it would be modelled in the IReF technical layer in connection to the counterparty risk/default table. In this case, the two scenarios for the integration of national requirements would be equivalent both in terms of data content and from a conceptual perspective. Under **Scenario 1**, the information would be collected in a complementary report linked to the counterparty risk/default table by means of the counterparty identifier, while under **Scenario 2** the information would be included as an additional variable in the existing table.

Example 2

Covering an additional variable for deposits

Let us suppose that an NCB needed to collect information on a specific deposit class, e.g. “savings accounts”. This deposit classification could be a subset of other instrument types related to deposits already in existence, so the case cannot be dealt with simply as an extension of the subdomain of the variable “Type of instrument”.

Under **Scenario 1**, the data would be covered in a complementary report, and would be collected in addition to the instrument-related data already requested for deposits. This report would not need to contain the same level of detail as the data on deposits covered in the common reporting scheme.

For instance, this information could be collected for total deposits recognised on-balance sheet and for the purpose of saving, in the manner shown in Table A2.1 below, without a breakdown by type. In addition, it may well be that only information regarding the original maturity or the currency is relevant in the context of the national requirements. Moreover, a lower level of detail is required, which is why the currency is only requested for deposits denominated in euro and all other currencies combined.

Table A2.1

Scenario 1: instrument data on deposits, with the complementary report on savings accounts

Common requirements for deposits	
Variables	Subdomain description relevant for deposits
Recognition	Simple distinction between off-balance-sheet and on-balance-sheet instruments
Type of instrument	Various deposit types (e.g. repurchase agreements)
Original maturity	Time intervals of interest for deposits (e.g. overnight,...., above five years)
Currency denomination of instruments	All the currencies in the world (e.g. euro)
Outstanding nominal amount	Real number
Accrued interest	Real number
Complementary report on recognised deposits relating to savings accounts	
Variables	Subdomain description
Original maturity	Time intervals of interest for deposits (e.g. overnight,...., above five years and up to ten years, above ten years)
Currency denomination of instruments	A (sub-)set of all available currencies – i.e. euro and all other currencies reported aggregated.
Outstanding nominal amount	Real number

Under **Scenario 2**, a new variable regarding deposits could be introduced as a Boolean as shown in Table A2.2.

Table A2.2

Scenario 2: augmented deposit data

Common requirements on deposits	
Variables	Subdomain description relevant for deposits
Recognition	Simple distinction between off-balance-sheet and on-balance-sheet instruments
Type of instrument	Various deposit types (e.g. repurchase agreements)
Original maturity	Time intervals of interest for deposits (e.g. overnight)
Currency denomination of instruments	All the currencies in the world (e.g. euro)
Savings account	Simple true/false information
Outstanding nominal amount	Real number
Accrued interest	Real number

Under this approach, the report may be applied in different ways across countries. If the additional requirement does not exist in a country, information for the variable “Savings accounts” will not be reported. If a country needs to introduce the requirement at the national level, the report will be collected in full, and reporting agents will submit information on outstanding amounts for all combinations of the variables, thus distinguishing between savings accounts and other deposits.

With regard to discretion granted to report the same information for all observed agents of the same legal entity under **Scenario 2**, the NCB of the head office will collect the augmented deposit data shown in Table A2.2 as long as one of its branches is subject to the national requirement on savings accounts. Similar considerations apply if discretion is granted across legal entities.

Example 3

Adding detail in the subdomain of a specific variable at the national level

Here we consider the data on deposits in Example 2 and suppose that the subdomain of the variable “Original maturity” has, as a member, the category “above five years”. We also suppose that one country needs to break this specific element of the subdomain down into the categories “Above five years and up to ten years” and “Above ten years”. The national requirement would refer to this breakdown, together with some basic information on the currency.

As Table A2.3 shows, under **Scenario 1** the additional split would be covered in a complementary report, which would be requested in addition to the common requirements presented for deposits. The complementary report would include the information with adapted original maturity “Above five years and up to ten years” and “Above ten years” and basic currency data.

Table A2.3

Scenario 1: instrument data on deposits, with the complementary report on additional maturity brackets

Common requirements for deposits	
Variables	Subdomain description relevant for deposits
Recognition	Simple distinction between off-balance-sheet and on-balance-sheet instruments
Type of instrument	Various deposit types (e.g. repurchase agreements)
Original maturity	Time intervals of interest for deposits (e.g. overnight, ..., above five years)
Currency denomination of instruments	All the currencies in the world (e.g. euro)
Outstanding nominal amount	Real number
Accrued interest	Real number
Complementary report on recognised deposits	
Variables	Subdomain description
Original maturity	Time intervals of interest for deposits (e.g. overnight, ..., above five years and up to ten years, above ten years)
Currency denomination of instruments	A (sub-)set of all available currencies – i.e. euro and all other currencies reported aggregated.
Outstanding nominal amount	Real number

However, as Table A2.4 shows, under **Scenario 2** the subdomain “Original maturity” would be extended to include “Above five years and up to ten years” and “Above ten years”. Each country would then define the subdomain that is applicable at the national level.

Table A2.4
Scenario 2: augmented deposit data

Requirements for deposits	
Variables	Subdomain description relevant for deposits
Recognition	Simple distinction between off-balance-sheet and on-balance-sheet instruments
Type of instrument	Various deposit types (e.g. repurchase agreements)
Original maturity	Time intervals of interest for deposits (e.g. overnight, ..., above five years and up to ten years, above ten years)
Currency denomination of instruments	All the currencies in the world (e.g. euro)
Outstanding nominal amount	Real number

With regard to the discretion granted to report the same information for all observed agents of the same legal entity under **Scenario 2**, the NCB of the head office would collect the augmented deposit data shown in Table A2.4, as long as one of its branches were subject to the national requirement for additional maturity brackets. Similar considerations would apply if discretion were granted across legal entities.

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