

# **Commission de Surveillance du Secteur Financier**

## **Press release**

### **Public Consultation on a new common European reporting framework for the supervision of capital adequacy**

The Commission de Surveillance du Secteur Financier informs that the Committee of European Banking Supervisors (CEBS) just launched a public consultation in connection with its project concerning a new common framework for the supervision of capital adequacy of credit institutions within the scope of the new European regulatory requirements (Basel II /CAD III) which are being adopted.

This consultation reflects the efforts undertaken by CEBS to meet the requirements of the industry and European institutions in order to reduce the administrative burden and achieve harmonisation of reporting for credit institutions. According to CEBS, the imminent introduction of a new regulatory framework concerning capital adequacy, as well as the introduction of the accounting standard IAS/IFRS, provide unique opportunities to achieve these aims and thereby justify the proposal of common approaches around capital adequacy and financial prudential reporting (balance sheet and profit and loss accounts under the IAS/IFRS standard), which will, by the way, be subject to a separate public consultation soon.

The common reporting framework for the solvency ratio – which may be consulted on the CEBS website ([http://www.c-ebs.org/Consultation\\_papers/CoverNoteCP04.htm](http://www.c-ebs.org/Consultation_papers/CoverNoteCP04.htm)) – includes a certain number of templates (<http://www.c-ebs.org/Documents/CP04Templates.xls>) commented in document CP04 ([http://www.c-ebs.org/Consultation\\_papers/CP04.pdf](http://www.c-ebs.org/Consultation_papers/CP04.pdf)). It aims at implementing a unique and harmonised reporting structure within the EU Member States, while allowing national supervisors to remain somewhat flexible as regards the scope and level of detail of the implementation.

An explanatory note ([www.cssf.lu/docs/COREP\\_Consultation\\_Note.pdf](http://www.cssf.lu/docs/COREP_Consultation_Note.pdf)) and a presentation ([www.cssf.lu/docs/COREP\\_Consultation\\_Presentation.pdf](http://www.cssf.lu/docs/COREP_Consultation_Presentation.pdf)) drawn up by the CSSF provide a brief overview of the work of the Working Group on Common Reporting (COREP) – a group mandated by CEBS to develop the common approach –, as well as a description of the functioning and implementation of the framework.

Additional information on the conceptual approach adopted by COREP, as well as on the different templates, are available in the consultation paper CP04 ([http://www.c-ebs.org/Consultation\\_papers/CP04.pdf](http://www.c-ebs.org/Consultation_papers/CP04.pdf)). This paper also provides useful information regarding the structuring of data with a view to codifying the framework into XBRL language. Indeed, CEBS having decided to propose not only a harmonised reporting framework, but also to present an Information System solution to support the framework, COREP is now responsible for developing the XBRL taxonomy during the consultation

stage. It has to be noted in this context that despite CEBS having chosen XBRL, every country remains free to adopt this solution.

Changes, which, having regard to the comments received, must be made to the framework as such, and consequently to the taxonomy, will be made in the weeks following 30 April 2005, the end of the consultation.

In order to reduce to number of individual responses submitted by a member state, authorities have been invited to group and synthesize the responses received at national level. The CSSF thus invites all parties concerned or interested, to provide their comments – be they of general or more specific nature – by 15 April at the latest to the CSSF (banques@cssf.lu).

Considering what is at stake for the market participants, the CSSF wishes to stress the importance it attaches to this consultation and to the fact that interested parties seize the opportunity to voice their opinion on this project.

Luxembourg, January 31, 2005