Financial Conduct Authority

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CRD IV Technical Update

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Submission - Channels

- Firms should be aware that the Submission channels apply to both PRA and FCA firms; despite there being an organisational split, the GABRIEL system is shared by both organisations and all CRD firms will continue to use GABRIEL to submit their COREP/FINREP and/or FSA0xx returns. The same log-in details and administrator set-up that apply to FSA0xx data items will apply to COREP and FINREP.

- Please note, PRA and FCA CRD IV firms will still report FSA0xx templates not covered by COREP/FINREP.

- **FCA firms** should also be aware that they may find due to the carve-out achieved for certain MiFID business activities, that some firms may remain under CRD III rules **and their reporting obligations remain unchanged** (i.e. FSA0xx templates only)**.**

- **FCA firms** should also be aware that if all the firms within a group are subject to CRD III, then CRD III FSA0xx Data Items will be reported for the consolidated level. However a single CRD IV entity in a group will put the group within the scope of CRD IV reporting at a consolidated level. **All PRA groups are in scope for CRDIV reporting.**

- As a result, a group may have to report COREP/FINREP at a consolidated level but the solo entities within the group may have to report a mixture of CRD III and CRD IV data items.

Submission - Channels

- The FCA and PRA will make only the following two channels available by which Firms will be able to submit COREP/FINREP regulatory returns:

  - ➤ Direct Communication (also known as B2B or A2A; Business to Business or Application to Application)
  - ➤ Web Upload.

- Online (Web forms) and Offline (Adobe PDF) will **not** be available.

- Both channels will **only** accept XBRL instance documents:

  - ➤ For Direct Communications a new Web Method has been added to the existing Web Service that is exclusively for XBRL submissions. The existing method will continue to be used for XML submissions.

  - ➤ For Web Upload, a new screen has been added dedicated to XBRL submission. The existing screen will continue to be used for XML submissions. The new screen will be navigable either directly from the schedule, or via left-hand navigation.

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Submission - Process

- Direct Communication

  - The process around Direct Communication will be as it is today for firms, although internally it will operate slightly differently.

  - Firms will still receive a unique reference if a submission is accepted by GABRIEL. Submissions will be accepted if they are expected on the schedule and have used the appropriate version of the EBA taxonomy.

  - Firms will use the reference when polling for ultimate success or failure in the same manner they do today.

- Web Upload

  - The process around Web Upload will be different to today's process for XML Data Items.

  - No online forms support will exist for XBRL.

  - Firms will still need to navigate to the item on the schedule and manually click on Submit in the same manner they do today.

  - Firms will be notified of success/failure via an email to their principal user.

  - Firms will be able to use existing GABRIEL functionality to see the success/failure of their submissions.

- Resubmissions

  - The resubmission process will be the same as today, i.e. firms will need to request a resubmission and if approved by the FCA and PRA, a new incremented version of the item will be added to their reporting schedule.

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Submission – Scheduling Granularity

- The FCA and PRA will be scheduling at the level of EBA XBRL taxonomy module. A module implements a collection of ITS templates, also referred to as an entry point. The entry points currently defined in the EBA's Taxonomy are as follows:

- COREP (separate modules for solo and consolidated reporting)

  - Own Funds incl. Leverage Ratios and IP Losses (COREP)

  - Large Exposures (COREP_LE)

  - Liquidity Coverage Ratio (COREP_LCR)

  - Net Stable Funding Ratio (COREP_NSFR)

- FINREP

  - A single entry point (FINREP_CONPRU_IFRS).

For FCA regulated firms submitting using Web Upload, we are hoping to display what should be reported at a template level as this is variable amongst the FCA population and is based on the firm/group profiles.

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Submission – The Need for Compression

- Both channels will accept uncompressed and compressed XBRL payloads, although the B2B channel requires that the compressed instance also be Base64 encoded to allow it to be included in the SOAP XML request.

- Compressed submissions must conform to the GZIP standard.

- It is **highly recommended** that compression is used in order to keep network bandwidth requirements to a minimum. Because XBRL instances use a very verbose XML syntax with lots of repeated tag names they compress very efficiently. Compression will therefore result in vastly reduced upload times.

- There is no technical limit on the size of submissions. However, analysis of the expected granularity, sizes, and volumes of COREP and FINREP submissions is currently on-going within the FCA and PRA. This *may* lead to the FCA and PRA *mandating* compression for XBRL instances above a certain size, or indeed for all instances. Such decisions will be communicated in due course.

- A discussion of compression and encoding implementation options follows.

Submission – Implementing Compression

- Building a bespoke component.

  - This would most likely be implemented as a callable service as part of the end-to-end flow of a fully-automated, B2B solution when creating the SOAP request, but could equally be implemented as a standalone CLI or GUI executable to be used by a human actor in the case of Web Upload.

  - Java-based solutions (J2 1.4 and above) would use the java.util.zip.GZIP* classes.

  - .NET-based solutions (2.0 and above) would use the System.IO.Compression.GZipStream class.

- Using Freely Available Utilities (It is advised to use the latest patched versions)

  - These utilities could be run by a human actor or batch scripts as part of a Web Upload submission process.

  - The GNU gzip utility is freely and ubiquitously available on UNIX and Linux systems.

  - There is a free GNU gzip.exe utility available for 32-bit Windows.

  - There is the free and widely used 7-Zip utility (recommended).

Submission – Implementing Encoding

- As stated above, when compressing an XBRL instance payload for the B2B channel, it will also need Base64 encoding.

- This will guarantee it consists only of "text" thus allowing it to be added as the payload of the SOAP XML request.

- Solutions may use any code which conforms to the Base64 encoding algorithm in RFC 2045. Please refer to the discussion in S5.2.3 'Array of Bytes' in the 'Simple Object Access Protocol (SOAP) 1.1' specification.

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Validation - Overview

- Irrespective of submission channel, each XBRL instance will be validated in stages, as follows:

  1. On receipt by GABRIEL, the submission header will be inspected and the following checks carried out:

     ✓ The return is expected on the schedule.

     ✓ The correct taxonomy version has been used according to the reporting period.

  2. A positive acknowledgement will be returned by GABRIEL (screen message for Web Upload; token in SOAP response for Direct Communications).

  3. **Firms must complete the correct filing indicators for the templates required for that reporting period as the validations rely on these filing indicators to be checked correctly.**

  4. For FCA firms only: Using firms' profiles and the modules, by transposing the CRR/ITS rules we will ascertain what firms are required to submit and reject the submission where we feel the submission is incomplete/incorrect. This will be done by checking the filing indicators are correct for that reporting period. Firms must tell us when we have got this wrong.

Validation - Overview

5. GABRIEL will then validate the instance against the EBA taxonomy *asynchronously* (refer to later slide for details).

6. For Web Upload, GABRIEL will notify the firm editor via email as to the outcome of the taxonomy validation. If successful, the firm must then commit the report by selecting it in GABRIEL and clicking on the 'Submit' button.

7. For Direct Communications, firm systems will poll GABRIEL as they do today using the initially returned unique submission reference.

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Validation - CRD IV Taxonomy

- The EBA has now published its CRD IV taxonomy for Public Consultation on their website (http://www.eba.europa.eu/-/eba-consults-on-draft-xbrl-taxonomy-for-secondary-reporting).

- The final, post PC version will be published in November, and is the version firms' submissions will be required to conform to. Conformance to the EBA taxonomy means **firms will need to validate their instance documents pre submission**. This will be possible to do using a range of products available in the reporting and compliance software market.

- The EBA has implemented ITS data consistency rules in the taxonomy through XBRL assertion formulae; GABRIEL will be validating firm submissions, including these formulae, and rejecting any failures.

- The EBA has implemented XBRL entry points at the level of module.

- The EBA has also implemented filing indicators at template level to be set by filers to indicate the content of a submission.

- The approaches for general change management and emergency patching are still being worked up by the EBA.

Viewing and downloading submissions

- Firm users will be able to view and download XBRL submissions using the same facilities as provided for XML today.

- Caveats:

- As XBRL is effectively XML, the view of an XBRL submission will be the "raw" XBRL without any particular rendering.

- The existing "extract" facility will allow for the downloading of submissions. These will be in GZIP format to keep the network overhead to a minimum.

Context Diagram from Firm Perspective
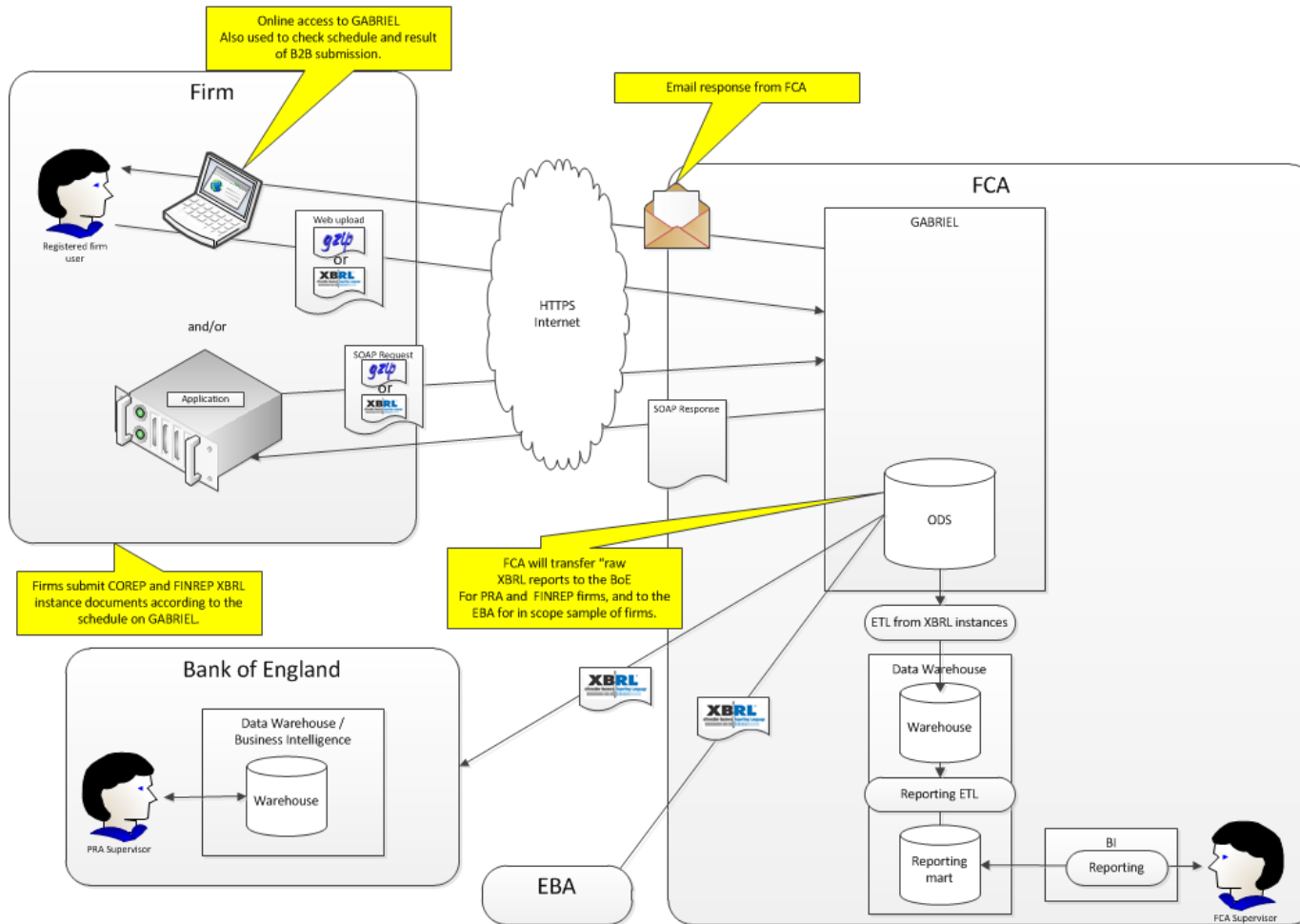
FCA/PRA Test System

- There is benefit to the FCA and PRA in supporting firms in their efforts to implement technical solutions for the provision of data.

- The scope of testing is currently limited to instance submissions and validation, the FCA and PRA will not be reviewing the data submitted in the context of a firms compliance with the CRD IV legislation.

- The test system will be available for test data only, firms are directed not to send actual or commercially sensitive data.

- Further details of the process and timescales for testing will be released later in 2013, the FCA and PRA envisage testing to take place during the first quarter of 2014.

Further Questions

Any further questions regarding the technical submission process should be sent to

COREP.Queries@fca.org.uk

Firms should note that the Taxonomy itself has been developed and provided by the EBA therefore the FCA will be limited as to how much advice it can offer firms, this applies to questions relating to the Policy, due to this being a regulation.