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FRN:

Dear Head of Compliance,

As you will be aware, under the recently implemented Capital Requirements Regulation (CRR) firms are responsible for providing regulatory data using the harmonised European reporting standards known as COREP and FINREP.

COREP (covering Own Funds, Leverage, Large Exposures and Liquidity) came into effect from 1st January 2014 and FINREP will be implemented for those firms who meet the requirements from 1st July 2014.

Links to the relevant CRR Article -Article 99(2)<sup>1</sup> and draft Implementing Technical Standards<sup>2</sup> can be found below for your reference.

Please note, FINREP is not mandatory for all firms, only those who meet the relevant requirements laid out in Article 99(2) and the ITS. As per IFPRU 1.5.1 (R) firms are required to notify the FCA if they are required to report financial information in accordance with this Article.

### **On-line survey – your readiness**

The information that your firm will provide using COREP is very important in enabling the FCA to effectively supervise against the CRR. Given the significant changes to the reporting process and tight timescales involved we would like to identify how prepared firms are – both individually and across sector populations – in order to refine our plans for the final stages of implementation.

### **What we would like you to do now**

We have developed a short online survey to capture how prepared you are for the implementation of COREP. The survey is entirely voluntary but we would appreciate your honest input to ensure that any further communications and directions we issue are appropriate for the level of preparedness across the population of firms involved.

We would like you to base your responses on how prepared your firm is for the collection of the required data and submission in the correct format of COREP including LCR and NSFR.

If you are part of a dual-regulated group you may have already been asked similar questions by the PRA. If so, you do not need to complete the survey as the PRA will be sharing their

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<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:321:0006:0342:EN:PDF>

<sup>2</sup> [http://ec.europa.eu/internal\\_market/bank/regcapital/legislation\\_in\\_force\\_en.htm#implementing](http://ec.europa.eu/internal_market/bank/regcapital/legislation_in_force_en.htm#implementing)

results with us. However, as the focus of this exercise is FCA solo-regulated firms, feel free to complete the survey if you wish.

The survey can be found here: <http://fcasurveys.org.uk/f/587248/158f/>

Please complete the survey by 28 February 2014.

### **What we will do with your answers**

We need to ensure that our ability to adequately supervise firms across the regulated community is not adversely affected by this change in reporting. We may issue additional communications and liaise with software suppliers or take other action as appropriate in order to maintain a continuity of prudential supervision through the change.

### **What happens next?**

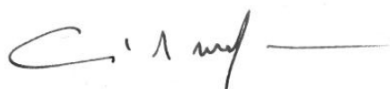
Following the implementation of COREP, we may ask some firms to voluntarily provide more information about the transition in their capital position under CRD III and CRD IV, and their COREP implementation project. We will aim to ask for information that would have already been produced by the firm while implementing COREP. For example, this could include Management Information, or a reconciliation between its capital under CRD III and CRD IV. We will use this information to further understand the changes in a firm's capital position and to enable us to continue to meet our strategic objective to ensure that relevant markets function well.

Our focus will be on the more prudentially significant firms or firms where we see a material change in their capital position under CRD IV. If any firm fails to submit COREP, we may ask for this information to understand its current capital position under CRD IV.

We would expect any firm that experiences a significant detrimental shift in its capital either because of, or during the transition to CRD IV, to inform us as soon as possible.

If you have any questions about this, please contact your normal FCA supervisory contact. If your firm is no longer subject to IFPRU, please disregard this message. I thank you in advance for your assistance.

Yours faithfully,



Gerald Sampson

Head of Prudential Supervision and Specialists