

Finance

How to manage sourcing of regulatory reporting

September 2022

Regulatory evolutions continuously generate new requirements for financial institutions.

In order to face those challenges, it is interesting to opt for a **cross-functional approach** to carry out these changes while respecting the regulatory milestones. The objective is therefore to avoid dealing with regulatory required individually.

DEFINE AND ADDRESS THE RIGHT CHALLENGES



Data

Identify the right level to source those data according to existing architecture



Effective coordination

Coordinate Finance, Risk and Data Office teams



Roadmap

Achieve a consistent roadmap aligned with regulatory deadlines

WHICH REGULATIONS ARE CONCERNED ?

COREP / FINREP

COREP: COmmon REPorting
FINREP: FINAncial REPorting

ESG

SFDR: Sustainable Finance Disclosure Regulation
CSRD: Corporate Sustainability Reporting Directive

VDS

Valuation Data Set

LOM

Loan Origination and Monitoring

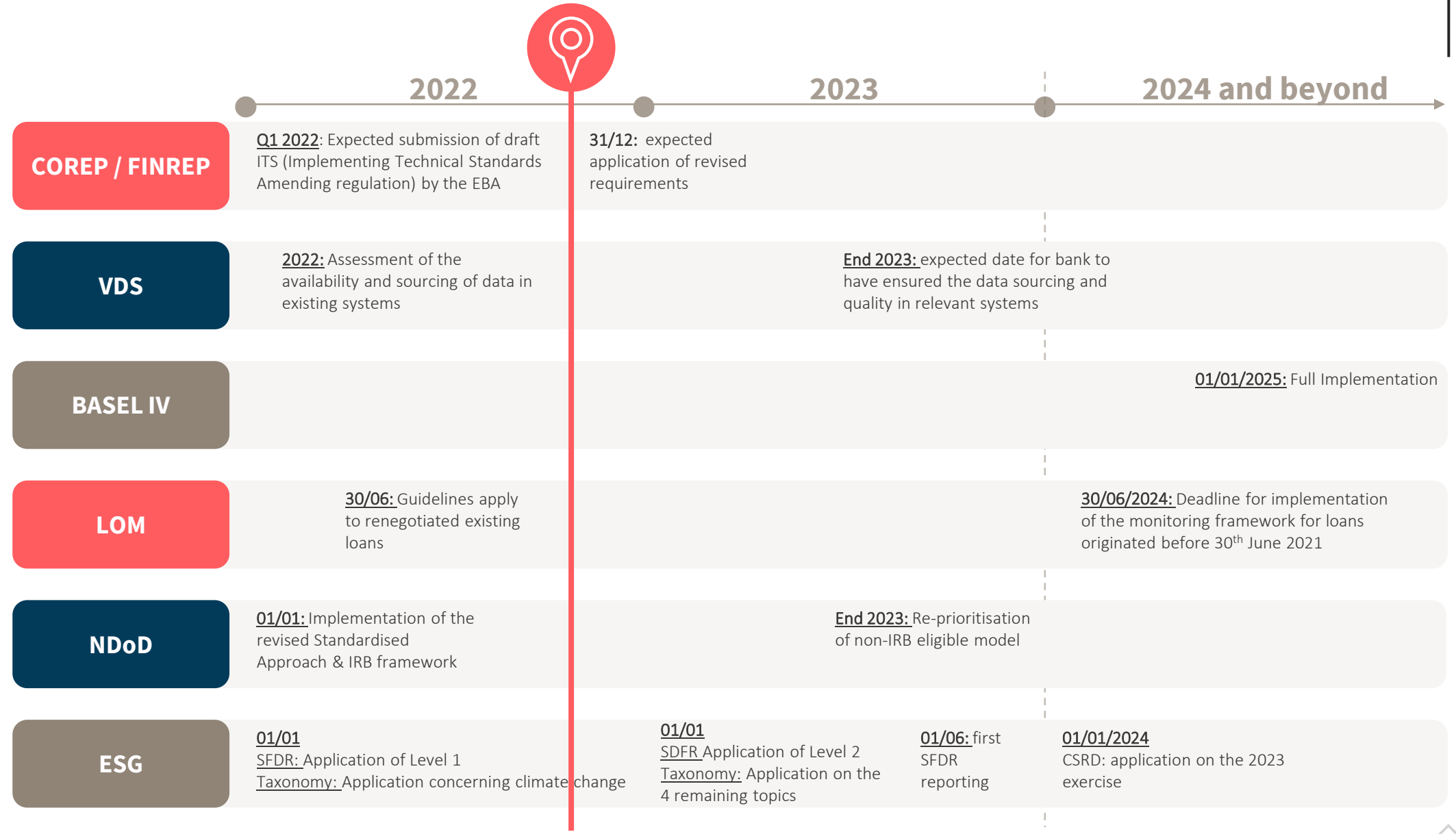
NDoD

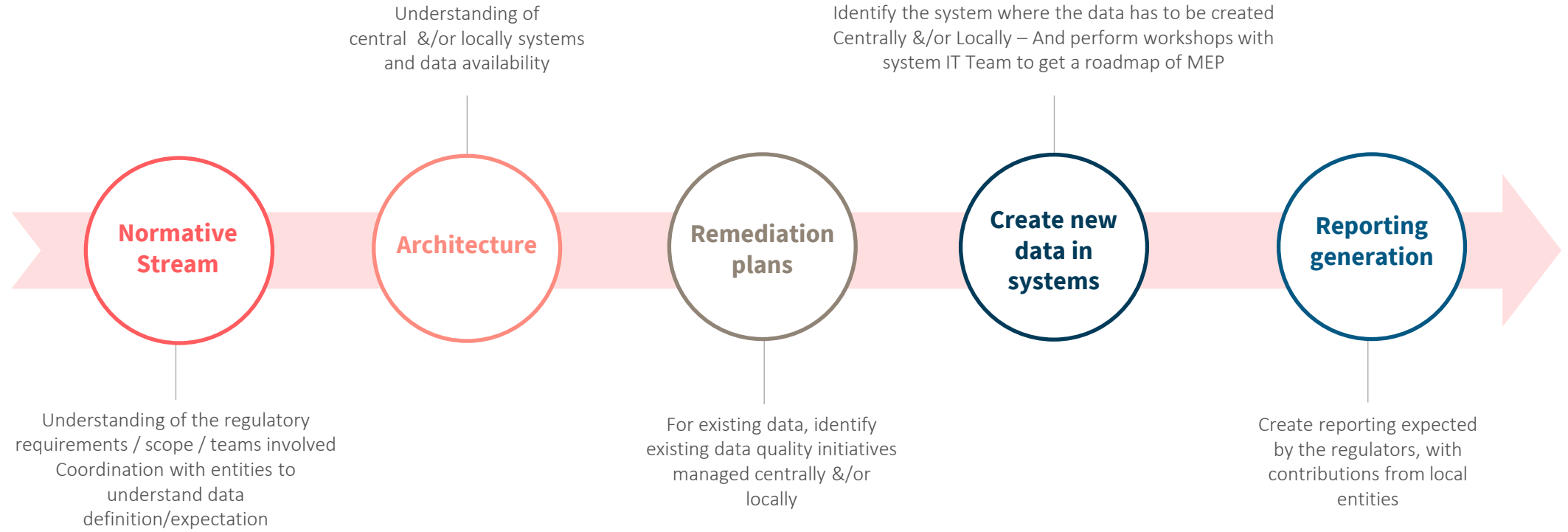
New Definition of Default

BASEL IV



Regulatory deadlines





We are involved in many regulatory projects within the major actors in the market, such as IFRS 9 / Stress tests / LOM / etc.



On-going assignments with major banking groups



Projects involving different actions: Operational declination of regulatory guidelines, analysis of data to be sourced, challenge of the group's target solution definition, workshops with the various contributors/stakeholders at central/local levels, etc.



Consultants involved in the management of the implementation of LT/VDS/LOM/ESG

 **MARKET WATCH**

Regulatory watches are currently and regularly carried out to capture needs and anticipate solutions for our clients.

From the same guiding principle of anticipation we build benchmarks regularly.



 **DATA**

Assignments in data quality, governance , visualisation.
Expertise in data management.
Benchmarks for data office CDOs.

Partnerships with some editors like Collibra, AB initio ...

 **INNOVATIVE APPROACH**

Capture of Fintechs or Vendors solutions that may be relevant.
Capacity to deliver ready-to-use tools.

Use agile methodology to reach regulatory timeline milestones.



Jérémy Knafou
Manager

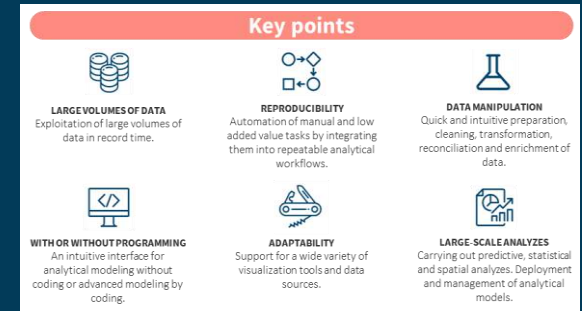
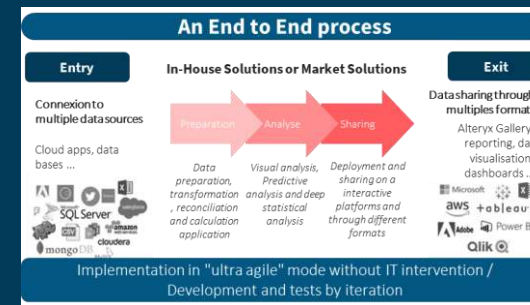
+ 33 (0) 6 73 70 79 36
jeremy.knafou@aurexia.com

Abstracts of our detailed analysis

Detailed analysis of regulation

COREP/FINREP	VDS	ESG (SFDR)	ESG (Taxonomy)	ESG (CSRD)
<p>Common solvency ratio / Financial Reporting</p> <p>TYPE COREP: Prudential FINREP: Financial (FRS)</p> <p>OBJECTIVES Increase transparency of financial reporting, standardize requirements in terms of entry criteria, exposure to credit, market and operational risks, and establish a central repository of European banking data.</p> <p>MAJOR DEVELOPMENTS / KEY DATES</p> <ul style="list-style-type: none"> 20 December 2020: The EBA submitted draft ITS to the European Commission concerning COREP 30 March 2022: Notification by the EBA of the phase 1 of the reporting framework 3.2 concerning COREP <ul style="list-style-type: none"> Changes of data fields to align with the Capital Markets Recovery Package Changes of AUMs Amendments to NSFR December 2022: expected notification date of the reporting framework 3.2 <p>DATA EXAMPLES</p> <ul style="list-style-type: none"> Group solvency, credit risk, operational risks Non-performing exposures/restructured loans Capital adequacy ratio (CAR) Leverage ratios, liquidity ratios and NSFR 	<p>Valuation Data Set</p> <p>TYPE -</p> <p>OBJECTIVES Requirements from the Single-Resolution Board (SRB) to assess the capacity of banks to provide accurate and timely information demanded, it is crucial for the reliability and robustness of valuations. This data set will help banks to ready their systems.</p> <p>MAJOR DEVELOPMENTS / KEY DATES</p> <ul style="list-style-type: none"> Determination of implementation roadmap (target sourcing by 2022) Banks are expected to have built up their capabilities on all aspects (data creation and sourcing + data quality remediation if needed) by the end of 2023 <p>DATA EXAMPLES (CATEGORY)</p> <ul style="list-style-type: none"> Contracts / securities / third parties / guarantees / amounts CRF balance sheet exposures / derivatives / financial assets / deferred tax assets / intangible assets 	<p>Environmental, Social & Governance Sustainable Finance Disclosure Regulation</p> <p>TYPE Environmental, Social & Governance</p> <p>OBJECTIVES Direct capital to sustainable investments, and to anticipate and manage sustainability risks. Improve financial product transparency. Counter greenwashing.</p> <p>MAJOR DEVELOPMENTS / KEY DATES</p> <ul style="list-style-type: none"> January 2022: Application of the Level 1 (ITS) text The European Commission announced at the end of 2021 that the application of SFDR Level 2 will be deferred to January 2023. January 2023: Application of the Level 2 (ITS) text June 2023: First publication of environmental reporting <p>DATA EXAMPLES</p> <ul style="list-style-type: none"> How ESG criteria are being integrated in the investment decision process Sustainable investment objectives of the product or the fund 	<p>Environmental, Social & Governance Taxonomy</p> <p>TYPE Environmental, Social & Governance</p> <p>OBJECTIVES Direct capital to sustainable investments, and to anticipate and manage sustainability risks. Improve financial product transparency. Counter greenwashing.</p> <p>MAJOR DEVELOPMENTS / KEY DATES</p> <ul style="list-style-type: none"> New classification system of environmentally sustainable activities EU Taxonomy Regulation of regulations concerning climate change mitigation and adaptation EU Taxonomy Regulation of regulations concerning water and marine resources, circular economy & pollution and biodiversity & ecosystem <p>DATA EXAMPLES</p> <ul style="list-style-type: none"> % of turnover derived from economic activities that qualify as environmentally sustainable % of OPEX and CAPEX related to economic activities that qualify as environmentally sustainable 	<p>Environmental, Social & Governance Corporate Sustainability Reporting Directive</p> <p>TYPE Environmental, Social & Governance</p> <p>OBJECTIVES Direct capital to sustainable investments, and to anticipate and manage sustainability risks. Improve financial product transparency. Counter greenwashing.</p> <p>MAJOR DEVELOPMENTS / KEY DATES</p> <ul style="list-style-type: none"> A wider scope than NFRD about the companies concerned and the ESG risks Start of mandatory European regulations Integration of the rest of the EU Mandatory audit of the ESG report in Europe EU Taxonomy application date on the 2023 exercise <p>DATA EXAMPLES</p> <ul style="list-style-type: none"> Environmental and social matters Request for human rights Diversity of company boards (in terms of age, gender, educational and professional background)

Regulatory Data and process challenges



Client use cases

Implementation of an interfacing tool with the data warehouse

Automation of Loan tape regulatory reporting

Implementation of an advanced analysis tool for monitoring G-SIBs scores

Automation of the production of Finance & Risk reporting data



Aurexia

Bringing value, together