Comments

regarding the European Commission’s consultation exercise “rationalisation of reporting requirements”

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The **German Banking Industry Committee** is the joint committee operated by the central associations of the German banking industry. These associations are the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), for the cooperative banks, the Bundesverband deutscher Banken (BdB), for the private commercial banks, the Bundesverband Öffentlicher Banken Deutschlands (VÖB), for the public banks, the Deutscher Sparkassen- und Giroverband (DSGV), for the savings banks finance group, and the Verband deutscher Pfandbriefbanken (vdp), for the Pfandbrief banks. Collectively, they represent approximately 1,700 banks.

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Comments regarding the European Commission's consultation exercise "rationalisation of reporting requirements"

Preliminary remarks

The German Banking Industry Committee (GBIC) welcomes the European Commission's goal of a 25 percent reduction in the burden on companies and administrative organizations resulting from reporting requirements. To this end, the European Commission has embarked on an initiative to identify reporting requirements in EU legislation that can be removed or rationalized without undermining policy objectives. The European Commission is currently running a public consultation exercise in this context. The GBIC has taken this opportunity to state its position and to put forward suggestions on how to rationalize and simplify reporting requirements for companies. However, given the short time available for the consultation exercise, the statement does not claim to be comprehensive. The associations represented on the GBIC would be happy to act as a point of contact for the follow-up workshops with stakeholders that are planned by the European Commission.

General

The GBIC shares the European Commission's view that reducing the bureaucratic burden on companies – especially small and medium-sized enterprises (SMEs) – is a key factor in the competitiveness of the European economy and in the attractiveness of Europe as a location for business. The **annex** to this document contains a table (on the basis of the EU Commission's questions) in which we comment on the reporting requirements arising from EU legislation that we believe should be modified in order to reduce burden. As explained in the next section, we have identified significant potential for avoiding bureaucracy in the context of the EU Sustainable Finance Regulation, which creates extensive reporting requirements for companies, including banks. To offset the increase in ESG-related requirements, other reporting requirements already in existence should be reduced to the same extent (or at least optimized) for European companies and banks of all sizes. The GBIC believes that the European Commission's targeted reduction of the administrative burden should not be limited to companies' disclosure requirements, they should cover supervisory reporting too. In the final section of our comments, we have put forward some suggestions for reducing bureaucracy.

Sustainable Finance Regulation

The pace of implementation of the Sustainable Finance Regulation is very fast, as the European Commission has already acknowledged. We therefore believe it is necessary that the entities subject to reporting requirements related to key topics such as ESG be given enough time to implement them. Particularly in the context of ESG, the regulatory requirements often lack the necessary consistency (in terms of both content and time lines of implementation as well as frequency), making the implementation process much more difficult. For example, Taxonomy Regulation Art. 8 templates were changed without adapting the corresponding GAR templates for Pillar 3 disclosures pursuant to Article 449a of the Capital Requirements Regulation (CRR). This means parallel disclosure using inconsistent templates at the same reporting date.

Implementation guides and industry standards for new requirements should be released as close as possible to the publication of the related requirements so that they can be considered without delay in the implementation projects, thereby reducing duplicated implementation

costs. Unclear definitions for crucial terms and aspects should not be used until these definitions in the underlying regulatory requirements are finalized (negative example: inclusion of the value chain in the reporting under the Corporate Sustainability Reporting Directive (CSRD) without precisely defining the value creation limits beforehand). In the first application cycles, only a small number of core KPIs should be required to be reported in order to provide a starting point for future reporting. Only those KPIs can be reported for which a sufficiently valid data basis is available. By default, there should be a deliberate focus only on the most important aspects during the initial reporting phase. The option to omit just a few disclosures is of only limited benefit. Fundamentally, we continue to consider the granularity of the required sustainability reporting as particularly critical.

We have set out our views on reporting requirements in relation to sustainable finance below.

<u>Are there specific areas (type of reporting requirement or policy areas) that are particularly problematic?</u>

- **Green asset ratio (GAR)**

The GAR quantifies the proportion of environmentally sustainable (taxonomy aligned) to covered assets. It is therefore likely that this KPI will attract a great deal of attention from the general public, civil society, trade and industry, and supervisory authorities. However, the methodology for this KPI contains a lot of shortcomings. For example, in addition to a handful of economic activities of non-corporate entities, the numerator may only include taxonomy-aligned exposures to companies subject to NFRD/CSRD). However, all covered assets' must be included in the denominator of the GAR. Moreover, this ratio and its calculation is not unambiguous. An institution's GAR depends not only on its investments in environmentally sustainable economic activities but also on the size and, as for SME, their capital markets focus and, in particular, the quality of the counterparty data. Insufficient coverage of the economic activities further reduces the banks' (often low) taxonomy ratios.

One example of the types of project affected by this in Germany is the direct financing of wind and solar farms. These projects are typically structured as a special purpose vehicle (SPV) and financed accordingly, e.g. by local residents. By definition, however, these SPVs never exceed the thresholds that would make them subject to NFRD/CSRD reporting requirements. The direct financing of such projects can therefore not be included in the GAR-numerator of a German credit institution. By contrast, SPVs in other EU member states are frequently included in the scope of regulatory consolidation and thus increase the GAR of the bank providing the finance. As a result of such shortcomings and the inherent 'black and white' logic of the taxonomy, the GAR does not adequately depict credit institutions' sustainability profiles and is not suitable as a KPI.

Smaller companies that do not have to produce a sustainability report are only included in the denominator of the GAR (not in the numerator). This contradiction should be resolved. There should be an option to include counterparties that are not subject to NFRD/CSRD reporting requirements (e.g. not listed SMEs) in the numerator of the GAR in cases where the taxonomy alignment of the financed economic activity is verified on a voluntary basis.

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These methodological shortcomings need to be rectified as quickly as possible, for example by opening up the GAR numerator to direct financing of SPVs, irrespective of their CSRD reporting requirements. In addition, policymakers need to make it clear that, in view of the regulation's current status, only a low GAR could be expected and the GAR should not be used as the basis for monitoring or assessing an institution's sustainability. More importantly, the GAR should not be used as the basis for regulatory follow-up measures.

Moreover, we regard templates 6 and 7 (fees and commissions, trading book) for Article 8 of the Taxonomy Regulation as unnecessary because the required disclosures do not provide any useful information.

There needs to be consistency between the assessment of taxonomy alignment and reporting. Currently, an assessment of taxonomy alignment is mandatory for at least one environmental objective. However, all six environmental objectives must be covered in the reporting. This results in almost 10,000 quantitative data points having to be disclosed by banks, which will not necessarily have any added value for people reading the sustainability reports and will simply make the reports unnecessarily excessive. Consequently, the reporting should only be required for the relevant environmental objective.

<u>Which reporting requirements are considered difficult to fulfil? Which take the most time? Is the purpose of collecting some information unclear?</u>

- **Collection of taxonomy-related data**

The taxonomy still contains considerable gaps. Even progressive financial market participants achieve only single-digit taxonomy ratios for their products that have ESG characteristics. This is because the degree of coverage is too low. Moreover, the binary way in which the taxonomy works does not take account of interim steps on the path to greater sustainability, i.e. the actual transition process. The regulatory requirements are so complex that resources are tied up with compliance-related tasks (reporting requirements) and cannot be deployed to advise customers at the point of sale. We therefore believe that the taxonomy should not be expanded for now, and this includes not adding further sectors to the taxonomy. This would not be helpful as it would simply apply the taxonomy's 'black and white' methodology to further sectors. Work on the taxonomy should focus on rectifying methodological shortcomings and making it easier to implement. Furthermore, international standards need to be developed that, first and foremost, incentivize all companies to boost transition. To this end, principles should be developed outside the taxonomy that companies can follow individually. Additional technical screening criteria should be avoided.

Financial institutions' counterparties that are not subject to NFRD/CSRD reporting requirements include not only not listed SMEs and SPVs but also public-sector institutions, municipal entities, and other public-sector entities. They do not collect taxonomy-related data because they are not subject to reporting requirements. In order to include public-sector economic activities where the us of proceeds is known banks feel forced to ask their public-sector customers to voluntarily submit the data. This involves a lot of time and effort at transaction level because of

the extensive assessment of taxonomy alignment. In some cases, it will be necessary to obtain a third-party verification. There are no generally accepted methods for assessing the taxonomy alignment of general financing for public-sector.

Permitting credit institutions to use estimates (based on standardized models, DIN standards, etc.) for exposures where public-sector or SME that are not subject to NFRD/CSRD reporting requirements do not – or cannot – supply data and for very small-scale retail business, would greatly reduce the burden both for these customer groups and for the credit institutions themselves. Data supplied voluntarily, estimates, and approximations are currently not permitted to be used for the mandatory GAR according to the EU taxonomy. The disclosure of any voluntary ratio would not have the same impact on the capital markets and would only increase the reporting workload even more. Moreover, any simplification introduced by the EU regulator is significantly dependent on the acceptance by the auditors.

We also consider the way that missing values are handled as problematic. If a value or KPI is missing, full assessments of financing provided for a specific use will produce a taxonomy alignment ratio of zero. Beside the fact that missing values lead to the process of assessing taxonomy alignment being terminated, a ratio of zero for a missing value (or evidence) also makes no sense from a sustainability perspective. The disclosures distort the overall picture. Missing values should therefore instead result in a percentage deduction for the assessment of the activity or should reduce it to the entity's overall taxonomy ratio, instead of making it zero. Alternatively, estimates should be permitted.

<u>Are there specific areas (type of reporting requirements or policy areas) that are particularly problematic?</u>

- **CSRD/ESRS**

The reporting requirements under CSRD are already creating significant challenges for large companies. In respect of the upcoming European Sustainability Reporting Standards (ESRS) for listed SMEs (LSME) and the voluntary ESRS for non-listed SMEs (VSME), it is essential that there be a stronger focus on not burdening companies with excessively high requirements in relation to processes and the collection and processing of data.

Although the thresholds for turnover and total assets that determine whether CSRD applies have been raised, they only allow for inflation to date. We anticipate that the effects on gross interest income of the current movements in interest rates will lead to a further increase in the number of affected credit institutions in the medium term.

With regard to the consistency of requirements, the requirement to produce and disclose transition plans should be enshrined in just one law. A parallel requirement – e.g. in the Corporate Sustainability Due Diligence Directive (CSDDD), CSRD, and the banking package (Capital Requirements Directive, CRD) – is not helpful because the rules would be drawn up by different rule-setters (e.g. the EFRAG for CSRD and the European Banking Authority (EBA) for CRD).

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Which reporting requirements overlap with other requirements and could be consolidated?

- **CSDDD**

It is also essential that work on the Corporate Sustainability Due Diligence Directive (CSDDD) be focused on avoiding bureaucracy, particularly in areas where it does not particularly contribute to achievement of the CSDDD objectives.

In our view, banks' due diligence should be focused on their core services, in particular the lending business. This avoids legal problems in applying due diligence in legal structures that are not comparable with a classic value chain (such as derivatives, guarantees for partners of counterparties) without lowering the level of protection.

In this context, we would like the broad spectrum of national legislation, EU legislation, human rights, and environmental standards to be taken into account and for value chains within Europe and parts of value chains that are within Europe to be explicitly excluded from CSDDD due diligence requirements. The EU has already issued a great deal of legislation aimed at protecting human rights and the environment that is covered by implementation mechanisms and has therefore been comprehensively transposed into member states' national systems of law. Thanks to this legal framework and these implementation mechanisms, European companies occupy a leading position worldwide with regard to the protection of human rights and the environment.

We support the risk-based approach to prioritizing due diligence requirements. However, a de facto exemption for supply chains that are entirely within Europe that is created by CSDDD's risk-based approach is not sufficient in our opinion. As a minimum, the text of the directive should clearly state that the parts of a supply chain that are within Europe fundamentally pose only minimum risk.

Particularly SMEs, whose value creation takes place predominantly – and often only – at regional/national level and who are already disproportionately burdened by such regulations, should not be exposed to the risk of becoming part of unnecessary compliance exercises. A clear exemption would reduce the burden on European SMEs without in anyway running counter to the directive's objectives. In fact, such clarification would ensure that resources can be deployed efficiently where they would add value.

- **SFDR**

As well as containing extensive disclosure requirements at product level, the Sustainable Finance Disclosure Regulation (SFDR) requires the providers of financial products and financial advisors to publish their company-level policies for dealing with sustainability risks and negative effects on sustainability (principal adverse impacts, PAIs). This company-level information is not relevant to customers looking to buy a financial product. Moreover, there are huge overlaps with other regulatory requirements. The relevant provisions (Articles 3, 4, and 5 SFDR) should therefore be deleted. The addition of further disclosure requirements (e.g. relating to new PAIs), as proposed by the European Supervisory Authorities (ESAs) in

connection with the review of the SFDR Delegated Regulation, would neither help to reduce the bureaucracy linked to the regulatory environment nor offer tangible benefits to customers.

Any implementation guides for new requirements should be released as close as possible to the publication of the related requirements so that they can be applied without delay during implementation projects. The use of unclear definitions in respect of important aspects should be avoided by waiting for the definitions in the underlying regulatory requirements to be finalized (e.g. inclusion of the value chain in the reporting under the Corporate Sustainability Reporting Directive (CSRD) without precisely defining the value creation limits beforehand). In the first application cycles, only a small number of KPIs should be required to be reported in order to provide a starting point. By default, there should be a deliberate focus only on the most important aspects during the start phase. The option to omit a few disclosures is of only limited benefit.

Supervisory reporting requirements

As well as in respect of external reporting requirements (disclosures), a need for rationalization has also been identified in respect of supervisory reporting requirements, particularly in the banking sector. Efforts in this area so far do not appear sufficient to us. In the same way that the size criteria for SMEs were raised in the Accounting Directive, the thresholds for various scopes of FINREP reports could be raised (e.g. requiring all small and non-complex institutions (SNCIs) to only submit data point reports) and, overall, the SNCI definition could be adapted more flexibly to the rapidly changing size criteria. There needs to be a rule that thresholds are regularly adjusted to reflect inflation.

Moreover, the scope of ad hoc data collection needs to be reduced. It is often used to implement reporting requirements ahead of schedule, placing a particular burden on the financial sector because it involves manual work or semi-automated solutions.

<u>Supervisory reporting requirements in the context of banking regulation</u>

By way of illustration, we are proposing the following starting points for reducing the work involved in regulatory supervisory reporting for the banking sector:

a) The requirements relating to resubmissions need to be amended to include a limit on the retrospective period, a restriction of the scope, and a definition of materiality thresholds. Corrections should only need to be reported if there is a material adverse impact on supervisory KPIs.

b) A granular, integrated reporting system with a central data node needs to be introduced in a structured manner, ideally covering all reporting areas. The development of such systems in parallel by different supervisory authorities must be avoided. This should result in one-time reporting of (similar) data ('report only once'), instead of multiple

reporting templates having to be completed, as this would greatly simplify the preparation process.

c) The sharing of data among supervisory authorities and the reduction of duplicate data requirements (European vs. national requirements) are essential, and we fundamentally welcome the current consultation exercise in respect of the ESA Regulation. The feasibility study conducted by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) [German Federal Financial Supervisory Authority] and Deutsche Bundesbank contains practical solutions that should be considered.

d) It is advisable to take the findings of the EBA's cost of compliance study into account.

e) Regular review of reporting requirements and

removal of any superfluous reporting templates:

- Example regarding leverage ratio reporting: We do not see any legal basis for retaining templates C 40.00 and C 43.00. These templates were introduced for reporting data necessary to produce the report in accordance with Article 511 CRR. The EBA already submitted this report in 2016. Retaining data reports that are no longer required for supervisory purposes is excessively time-consuming for the institutions, so we are advocating the deletion of both templates.
- Regarding COREP reporting: It would be beneficial to review and identify the data points that are of almost no relevance to a significant number of institutions and in relation to which the numbers are so small that they are negligible. These data points should be deactivated in the reporting templates.
- In general: reporting containing in-depth breakdowns should be avoided, fewer details should be requested, and breakdowns by impact on individual geographical areas should not be mandatory.

The disclosure templates derived from regulatory reporting templates should then be adjusted accordingly.

f) Greater proportionality – further development of the classification scheme for 'small institutions' (SNCIs) / other institutions / large institutions; for SNCIs and, in some cases, other institutions:

- reporting requirements for SNCIs need to be reviewed from a proportionality perspective as a matter of urgency. In particular, the upcoming expansion of the reporting and disclosure requirements for small institutions in relation to ESG risks (CRR III) goes too far.

g) Further suggestions for reducing the burden:

- The scope of reporting can be rationalized by making the thresholds more generous.

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- Adjusting the frequency of reporting (e.g. half-yearly instead of quarterly large exposure reports) – in particular by taking clear signs of the 'stability of reported values over time' into account – would help to reduce the volume of reporting.
- The harmonization of COREP and FINREP so that data is transferable (this is not always the case due to a lack of clear definitions) would reduce the reporting burden and also identify any data redundancies that could then be eliminated. Improvements are also required regarding the validation of the reports to be submitted. Such improvements could allow individual cases to be closed when a report is submitted.

<u>Reporting requirements in the context of capital markets regulation:</u>

We are proposing the following measures for reducing the work involved in capital markets reporting requirements:

Ongoing changes to the European Market Infrastructure Regulation (EMIR), the Markets in Financial Instruments Regulation (MiFIR), and the Securities Financing Transactions Regulation (SFTR) resulting from the following are costly and take up a lot of time and human capacity in institutions:

(i) New legal requirements (EU legislation at level I and II)
(ii) New or amended notification guidelines (stage III)
(iii) New or amended Q&As from the European Securities and Markets Authority (ESMA)
(iv) New validation rules
(v) Regular updates and publications from the trade repositories

Given the many different, constantly changing requirements regarding capital markets reporting requirements, the market participants have barely any time to focus on the improvements to the quality of data that are needed. Improving the quality of the reported data is being hindered by the frequent changes that are imposed on parties subject to reporting requirements (quantity over quality).

The huge cost of the reporting requirements may even have an impact on institutions' business policy decisions. The example of Brexit clearly shows that the capital markets reporting requirements have effectively doubled within a short time space (due to the differences between regulation in the UK and in the EU). The costs involved in setting up and maintaining a UK reporting system thus have a considerable influence on the business policy decision of whether international transactions with the UK can still be carried out cost-effectively.

A critical review should be carried out of which reporting fields really are relevant in terms of supporting legislators' objectives. Reporting requirements should be limited to those reporting fields that are definitely necessary, and a review should be carried out to identify which notification fields can be removed and for which fields lend themselves to a single-sided reporting (for example, a single-sided report would be an option in the case of dual-sided reporting requirements for non-financial corporations (NFCs)).

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Where less relevant reporting fields cannot be switched to a single-sided reporting requirement, it would be helpful to at least eliminate the matching requirement – or to permit high tolerances – for less relevant fields. The work involved in improving the quality of data in relatively insignificant fields seems unjustifiable, ties up resources, and hinders or even prevents improvements to relevant reporting fields.

No updates to EMIR, MiFIR, and SFTR reporting should be carried out for a period of five years in order to ensure that the reporting problems can be dealt with properly. Moreover, only urgently required adjustments should be carried out. In our view, such adjustments do not include the implementation of all of the critical data element (CDE) recommendations made by the Regulatory Oversight Committee (ROC) in respect of EMIR reporting.

It is essential that the introduction of new reporting fields is backed up by a cost/benefit analysis. The amount of work involved in filling in new fields or changing the way in which fields are filled in seems to us to have been greatly underestimated in the past. For example, the final report from ESMA on reporting pursuant to Article 26 MiFIR, which proposed extensive changes, did not contain an analysis of the resulting costs. The final report on reporting following EMIR REFIT contains a half-page cost/benefit analysis that ended with the rather terse statement: "Overall, ESMA is of the view that the proposed changes will require an implementation effort from the industry, however in the long run the costs will be outweighed by the benefits related to the standardisation and international harmonisation of reporting as well as the expected improvement in the data quality." In fact, it has become apparent that the implementation costs run into the double-digit millions for each institution, without any prospect of cost savings.

Finally, the duplication of reports should be avoided (reporting of exchange-traded derivatives (ETDs) and some over-the-counter (OTC) derivatives under both EMIR and MiFIR). It should also be avoided to report identical data in different formats, to differing extents, and to different users (e.g. repos having to be reported under money market statistical reporting (MMSR), AnaCredit, and SFTR).

Proposals from the German Banking Industry Committee for the rationalisation of reporting requirements arising from EU legislation

Reporting requirements	Time and resources devoted to meeting the reporting requirements	Are these requirements only originating from EU law?	Are there specific areas (type of reporting requirements or policy areas) that are particularly problematic?	Which specific reporting requirements are considered difficult to fulfil? Which take the most time? Is the purpose of collection some information unclear?	Which reporting requirements could be (further) digitalized and how?	For which requirements could the reporting frequency be decreased?	Which reporting requirements overlap with other requirements and could be consolidated?	Are some reporting requirements unnecessary in the sense that the information provided is already accessible to public authorities / the EU via other communication channels or information systems/ databases?
1.: EMIR reporting: The reporting obligation concerning derivative contracts derives from article 9 (1) EMIR. Pursuant to section 9 (1) EMIR, any conclusion, modification, or termination	Preparation of daily reports on derivatives trades and open positions, becoming more time-consuming as a result of EMIR REFIT. Any increase in complexity, such as an expansion of the fields needing to be	Yes.	The expansion of data entry fields associated with every revision, as well as the resulting issues requiring clarification (e.g. most recently in respect of how to fill in the ‘Delta’ field for options and ETDs).	The objective of increasing the amount of matching transaction reports and improving the pairing and matching rates is likely to be hampered by the increase in complexity of the revised reporting	./.	./.	Overlap with notification requirements under MiFIR, especially following the MiFIR review, as a result of which not only exchange-traded derivatives fall within the scope of MiFIR reporting	The fact that every single field must be completed for every trade results in superfluous reporting requirements, for example, in the sense that empty fields for energy information have to be provided even though

of a derivative contract must be reported. Article 9 (1) does not limit this obligation to OTC derivatives, meaning that exchange-traded derivatives are also subject to this reporting requirement.	completed for reporting purposes, and/or changes of procedure require the allocation of additional time and resources.			system under EMIR REFIT. The approach seems to attempt to make up for a lack of data quality by ramping up the quantity of data collected.			requirements but increasingly also OTC derivatives.	they will not be filled in at any point, because they apply to specific types of derivatives only.
2.: Annual remuneration disclosure requirements pursuant to paragraph 16 of the Remuneration Regulation for Institutions (InstitutsVergV): Pursuant to Delegated Regulation (EU) No. 575/2013, article 17 of the	As investment firms in Germany tend to have only a small number of material risk takers due to their size, there is a very significant amount of manual work each year for various departments.	Based on EU legislation but implemented through national legislation directed at the Bundesbank.	Yes. Remuneration reporting pursuant to the IFD and the CRD is required in addition to the remuneration disclosures under section 16 InstitutsVergV. However, the required reporting is not identical and thus needs to be adjusted manually.	The reporting covers a large number of different clusters of remuneration components, so the relevant analyses and calculations require a significant amount of work. These analyses and calculations need to be carried out manually for each	Due to the small number of material risk takers, it would not be economical to digitalize this process. One possible way forward could be for the Bundesbank to use interactive questionnaires in order to significantly reduce the amount of	./.	Similar, but not identical reporting requirements under the remuneration reporting pursuant to IFD and CRD on the one hand and remuneration disclosures pursuant to section 16 InstitutsVergV on the other hand.	Bundesbank to send out tables for completion (in the form of interactive questionnaires) that are relevant to the specific institution. A reduction of the resources required from small institutions with fewer material risk takers would be desirable for

Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down technical standards for implementation, and section 16 InstitutsVergV, investment firms in Germany must disclose their remuneration policy and complete remuneration disclosure forms in accordance with Directive (EU) 2019/2034 (Investment Firms Directive, IFD) and Directive 2013/36/EU (Capital Requirements Directives, CRD).				individual material risk taker.	work required.			both sets of disclosures.

Proposals from the German Banking Industry Committee for the rationalisation of reporting requirements arising from EU legislation

3.: EBA Guideline 2022-06 [1]: Collection of data on remuneration practices (submission of remuneration data for all employees and information on the gender pay gap) **EBA Guideline 2022-08 [2]:** Collection of data on high earners (submission of remuneration data for material risk takers, including deferrals, executives, and those	Depending on the reporting requirement, the amount of work required is significant or very significant, equating to 0.5 FTE for a duration of two months for an individual bank. This does not include the time required for checks in accordance with the principle of review by a second person.	Yes. Based on the Capital Requirements Directive[5], which has been transposed into national law.	Analysis of remuneration data involves the handling of highly sensitive data, even where such data is processed on an aggregated basis.	As described, the data required under the various applicable reporting requirements must be carefully analyzed and prepared. Time-consuming aspects include, in particular, the preparation of equity tranches that can/must be categorized as allocated and vested or as yet unvested, depending on the format of presentation specified for different disclosures.	Digital submission has already been implemented, but the tool provided by the Bundesbank is highly complex and therefore currently usable only with external support. The digital submission requirement has thus, in fact, increased the complexity of the process substantially.	As remuneration systems are typically designed with a longer time frame in mind, detailed breakdowns by employee group and remuneration component could, for example, be reported every three years, while only the total amount of remuneration is reported annually. Information on executive remuneration is disclosed in the annual report and is		

[1] Guidelines on the remuneration, gender pay gap and approved higher ratio benchmarking exercises under Directive 2013/36/EU (EBA/GL/2022/06).

[2] Guidelines on the data collection exercise regarding high earners pursuant to Directive 2013/36/EU and Directive (EU) 2019/2034 (EBA/GL/2022/08).

[5] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

receiving annual remuneration in excess of €1 million) **EBA Guideline 2014-13 [3] and EBA Guideline 2018-03[4]:** Short Term Exercise (STE) for SREP purposes, 'STE 33 report' under the Financial Reporting Standards (FINREP); purpose: assessment of the capital adequacy of the institution; content: disclosure of deferrals by material risk takers via B01.2 Profitability and/or B01.3						therefore already publicly accessible. Section 16 InstitutsVergV also requires significant institutions to publish on their website an annual remuneration report that comprises broadly the same information as that provided in the reporting to the EBA. The supervisory authority could thus access and use this resource.		

[3] Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing (EBA/GL/2014/13).

[4] Final Report Guidelines on the revised common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing (EBA/GL/2018/03).

Profitability as part of the 'STE 33 report'.								
4. Remuneration notices (CRD/KWG)	A substantial amount of manual work is also created due to the fact that the remuneration reporting differs in certain aspects from the disclosure requirements pursuant to section 16 InstitutsVergV in conjunction with article 450 CRR and the reporting forms pursuant to article 17 of Regulation (EU) 2021/637; the associated work can amount to as much as 0.5 FTE for a duration of	Yes. Data required for comparisons of remuneration trends and practices pursuant to article 75 (1) and (2) of Directive 2013/36/EU and section 24 (1a) n os. 5 and 6 of the German Banking Act (KWG)	Yes, see also items 2 and 3 above. Substantial amount of manual work in connection with segregating information on material risk takers and their remuneration components, with additional challenges arising from the fact that the remuneration reporting relates to the same subject and the same individuals but differs at a more granular level from the disclosure requirements	See also items 2 and 3 above. The reporting covers a large number of different clusters of remuneration components and the relevant analyses and calculations require a significant amount of work (manual process for each individual material risk taker).	The Bundesbank's digital submission service is usable only with external support (software provider, license fees). The digital submission requirement has thus, in fact, increased the complexity of the process substantially.	See also items 2 and 3 above. Remuneration systems are typically designed with a longer time frame in mind. Rationalization proposal: Reporting of detailed breakdowns by employee group and remuneration component every three years (for example), total amount of remuneration reported annually.	Information on executive remuneration is disclosed in the annual report and is therefore already publicly accessible. This reporting requirement could therefore be scrapped. Section 16 InstitutsVergV also requires significant institutions to publish on their website an annual remuneration report that comprises broadly the same information as the reporting to the EBA. The supervisory	Yes. The remuneration reporting relates to the same subject and individuals as the disclosures under section 16 InstitutsVergV in conjunction with article 450 CRR and the reporting forms pursuant to article 17 of Regulation (EU) 2021/637, but the requirements diverge at a more granular level. Any instances of information being requested multiple times should be avoided.

	two months for an individual bank.		pursuant to section 16 InstitutsVergV in conjunction with article 450 CRR and from the reporting forms pursuant to article 17 of Regulation (EU) 2021/637.				authority could thus access and use this resource.	
5. FINREP template F44.04 'Staff expenses by structure and category of staff'	0.2 FTE for a duration of one month for an individual bank		Substantial amount of manual work resulting from the segregation of information concerning material risk takers and their remuneration components; data here to be reported based on the year in which payments are accrued (*Zuflussprinzip*), whereas the other disclosure requirements				The focus is on material risk takers, an area that is being covered comprehensively by the disclosure requirements	The focus is on material risk takers, an area that is being covered comprehensively by the disclosure requirements

			and remuneration reporting go by the year to which payments are attributable (*Zuordnungsprinzip*)					
6.: EBA Guidelines on outsourcing arrangements – here: obligation to notify the supervisory authority of the establishment or termination of any sourcing arrangement of regulatory relevance and any material sourcing arrangement	Dependent on the circumstances; on average, one iteration of the process (including preparation) requires approx. 60 minutes	Yes (EBA is authorized to issue guidelines)			Already digitalized to a large extent (except for DORA requirements)		Registration/notification requirements partially overlap with DORA requirements	
7.: PSD 2, payment transaction statistics (fraud reporting, AIS mandate)	Approx. 2.5 MD in total for an individual bank		Yes, fraud reporting, AIS mandate.					

8.: PSD 2, SLA reporting: Availability and performance report in comparison with online banking and B2G channels	0.5 MD for an individual bank							
9.: Article 27 (1) of the Securitization Regulation, **ESMA Reporting**: Disclosure of securitized lonas, disclosure of performance of the transaction	3–5 working days per quarter for an individual bank							
10. Disclosure under part 8 CRR	One or more FTE for an individual bank, depending on the size of the institution; additional involvement of other functions (e.g. Risk Controlling, Risk Management, Finance, HR, etc.) that	Some parts originate from the BCBS, some from EU legislation alone.	Detailed breakdowns; data to be disclosed that is not automatically generated from the supervisory reporting like COREP/FINREP.	Detailed breakdowns; data to be disclosed that is not automatically generated from the supervisory reporting. The fact that downloads of these disclosure reports are generally low		The disclosure of qualitative content relating to ESG risks in pillar 3 reporting could largely be scrapped as this content is also published elsewhere (e.g. in sustainability reports and in	There are various overlaps with the content of management reports (especially regarding risk management), remuneration reports, and sustainability/CSRD reports (regarding ESG risks	Article 435 CRR: This provision should largely be scrapped as most of the content it addresses is already being disclosed by institutions in their annual reports / management reports; since

	need to supply relevant information			indicates a lack of public interest. Disclosure of key parameters pursuant to article 447 CRR seems satisfactory for most stakeholders. The supervisory authority uses the supervisory reporting, whereas – based on past experience – the disclosure is needed for statistical purposes only.		the future under the CSRD). As a minimum, the current six-month frequency for qualitative data on ESG risks in pillar 3 disclosure should be changed to the annual interval like for qualitative pillar 3 disclosures on all other types of risk.	and associated measures). Recent regulation has introduced a duplicate disclosure requirement for green asset ratio templates in pillar 3 reports and CSRD reports regarding data under article 8 of the Taxonomy Regulation; moreover, changes under one framework are not being reflected in the other framework at the same time, if at all. Consolidation is required.	cross-referencing was prohibited (article 434 (1) CRR in conjunction with EBA/ITS/2020/04), institutions are required to also include this information in their pillar 3 reporting as a duplicate disclosure. Institutions that are subject to the Supervision of Financial Conglomerates Act are required to disclose this data in three separate reports.