

Dear,

The National Bank of Belgium would like to inform you about an upcoming change to the XBRL reporting process and protocol.

As you probably are aware, under the sequential approach, all supervisory data are collected by the National Competent Authorities (NCAs) and forwarded by the NCAs to the ECB (which forwards then the necessary data to the EBA). Against this background, there are two ECB business initiatives that will jointly impact the current operational way of collecting these supervisory data.

1) ECB requires information on all (re)submissions by banks to NCAs.

Under the sequential approach, NCAs act as a buffer between the banks and the ECB. As a consequence, several data quality metrics on timeliness and the number of (re)submissions (including the type and the number of errors for each submission) are influenced by the NCAs approach for the collection and dissemination of supervisory data, which makes it difficult to impossible for the ECB to assess the individual banks in the Eurozone. Particularly ITS modules that are missing at the ITS remittance date constitute an important breach on supervisory reporting, but they are unnoticed to the ECB in case the bank reports before the ECB remittance date (typically 10 or 25 business days after the ITS remittance date depending on the type of reporting institution).

2) ECB aims to maximally harmonise the sequential approach.

The EBA successfully harmonised the ITS templates and the data collection system for the second level reporting (between on the one hand the EBA and on the other hand the ECB and the non-SSM NCAs). Now the ECB, in collaboration with NCAs, will harmonise the data quality and analysis systems to create a level playing field in data quality assessment for all the reporting institutions in the SSM. In this context, one of the first priorities is the harmonisation of the collection of supervisory data. Based on a visit by the ECB to all SSM NCAs, best practices are currently being discussed at ECB level. Most of these best practices still have to be agreed upon and will be implemented at a later stadium, but some of them are best to be implemented as soon as possible, particularly in the context of the first initiative above (i.e. providing the ECB with the details on every submission by the reporting institutions to the NBB).

This context has already been touched upon by Michel Colinet during his presentation to the sector on 5 May 2017 in the offices of Febelfin. Over the summer, the operational specifics have become more concrete, including the timing of implementation, so it is now opportune to highlight the changes in the XBRL reporting protocol of the NBB. They are all quite logical and stem from sound business reasons.

Nevertheless, the impact will be different for every reporting institution. Some will not notice any difference at all while others might have to adapt their acquired or in-house developed software that generates the XBRL files. It is important to note that every file that does not respect the principles below will be rejected.

The main idea is that reporting institutions should have effective internal data quality procedures before sending any report to the NCA. Ideally, only one fully valid report is sent. A relatively high number of submissions, benchmarked against other banks, might be an indication of poor reporting systems and/or insufficient quality checking.

Principle: all necessary information must be included in every XBRL-file and no automatic or manual interventions (via OneGate) are possible such that the received XBRL-file can be sent as such to the ECB.

- Partial submissions are no longer allowed. According to EBA and EIOPA filing rule 1.12, an instance must contain the full report, as well for initial submissions as for resubmissions. In practice, this implies that action="update" and reporting template-by-template is no longer possible.
- Declaring a template "notReported" is only allowed via the filing indicators that are present in the XBRL-file itself (no longer via OneGate control panel).
- For each template in OneGate control panel, either a negative or a positive filing must be present in the XBRL declaration. Filing indicators serve the purpose of giving a clear and transparent indication of the content of a report and triggering the correct execution of validation rules. Therefore, it must be explicitly indicated by the reporting institution which templates are intended to be reported and which are not through these filing indicators.
- Reporting a positive filing indicator for a template that is not present in OneGate control panel is contradictory and will result in the rejection of the file.
- Reporting a negative filing indicator for a template while including facts that are belonging only to this template is contradictory and will result in the rejection of the file.
- Reporting facts that cannot be loaded into any of the templates in OneGate control panel (for instance facts belonging to a non-initialized template) result into the rejection of the file.
- Duplicate facts result into the rejection of the file. According to EBA and EIOPA filing rule 2.16, instances must not contain duplicate business facts.
- In case a positive filing indicator is sent for a given template, but no facts are present in the XBRL declaration, a "nihil" declaration is automatically assumed. So a manual "nihil" declaration via OneGate control panel is no longer possible.
- Only closing of the report remains possible (and absolutely necessary) via OneGate control panel.

Concerning the timing:

The ECB requires every NCA to provide them with information on all (re)submissions by reporting institutions to NCAs for the reference period 31/12/2017. This implies that the new approach needs to be implemented in the production environment of OneGate by the end of this year.

In order to prepare and thoroughly test the new approach, the testing environment of OneGate will implement this new approach ultimately from 16 October onwards, at the latest one month from now. The reporting protocol itself will be adapted accordingly from that day onwards.

We strongly express our hope that this new approach will be intensively tested, for our mutual benefit, as the new approach must work smoothly and flawlessly by 1 January 2018 in production.

As always, any issues, feedback or questions can be sent to schemaA@nbb.be.