

RATI info session





Agenda

- LuoTi project
 - Project in general / Mikko Koutaniemi
 - Content issues / Jori Oksanen
 - Data Collection Service / Mikko Koutaniemi

Mikko Koutaniemi
Suomen Pankki

LuoTi project





LuoTi project

- 30.9.2016
 - Publication of data collection content description
 - Notification of reporting obligations and derogations to reporting agents
- 1.12.2016
 - Availability of data collection service (DCS) is ensured
 - IT implementation is launched
- 31.1.2017
 - Publication of electronic credit data reporting description
 - Banking group-specific SHS-G data collection of securities holding statistics to ECB system and away from LuoTi project
- 28.2.2017
 - Reporting agents have been informed of reporting obligations according to situation at end of 2016
 - Development of analysis system launched
- 10.5.2017
 - Launch of new DCS introduction project
- 24.5.2017
 - Update of electronic data reporting description
- 06/2017
 - Publication of preliminary validations



LuoTi project

- 07/2017
 - Testing of new DCS begins in the Bank of Finland
- 09/2017
 - Voluntary reporting agent testing of new DCS begins, login and reporting with SFTP
 - Update of machine-language data transmission description
- 11/2017
 - Voluntary reporting agent testing of new DCS, web upload
- Q1/2018
 - Transfer to production of system (release 1) in the Bank of Finland
 - Compulsory test reporting of counterparty reference data to Bank of Finland with data for 31 December 2017
- Q2/2018
 - Reporting of first counterparty reference data to Bank of Finland with data for 31 March 2018
- Q3/2018
 - Transfer to production of system (release 2) in the Bank of Finland
 - Compulsory test reporting of credit data to Bank of Finland with data for 30 June 2018
- Q4/2018
 - Reporting of first credit data to Bank of Finland with data for 30 September 2018

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Credit data reporting





General

- Reporting agents informed about reporting obligations in late September/early October 2016
 - Derogations under Article 16 of the AnaCredit Regulation granted in the manner specified in the Regulation
 - Quarterly reporting (max. 2% of RATI total amount of outstanding loans) until end of 2020
 - Full reporting exemption (max. 2% of RATI total amount of outstanding loans) until further notice
 - Changes notified in February 2017
 - To be reviewed annually -> Notification if the reporting obligation changes (for new reporting agent, 18 months from notification of implementation – Article 13(3))
- Data collected without threshold values



Description of electronic reporting

- Published in January (31 January)
 - Reporting schema
 - Description of reporting schema
 - Data model
 - Example files
- Language versions in March
- **NO** reporting content instructions
 - Bank of Finland requirements document (BoF AnaCredit requirements v2.1.xls) includes national requirements
 - ECB Manual:
https://www.ecb.europa.eu/stats/money_credit_banking/anacredit/html/index.en.htm
 - As support, ECB's quarterly questions & answers
- New version in May (24 May)
 - New code lists (legal forms and national identifiers)
 - Some of national needs removed (see later slides)
 - Reporting requirements directed at different parties
 - National code values (mainly instrument types) updated to correspond with RATI
 - N/A data reporting e.g. in number fields (see later slide)



Content of electronic reporting description (1)

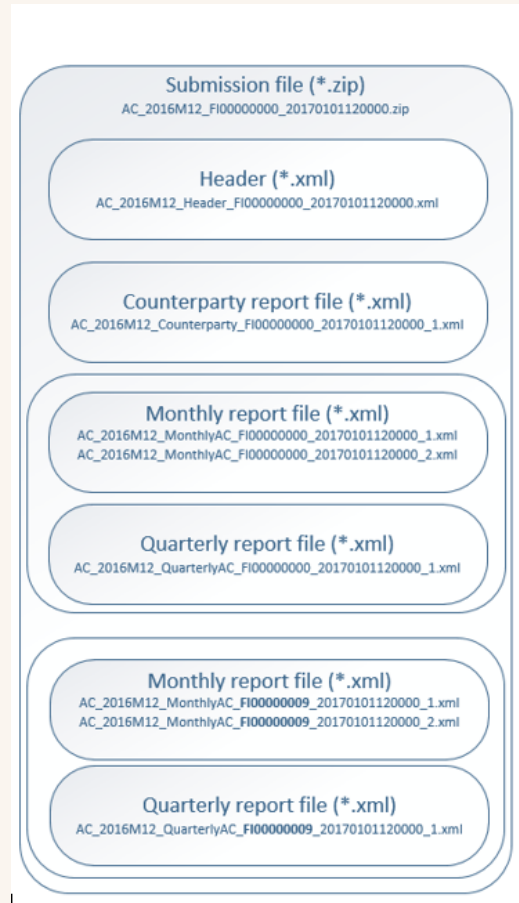
- Divided into three parts:
 - Counterparty data – table 1 of the Regulation
 - Monthly data – tables 2, 3, 4, 5, 7, 8, 9 and 10 of the Regulation
 - Quarterly data - table 6 of the Regulation

- The submission file (.zip) may contain all of the report files (.xml)
 - It is also possible to send them separately, e.g. first only counterparty data or both counterparty data and monthly data. Then only quarterly data later. The counterparty data must in any case always be included in the first transmission.

- No ‘change reporting’ (‘delta reporting’)
 - Every month, the first transmission must be a report that contains a full set of data (FULL)
 - After the first transmission, it is possible to revise only part of the data (CHANGE) or deliver all of the data again (FULL)



Content of electronic reporting description (2)





Content of electronic reporting description (3)

- Checks to be done on submission and report files:
 - Key identifiers always mandatory (counterparty identifier, contract identifier, instrument identifier etc.)
 - In a report file, there can only be one combination of identifiers

Record name	Fields that form a unique key
CounterpartyReferenceRecord	CNTRPRTY_ID
InstrumentInformationRecord	CNTRCT_ID INSTRMNT_ID
CounterpartyInstrumentRecord	CNTRCT_ID INSTRMNT_ID CNTRPRTY_ID ENTTY_RL
ProtectionRecord	PRTCTN_ID
InstrumentProtectionRecord	CNTRCT_ID INSTRMNT_ID PRTCTN_ID
ProtectionProviderRecord	CNTRPRTY_ID PRTCTN_ID
CounterpartyRiskAndDefaultRecord	CNTRPRTY_ID
AccountingRecord	CNTRCT_ID INSTRMNT_ID

- Links between header and actual report files (period and such like)
 - A submission file can include data relating to only one period
 - An individual report file is always directed at an individual reporting agent (counterparty data) or observed agent (monthly and quarterly data)
 - In the same submission file, there may be, however, the report files of different observed agents
- The report files included in the submission file should be stated in the header



Content of electronic reporting description (4)

- A record = an individual instrument / protection / counterparty etc. with associated attributes
- One report file (.xml) can contain a maximum of 100,000 records / maximum size 500 Mt
 - If the limit is exceeded, the report file should be split into two or more parts
 - It is also possible to split files into smaller parts
 - e.g. protections in own report file, instrument data in own report file etc.
- Schema validations only part of validation process
 - A structurally correct report is read into the Bank of Finland's information systems, where more detailed content validations are performed
 - Feedback via DCS service - a delay compared with present RATI reporting



Data submission schedules

- Counterparty and monthly credit data must be submitted to the Bank of Finland no later than the **15th working day** after the end of the reference period
 - It is also possible to submit counterparty data, for example, in advance (counterparty data must always be included in the first transmission of a reference period)
- Quarterly credit data must be submitted to the Bank of Finland **no later than the remittance dates defined in Article 3(1)(b) of Commission Implementing Regulation (EU) No 680/2014**
 - Approximately 30 working days after the end of the reference period
 - FINREP reporting schedule



Non-legal entities that are not natural persons

- The AnaCredit Regulation limits parties only to legal entities
- Legal form: natural person → **is not reported to BoF (sector S.14 agent)**
- Legal forms: shipping company with joint ownership, trade association, corporation subject to taxation, decedent's estate, bankrupt's estate, body jointly and severally liable for tax withholding, other taxation unit → **reported to BoF, if sector category is other than S.14, even though they are not legal entities**
- If a sector category receives the value S.14 (Statistics Finland company register, which is available for reporting agents) the party is not reported to BoF **under any circumstances**
- Otherwise, reporting is mainly normal as for a legal entity
 - **Personal ID (HETU) must not be reported under any circumstances**
- Comparability with RATI data will improve and meet the needs of statistics production
- Will facilitate restriction of reporting agent population
 - BoF excludes non-legal entities from ECB transmissions

→ In credit reporting, reporting therefore concerns all credits whose debtor is not categorised as a household (S.14) and Personal ID (HETU) must not be reported in the party's identifier under any circumstances



Non-applicable / not available values

- If, according to the ECB Manual, a data attribute is "Non-applicable" for some credit, it is reported as follows:
 - If a "Non-applicable" code value has been added to the code list of the said code list-based attribute, it is reported with the value according to the code list
 - If, for example, a data attribute in the form of a date or numerical value is involved, the xml element associated with the attribute in question must not be reported at all
 - The BoF provides a "Non-applicable" value based on validations for the data submitted to the ECB
 - The same principle also applies to data subject to derogations (particularly counterparty data, if e.g. a business ID is available, and data are not reported voluntarily)
- If a data attribute is not available, even though it is mandatory under the Regulation
 - As with a "Non-applicable" value, the xml element is not reported -> the BoF will provide the ECB with the necessary additional data in the same way as with "Non-applicable" values
 - Gives rise to a validation error



Banking Operations Department attributes

- Banking Operations Department attributes
 - Juridical type of the instrument
 - Loan granted under euro area legislation
 - Default evaluation method

- **Use:** primarily for checking and monitoring the use of bank loans as collateral in the Eurosystem

- Data are needed only for monetary policy counterparties

- Attributes **will be removed** at this stage from the data collection technical description

- The need for data will be reviewed at a later date and data collection will begin at the earliest in 2020



Stability line attributes

- Financial Stability and Statistics Department's stability line attributes
 - Finance covenants
 - Collateral-related covenants
 - Covenants relating to balance sheet items
 - Other covenants
- **Use:** covenants are an essential part of analysing the availability of corporate financing and thereby the analysis of monetary policy transmission
 - Also significant in some corporate loan agreements
 - Monitoring of development comparable to monitoring development of margins
 - It may also be necessary to analyse the level of covenants
- The Bank of Finland is examining the possibility of alternative sources
- Attributes **will be removed** at this stage from the data collection technical description
- The need for data will be reviewed at a later date and data collection will begin at the earliest in 2020



National attributes required by statistics

- To facilitate reporting (enrichments)
- RATI / FinRep links
- ECB's future data model changes

Identifier type (national)	Add by ECB
Description of Other identifier type	Add by ECB
International organisation identifier	Statistical needs (national) / Add by ECB
RIAD-code	National
Type of Instrument	BIRD
Revolving credit	BIRD
Credit lines other than revolving credit	BIRD
Reference rate value	Statistical needs - attribute "Reference rate" divided to two separate attributes
Reference rate maturity	Statistical needs - attribute "Reference rate" divided to two separate attributes
Syndicated loan	Statistical needs - in some cases the "Syndicated contract identifier" is not available
Performing status of the instrument	FinRep connection
Real estate collateral country	For NUTS3 allocation to be done in BoF
Real estate collateral postal code	For NUTS3 allocation to be done in BoF
Real estate collateral city	For NUTS3 allocation to be done in BoF
General collateral	Statistical needs
Table 11	Statistical needs - Forthcoming add by ECB to identify possible multiple protection providers for the same protection
Primary protection provider	Statistical needs - To identify the protection provider to be reported to ECB with the current data model



Validations

- Preliminary ECB validation rules submitted to central banks
 - Central banks implement these as part of their own validation process
 - ECB will publish some of the validations, but the timetable is unclear
- Bank of Finland will publish preliminary validations by Midsummer 2017
 - The intention is to give a better picture of the validation structure
 - Changes possible in line with ECB
- Validation structure:
 - Schema validations:
 - Reported data according to schema (element type, code lists etc.)
 - In BoF, checks are made that are not made in schema validations
 - Uniqueness of identifiers (identifier of counterparty, contract + instrument, protection is always unique)
 - Integrity checks (connections between different records/attributes are in order)
 - Credibility checks (comparisons with earlier reported data / RATI data)

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New Data Collection Service - DCS in credit data reporting





Data Collection Service in credit reporting

- Service is provided by OpusCapita
 - competitive tender in spring 2017, data collection being built for new environment
 - familiar from earlier data collections, but we will introduce strong electronic authentication
 - bank identification codes
 - electronic identity card or
 - mobile certificate
 - does not affect current data collection or reporting, which remain as before

- Receipt of data
 - reports are submitted to the Bank of Finland via OC service
 - in credit data reporting, two submission methods:
 - SFTP transfer "along the pipeline"
 - web upload
 - no form input or display!



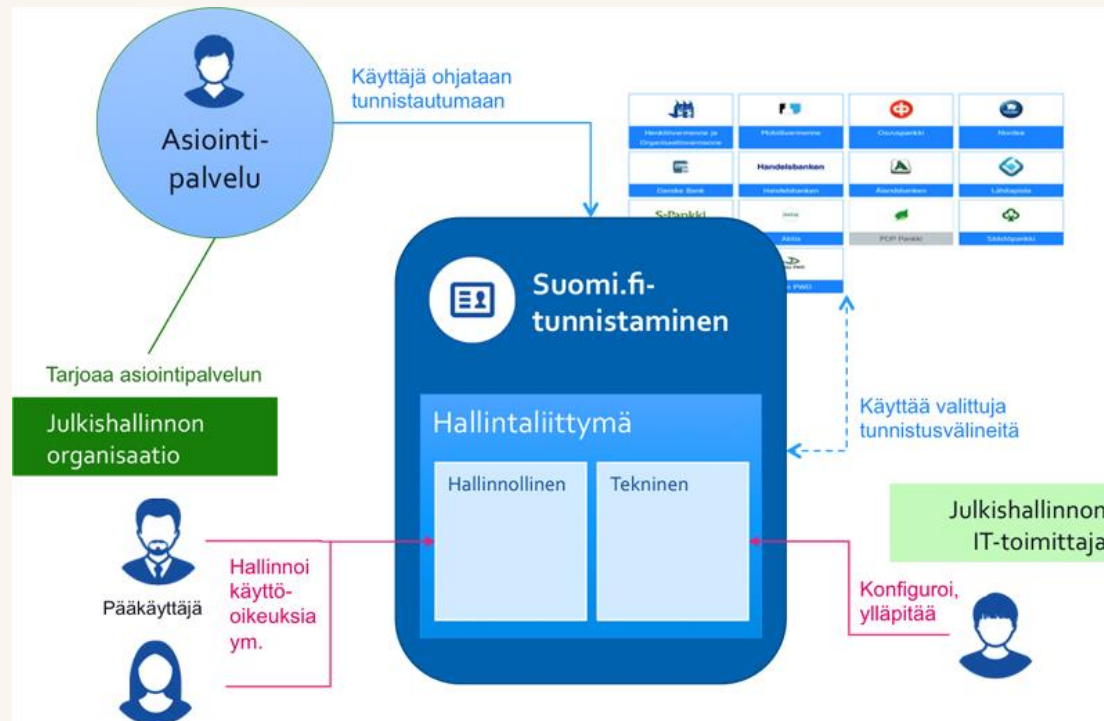
Identification and authorisation

- In identification and authorisation, we use the Suomi.fi identification and authorisation service



Identification in electronic services

- Strong electronic identification
- Permitted identification tools
 - Bank identification codes
 - Electronic identity card
 - Mobile certificate





Identification and authorisation in Suomi.fi

- User rights may be granted to persons entered in the reporting agent's trade register extract
 - The said persons may add individuals handling reporting in the identification service to a role specified by the Bank of Finland
 - An individual assigned to a role may then log in to the DCS service using the authentication service.

- A reporting agent may still grant authorisation in the authorisation service to another company
 - e.g. a reporting agent authorises a technical reporting agent to handle reporting on its behalf



Service roles in the new DCS

- Two data collection-related roles are created – main user and user
 - The main user grants/deletes users' access rights
 - Number of main users in a reporting agent = 1
 - Number of individuals in the user role is currently unlimited
 - The main user is responsible for administrating his or her company's user ID codes



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