

Are you ready for COREP?



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On 1st January 2014 the European Banking Authority (EBA) issued a series of rules affecting some European financial services firms, called the Capital Requirements Directive IV.

The new rules apply predominantly to banks and other larger institutions, however it also catches smaller firms carrying on particular activities. The FCA will have written to you if they believe you are within the scope of CRD IV.

What is COREP?

The EBA will be collecting regular financial information from firms under CRD IV in a similar way to how FCA firms currently report under GABRIEL. This is known as Common Reporting (COREP).

How does COREP work?

While GABRIEL reporting allowed users to either complete reports on screen or download a PDF which was then completed and uploaded, COREP requires specialist software in order to make the returns.

Information needs to be input into the software, which will then generate a file in a format known as 'xbrl' (eXtensible Business Reporting Language). This is a similar format to how accounts are now submitted to HMRC for corporation tax purposes.

In practical terms the file is generated by the software then uploaded through GABRIEL to the FCA. The FCA then collate the data and send it onto the EBA. This makes things slightly more simple as it means firms still only have to submit reports to the FCA rather than to two

separate bodies.

Which returns are required?

This depends on the precise permissions of each firm but predominantly they replace the current FSA003 Capital Adequacy Returns. Some firms will also be required to submit a Large Exposure COREP return as well.

The idea is that the COREP returns will replace their equivalent GABRIEL returns, while the remaining GABRIEL returns will stay the same (for example Balance Sheet and Income Statement).

The format of the COREP returns is similar to the old FCA ones, albeit with more detail. It is also important to note that there have been some changes to capital adequacy calculations, as these now fall under the CRD IV rules rather than the FCA Handbook. The changes however only really affect larger entities, and a small firm which is financed in a straight forward way is unlikely to notice much of a change. However for this reason the figures in the COREP Returns and the methodology for completing them is slightly different to the GABRIEL Returns.

Note there are also returns called FINREP for larger institutions which have not been discussed here as will most likely not apply to our clients.

When is the deadline?

The FCA have given firms a longer deadline than usual to complete the first quarterly COREP Returns, of 30 May 2014. The usual deadline is by the 15th day of the following month for monthly returns, and around 6 weeks after the quarter end for quarterly returns.

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What are the options?

Specialist software is required to produce the xbrl file for each COREP Return. It's not something the FCA have provided free of charge.

There are various software providers on the market, and firms may wish to purchase it directly. The good news is Shipleys have a software product which we can use to prepare the returns for you.

The advantage of using Shipleys to assist in the preparation of COREP returns is we can undertake it on a more cost efficient basis by spreading the cost of the software between our clients. The alternative is to purchase the software directly, which will most likely be more expensive.

If you are interested in Shipleys assisting in the preparation of your COREP Returns please contact us, and we can begin setting your business up on our software in order that the deadline is met and you remain compliant.

Specific advice should be obtained before taking action, or refraining from taking action, in relation to the above.

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