



### Key Contact

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*“FSA are implementing  
Mandatory Electronic  
Reporting for all firms”*

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## INTEGRATED REGULATORY REPORTING

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### Overview

Following the implementation of the Capital Requirements Directive and MiFID and the FSA's overhaul last year of the way in which firms submit regulatory returns the full Integrated Regulatory Reporting ('IRR') regime is now in force from 1 January 2008. The rules are subject to transitional provisions which disapply the majority of the rules until later this year. From mid-2008 onwards firms will be required to submit data via the Mandatory Electronic Reporting system, which has been named GABRIEL.

### Background

The FSA's implementation of Integrated Regulatory Reporting (IRR) commenced in January 2007 in line with the Capital Requirements Directive and the introduction of interim data items, FSA009 and FSA028, submitted through the Early Reporting System (ERS).

IRR is a result of the FSA seeking to harmonise the reporting regime that it inherited at N2.

### The New Process

#### Implementation Dates

The new electronic reporting system is known as GABRIEL (Gathering Better Regulatory Information Electronically) and replaces the ERS. The system consists of over 40 data items, although not all the items are applicable to all firms.

The new IRR rules came into force on 1 January 2008, however the transitional provisions have disappplied a large proportion of these rules until later this year. The effect of the transitional provisions is that the majority of the rules will come into force for BIPRU firms from 30 June 2008 and for Exempt CAD firms and non-BIPRU firms from 31 August 2008. Up until that time all firms should review the transitional provisions thoroughly as they may still be required to submit reports as per their previous reporting schedule as well as some new FSA data items.

#### Regulated Activity Groups

Going forward a firm's regulated activities on its scope of permission will determine the reports that it has to submit and the frequency and submission deadlines of such reports. There are 11 Regulated Activity Groups (RAGs) in total and a firm may fall within one or more RAGs. For instance a firm with permission to advise on investments and manage investments will fall within RAG 3 (as this includes advising on investments) and RAG 4 (as this includes managing investments). A full list of RAGs can be found at SUP16.12.4R.

*“Regulated Activity Groups will determine your reporting schedule”*

*“Firms need to review the new rules and transitional provisions to establish what returns they need to submit”*

Once the firm has determined the applicable RAGs it will be able to determine what data items or reports it should be submitting, how often they should be submitted and when they are due to be submitted.

Each RAG carries with it a set of data items that must be submitted and often two RAGs will carry the same data item (e.g. two Capital Adequacy data items with different numbers). In such cases the firm should only submit the data item required by the lower numbered RAG.

#### Data Items

As detailed above there are over 40 data items and instead of submitting one report as firms currently do under the legacy systems firms may be required to submit various individual data items. For instance, some firms will need to submit separately the following three data items:

- Balance sheet;
- Income statement;
- Capital adequacy.

In addition there will be data items which will require information that firms currently do not submit to FSA, for example:

- Volume & Types of Business Data Item for firms which manage investments;
- Pillar 2 Questionnaire for BIPRU firms.

#### **Submission**

The FSA require firms to submit their returns electronically through the GABRIEL system (previously referred to as the MER system). FSA expect that larger firms will build a connection to the GABRIEL direct submission gateway for both direct submission and web upload. This will allow these firms to extract the required data automatically from their own systems for automatic submission.

For smaller firms the FSA will give access to a web-based form to submit the data to them. Currently the interim solution ERS has the following data items to download: FSA003 (Capital Adequacy), which replaces the FSA009 (Key Data), FSA004 (Credit Risk), FSA011 (Building Society Liquidity) and FSA028 (Non EEA Sub Group). These will be available to download from the ERS now until GABRIEL is introduced. The majority of firms are expected to submit through the online submission method.

#### **Next Steps**

- Continue to submit your required reports electronically via the ERS or your legacy system as per the transitional provisions in the Supervision Manual.
- Determine your RAG groups and the applicable reports, frequency and submission deadlines for your firm and establish the start date for such returns by reviewing the transitional provisions.
- Begin electronic submission of all required FSA data items/reports from:
  - 30 June 2008 if you are a BIPRU firm; or
  - 31 August 2008 if you are an Exempt CAD firm or non-BIPRU firm.

If you require any further assistance with determining your reporting schedule or with other aspects of Integrated Regulatory Reporting please get in touch with your usual Bovill contact.

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