



Newsletter

Issue 2 | July 2020

Welcome to the AgileREPORTER Newsletter for July 2020.

VERMEG hopes that all of its clients, partners, and other friends in the Financial Industry are managing to stay safe and sane in these challenging times.

Impact of COVID-19

We are now well into the COVID-19 era, for as long as it may last, and many of you may have seen social media selfie posts of smiling VERMEGers as they pose in their current Work From Home environments. But behind the light-heartedness of these is a serious point. VERMEG's Business Continuity Plan has been tested as never before and been found to have been more than capable of dealing with the current crisis.

During the past months, VERMEG has been able to continue servicing its client base using our remote working infrastructure to ensure everything from project implementation to regulatory update delivery continues despite the current circumstances.

VERMEG has also been able to offer complimentary reporting and XBRL checking services to firms that are experiencing problems in these areas during the crisis and we will continue to look for ways through which we can continue to support the industry.

Regulator Responses to the Crisis

We have seen actions by regulators across the world in response to the pandemic – both to ease the burden on reporting institutions and to try to mitigate the impact on the wider economy.

VERMEG has issued a number of blogs summarizing these changes as they have occurred.

For example, the Basel committee announced that the implementation timelines of the outstanding Basel III standards have been deferred until 2023 in response to Covid-19.

In the UK, the FCA and PRA issued temporary changes to the Senior Managers & Certification Regime (SMCR) to allow flexibility in the performance of Senior Management functions. Reporting deadlines were delayed for a range of returns but, understandably, those relating to liquidity were still required at normal times. At the same time, regulators emphasized that Capital and Liquidity buffers should be utilized where appropriate, the current circumstances being exactly those for which the buffers were created.





Regulator Responses to the Crisis (continued)

Payment freezes on various types of debt were instructed by the FCA with resulting interest waived rather than deferred in the event of forbearance qualification and, additionally, strict instructions were issued that no repossessions should occur for the duration of the crisis.

Similar measures were taken in the US where the Coronavirus Aid, Relief, and Economic Security (CARES) Act was implemented to encourage positive actions such as loan modification programs and also in APAC by both MAS (COVID-19 (Temporary Measures) (Amendment) Bill) and HKMA (around HK\$ 400 billion relief measures to individual and corporate customers)

US FED Reporting

In the US the introduction of the Systemic Risk Report, more commonly known as FR Y-15 requires the provision of information related more to volume than granularity, the collection of which can present a considerable challenge. Moreover, the information collected is reported not as a point in time value but as averages over varying periods resulting in additional complexity. The VERMEG client base includes a broad range of reporting institutions for whom FR Y-15 presented a challenge.

AgileREPORTER's approach to the FR Y-15 takes into account a set of reporting criteria that will differ dependent on the categories to which filing institutions belong and dynamically fulfills these requirements.

It incorporates the information collected for liquidity monitoring and uses it for the average calculation in a fully auditable and automated way. Vermeg has delivered FR Y-15 in advance of the deadline ensuring that our clients were well prepared for testing, report preparation, review, and submission.

US regulatory reporting, more so now than before, presents a challenge that is complex and multifaceted and requires those who support it to be equipped with knowledge ranging from technology to finance and regulatory – as always VERMEG is here to help address these challenges. Updates to look for in the future include the implementation of a Standardized Approach for measuring Counterparty Credit Risk ("SA-CCR"), High Volatility Commercial Real Estate ("HVCRE") Land Development Proposal, and Reporting Home Equity Lines of Credit That Convert from Revolving to Non-Revolving Status.





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Canada

VERMEG's expansion of the jurisdictional scope of AgileREPORTER continues with the development of a fully integrated solution for reports required by Canadian regulators (Office of the Superintendent of Financial Institutions and Bank of Canada). This extension of our coverage will be delivered later this year and will further enhance our capability to serve the Canadian market.

AgileREPORTER Design Studio

AgileREPORTER Design Studio, mentioned in last quarter's newsletter, has already been the subject of market interest. VERMEG is currently engaging with potential partners in our Asia-Pacific region who see the value in the use of Design Studio to develop their Regulatory Reporting capabilities for jurisdictions where they have particular presence and expertise.

These partners are already holding sessions with VERMEG experts for initial training on the Design Studio – expect a formal announcement in the coming weeks which will, of course, be covered in our next newsletter.

AgileREPORTER/Assure

Q3 will see the release of AgileREPORTER/Assure.

AgileREPORTER/Assure takes the regression testing tool used by our own development teams and enhances it for use by clients should they wish to incorporate this into their own testing processes. The tool will allow comparison of expected data vs actual data resulting from a regulatory change and identify any resultant differences. This will ensure that clients can be sure of zero regression as a result of regulatory change.





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Annual Regulatory Conferences

As mentioned in the last newsletter the UK Annual Regulatory Conference, due to be held in May, was, of course, postponed due to the pandemic. Due to ongoing uncertainty particularly concerning public gatherings, it has been decided that we will not be able to host any of the conference events that we had anticipated for 2020.

However, just as many sporting events have adopted a 'Behind Closed Doors' approach to allow them to continue, we are taking a similar view regarding our regulatory events. Starting in the second half of 2020 we will be conducting a series of webinars covering the same areas as planned for the conferences, regulatory updates, industry insights, and so on. The webinars will cover both regional and global issues and the fact that these will be virtual rather than physical will mean that they are now accessible by a wider audience from our worldwide client base.

Announcements of the dates, times and topics of these webinars will be made very soon

We are already discussing the resumption of our conference program in 2021 when the new normal will, hopefully, allow us to meet all of you in person.

Finally, all of us at VERMEG would like to wish a safe Q3 to all in the regulatory community.



Contact us

If you'd like to have more information on AgileREPORTER, please write to communication@vermeg.com