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SUPERVISORY PROCESSES DEPARTMENT

Plan for reporting taxonomy releases

Ensuring an efficient and effective process covering the full reporting cycle has always been an important EIOPA objective. Supporting this process leads to reduced reporting burden, higher data quality, more consistent and comparable data.

For this, EIOPA has been increasingly using technology over the years and has always understood the need to dedicate attention and resources to support the market in the implementation of the reporting requirements and contributing to the use of efficient and effective tools for data dissemination. EIOPA is making good use of IT technologies in areas such as data collection and analysis. On data collecion through a centrally managed xBRL taxonomy and Data Point Metamodelling for both insurance and pensions while also covering needs from the European Central Bank (ECB) in these two sectors. For own data purposes through a project denominated Business Intelligence 2.0 to bring EIOPA to the next level becoming a data-driven institution and delivering back to stakeholders. Among other examples, this enables enhanced publication of studies and statistics, improved reports and analysis for National Competent Authorities (NCAs) using the European database, including some pilots using machine learning techniques.

Over the last 7 years the content and complexity of the EIOPA taxonomy has grown. Over these years, different reporting packages have been incorporated into the same taxonomy allowing full consistency, and the use of same data dictionary with obvious advantages to the market and NCAs. Advantages that translate into reduced implementation costs for reporting entities, enabling the development of different combined solutions by market service providers and allowing integrated data analysis for supervisors.

Currently, EIOPA reporting taxonomy package not only includes Solvency II (for insurance and reinsurance undertakings, Special Purpose Vehicles and branches from third country insurance undertakings), but also the reporting for EIOPA Financial Stability purposes, ECB Insurance Statistics, EIOPA information needs on IORPs, ECB Pension Funds Statistics, information on PEPP prudential (integrated and stand alone to cover reporting entities from all financial sectors) and, finally, also the Solvency II disclosure package.

Moving forward, the intention is to include the Financial Conglomerates Reporting package, to support the reporting of the new requirements, applicable by the end of 2023, by the regulated entities or mixed financial holding companies that wish to use it, and potentially other EIOPA regular data requests.

Parallel to the business evolution, EIOPA continues investing on maintaining the xBRL Taxonomy up-to-date with the latest technology, and keeping the process to update taxonomy releases and the associated database efficient. In line with the COM European Supervisory Data Strategy, EIOPA actively supports the European Commission in its objective of increasing consistency between different reporting frameworks. As part of this Strategy, EIOPA is currently working with EBA on a DPM 2.0 Exercise, updating and upgrading the current data point modelling, and developing a Digital Reporting Tool.

To continue to offer high quality services in this area EIOPA needs to produce the relevant taxonomies in a more automated and efficient way, reducing the risk for mistakes and mitigating the frequency and impact of business and technical changes in the implementation of reporting requirements.

Handling instructions for documents with security markings:
https://www.eiopa.europa.eu/sites/default/files/publications/other_documents/summary_eiopa_information.pdf

This note explains the necessary future business and technical changes and their consequences, together with the timeline, to enable market anticipation and adaptation.

DPM 2.0

The current data point metamodel (DPM) is being reviewed by a joint team of EBA and EIOPA (DPM 2.0) to have a common syntactic format that supports the data harmonisation of reporting requirements of both authorities, enabling the synergies of a common development of tools for the digital regulatory reporting.

In addition to redesigning the DPM metamodel to cope with its known shortcomings and foreseeable challenges, DPM after refit shall:

- provide means for creation of a unified metamodel that is independent of the purpose, characteristics, or scope of data (e.g. prudential, statistical, transactional, reference and master), covering from highly aggregated data points up to very granular data sets,
- support various data exchange standards (as a result of being defined in technology agnostic manner); in particular xBRL and SDMX,
- better support the whole reporting lifecycle, from data definition and metadata management, to data collection, exploration, derivation, and dissemination. These are the core components of metadata-driven reporting platforms, providing foundations for the development of solutions for the definition and application of DPM models,
- enable consistent modelling of EBA and EIOPA reporting requirements and thus a convergence of methods, models, processes, and tools used for the development of data dictionaries and related regulatory products.

The final package of the core DPM 2.0 methodolgy was published on June 2023 on EIOPA and EBA websites[1].

Digital Regulatory Reporting tool (DRR - DPMstudio)

The Joint Project with EBA on developing tools for Digital Regulatory Reporting (**DRR DPMstudio**) is ongoing. Once finalised, it should deliver a robust solution for the continuous EIOPA reporting framework development process.

The DPMstudio is aimed to be the common software solution supporting the continuous development of EBA and EIOPA reporting frameworks in key areas of the process, including the DPM releases, the full lifecycle of the validation rules and the generation of the xBRL taxonomy packages.

The solution will introduce new digital capabilities to facilitate the development and management of tasks, supporting parallel development of partial releases and evolving the DPM database to cope with new modelling requirements for the EIOPA and EBA.

Following the DPM 2.0 standard evolution the new modelling, validations and transformation techniques will be used, as well as a new xBRL taxonomy architecture applied for both, EIOPA and EBA.

More importantly, the DRR project represents a milestone in the EU interinstitutional cooperation in this field and will ensure cross-sectoral consistency in taxonomy developments in the years to come. All this is being

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[1] EBA and EIOPA publish Data Point Modelling Standard 2.0 to foster collaboration and harmonisation in the field of supervisory reporting - European Union (europa.eu)

developed internally, bringing valuable ownership of the know-how generated at EU and national supervisory authority level.

EIOPA is exploring, also in line with EBA objectives, the additional possibility of receiving data in a new format (**csv files**). EIOPA is tracking the progress regarding the potential application of CSVs as an additional format in supervisory reporting. Without pre-empting any outcome, one pre-requisite to implement the CSVs is to ensure an adequate support from xBRL validation engines to validate files based on this format. Currently CSV files need to be translated to xBRL files to execute the rules using most xBRL engines. This is not considered an efficient approach, hence the target of enabling validation engines to accept CSVs files in addition to the current format so that regulators and reporting entities whishing to use them are able to do so. The alignment with EBA in terms of implementation is important although not crucial since EIOPA foresees the use of CSVs files non-mandatory but an additional possibility.

The timeline for this change is still not defined due to the dependency on the future availability of xBRL validation engines allowing for it.

ATOME: Matter

Meanwhile, the different developments as explained above, leading to increased complexity, required EIOPA to invest in a new software solution to support the development of the DPM, validations and xBRL Taxonomy. The DRR tool (DPM Studio) should contribute to this task in the future, when ready. Currently, its Minimum Viable Product is still under development. A long adaptation period is expected to follow for EIOPA as it will require amending the current working methods.

For this reason, since October 2022 EIOPA is using the commercial tool **ATOME: Matter** to support the taxonomy developments. This collaborative metadata management and modelling platform enables users to cross-check their understanding of data requirements and it is already used by a number of central banks and NCAs.

All these technical changes will necessarily bring some consequential changes to the outputs as published by EIOPA in the taxonomy releases. EIOPA has assessed them as non-material but, in any case, will implement them on a step-by-step approach and with a paced timeline that allows the market to adapt.
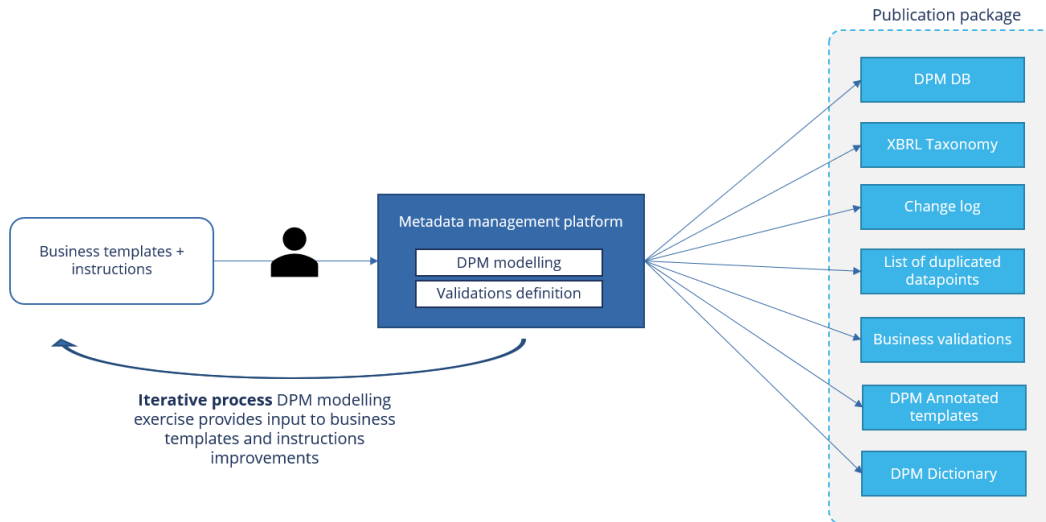
Summary of changes in distributed materials

The different changes will have different impacts in the taxonomy package.

<u>Atome: Matter</u>

The use of the commercial solution ATOME: Matter to generate the DPM and taxonomy impacts the structure of some EIOPA outputs.

Diagram 1. New EIOPA process to develop and maintain the DPM/XBRL materials.

There are three areas of technical outputs where modifications were necessary:

- Excel files (DPM dictionary, Annotated templates, Validations file)[2],
- Database[3],
- xBRL taxonomy[4].

In context of the **Excel files,** the most significant changes are introduced in the Validations file. The need to introduce these modifications was stemming from the drawbacks of the previous approach. For instance, in the past not all the relevant information necessary to understand the way how the validation shall behave was documented in the Validation file and EIOPA had to maintain internally more technical Excel files necessary in the xBRL development process. Additionally, the number of business validations was much lower comparing to the number of their xBRL implementations. The multiplication mechanism became very complex and also more challenging for the partial deactivations.

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[2] The detailed list of modifications can be found in the 2.8.0 PWD3 release documentation distributed on dedicated EIOPA website: https://www.eiopa.europa.eu/tools-and-data/supervisory-reporting-dpm-and-xbrl_en:

- for the DPM Dictionary and Annotated templates there is a dedicated chapter in the DPM Documentation file,

- for the validations the new approach is described in detail within the ReadMe tab of the Validations file and in the Syntax documentation.

[3] The detailed list of modifications can be found in the 2.8.0 PWD3 release documentation (DB documentation) distributed on dedicated EIOPA website: https://www.eiopa.europa.eu/tools-and-data/supervisory-reporting-dpm-and-xbrl_en.

[4] The detailed list of modifications can be found in the 2.8.0 PWD3 release documentation (xBRL documentation) distributed on dedicated EIOPA website: https://www.eiopa.europa.eu/tools-and-data/supervisory-reporting-dpm-and-xbrl_en.

The most significant change introduced in the Annotated templates is that there is only one table provided per worksheet. In the past tables were organised on the table group level, which lead to situation where more than 20 tables could be included in a single tab (e.g. S.27 tabs). As a consequence the Entry point worksheet (now called: "Table of contents") had to be rebuild and is now more detailed, but at the same time provides an opportunity to navigate directly to each technical table. Additionally, the DPM modelling is provided in MD[5] manner so it would be easier to cross-check the content of the Annotated templates and xBRL taxonomy, where only MD Metrics are applied in templates modelling. In case of open tables, it shall be mentioned that key columns are now rendered differently comparing to other columns but still all the relevant information, including the column codes, is still there.

The DPM dictionary file is almost unaffected. However, what shall be mentioned is that there is just one sheet for both MD and HD metrics, but with explicit filter allowing to differentiate between them.

EIOPA **DPM Database** structure and content has been changed comparing to releases prior to 2.8.0 mainly because of removal of the components dedicated to Tool for Undertaking. The only component that remains in the DPM database - information requirements and validations metadata - is roughly identical apart from the part (entities) containing definition of validations.

There are no significant changes in the **xBRL** taxonomy structure. Especially the folder structure is not affected as follows the Eurofiling architecture.

DPM 2.0

DPM 2.0, similarly to the current DPM, will cover the model itself as well as validations. From the technical perspective it could be distributed in both standard formats: Database and xBRL taxonomy:

- **Database**: an evolution of the current DPM database will be provided, in line with the evolution of the DPM standard. This new version will include a fully harmonised database structure across EBA, EIOPA and other DPM 2.0 implementations. Moreover, it will be accompanied with a new API standard for distributed system to enable the interoperability data exchange of DPM 2.0 metadata between different DPM repositories.
- **Validations**: the DPM standard will also define a formal Validations and Transformations language based in the DPM eXpression Language (DPM XL). The new validation language will be an evolution of the current EBA and EIOPA semiformal validation language. It will include also specific data structures in the DPM database to facilitate the processing of the validation and transformations and its implementation by different software (xBRL engine in particular but not only).
- **Taxonomy**: the xBRL taxonomies will be updated to support the DPM 2.0 and to improve the current taxonomies implementation with an updateded xBRL Eurofiling taxonomy architecture. In particular reducing the number of taxonomy files and including some of the new DPM 2.0 modelling capabilities.

EBA/EIOPA DPMstudio

The outputs of DPMstudio are still under development. Current expectation is an improvement on the DPM database following the 2.0 technics covering a richer model and the inclusion of the DPM validation language on

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[5] A detailed description of the differences between the MD and HD approaches is described in section IV.2 "MD and HD versions of the DPM" of the EIOPA DPM Documentation.

it. Moreover annotated templates will be also provided in an automatic approach. The list of validation will be updated to work with the new language.

EIOPA plans a step-by-step approach towards the migration to the DPM 2.0 and DPMstudio in order to ensure a smooth transition.

Business Changes

The table below presents EIOPA's current planning in terms of taxonomy releases and use of new tools. To better understand it, it is important to be aware of the future business changes already planned:

- Financial Conglomerates, application date end of 2023;
- Revised Decision on IORPs Reporting, application date January 2025.

For completeness of the view, other business changes are expected but are still under discussion or are dependent on legal reviews of primary legislation:

- Potential use of taxonomy for the templates for reporting by US entities under the EU-US Reinsurance agreement[6] – under discussion;
- Potential use of taxonomy for collection of uniform and comprehensive insured loss data (EIOPA AWP 2023 foresees EIOPA to develop ways to improve such collection - planning to be decided);
- Revised Reporting package following Level 1 and Level 2 proposals under the Solvency II Review, consultation pending political discussions, application date still unknown (depends on Solvency II timeline).

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[6] U.S.-EU Covered Agreement | U.S. Department of the Treasury. Use of taxonomy to be discussed but use of data point modeling to ensure consistency and comparability of data will be used when defining the reporting requirements.

Timeline for adaptation (last updated on: 20/02/2024)

Reporting reference date	Taxonomy - application date	Publication	Business changes	Current approach	ATOME	DPM 2.0	CSV	DRR
Q4 2022 – Q3 2023	*Insurance: 2.7.0 IORPs 2.7.0 (Q4 2022) or 2.7.1 (starting from Q1 2023) PEPP – 2.7.0*	July 2022 Hotfix: November 2022 2.7.1 – March 2023	2.7.1 due to Croatia joining the Eurozone	Yes	No	No	No	No
Q4 2023 – until new release[7]	*Insurance: 2.8.0*	July 2022 (without validations) March 2023 - Final release with validations Hotfix: October 2023	Solvency II (new ITS on reporting and disclosure)	Yes – for the dictionary and annotated templates No – DB, xBRL and validations that are only provided as ATOME:Matter	Yes	No	No	No

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[7] PEPP continues to use 2.7.0 release until new release announced. IORPs continues to use 2.7.1 release until Q4 2024 included.

Reporting reference date	Taxonomy - application date	Publication	Business changes	Current approach	ATOME	DPM 2.0	CSV	DRR
Q4 2023 – until new release	FICOD - 2.8.1	Final version - July 2023 Hotfix – November 2023	Financial Conglomerates (FICOD)	No	Yes	No	No	No
Q1 2025 – until new release	IORPs Review - 2.9.0	Final version in July 2023 Hotfix in July 2024	IORPs Decision	No	Yes	No	No	No
Next release	Insurance 2.10.0	PWD1 with business package consultation without validations PWD 2 once business is closed (with validations) Final release: At least[8] 7 months before application reference date.	ITS amendment after Level 1 and Level 2 proposals from the 2020 Review	No	Yes	For comparison	Yes (assuming adequate engines are available to execute rules/validations in csv)	Potentially for info only
Following release	2.11.0	PWD1 with business package consultation without validations PWD 2 once business is closed (with validations)	to be decided	No	Yes, for comparison	Yes	Yes	Yes

[8] For material changes EIOPA envisages to allow more than 7 months for implementation but that possibility depends on the time lapse between having Level 1/Level 2 stable and application date of the those changes.

Reporting reference date	Taxonomy - application date	Publication	Business changes	Current approach	ATOME	DPM 2.0	CSV	DRR
		Final release: At least[9] 7 months before application reference date.						
Following years			If needed	No	No (to be confirmed)	Yes	Yes	Yes

EIOPA keeps updating its dedicated web page with relevant information: [Supervisory reporting - DPM and XBRL | Eiopa (europa.eu)](#)

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[9] For material changes EIOPA envisages to allow more than 7 months for implementation but that possibility depends on the time lapse between having Level 1/Level 2 stable and application date of the those changes.