

EN

## Annex III

EN

## ANNEX III

SUPERVISORY REVIEW AND EVALUATION PROCESS (SREP)<sup>(1)</sup>

010	Date of the last update of information in this template		(12/06/2023)
020	<b>Scope of application of SREP</b> (Article 36 of IFD)	<p>Description of the competent authority's approach to the scope of application of SREP including:</p> <ul style="list-style-type: none"> <li>·what types of investment firms are covered by/excluded from SREP.</li> <li>·a high-level overview of how the competent authority takes into account the principle of proportionality when considering the scope of SREP and frequency of assessment of various SREP elements<sup>(2)</sup>.</li> </ul>	<p><i>The SREP is the main instrument for identifying and assessing the risk profile of investment firms. These are subject to regular SREP in Austria, unless they are small non-interconnected investment firms as defined in Art. 12(1) of Regulation (EU) 2019/2033. The classification of investment firms serves as a starting point for deciding on the intensity of the SREP assessment (frequency, scope and granularity), supervisory expectations, information requirements, etc. The intensity of the assessment takes place in accordance with the EBA guidelines, taking into account the specificities of investment firms: While an updated assessment of key indicators is performed quarterly or annually for each investment firm, a full SREP assessment is performed either every two or three years or on an ad hoc basis, depending on the categorization of the investment firm.</i></p>
030	<b>Assessment of SREP elements</b> (Articles 36 of IFD)	<p>Description of the competent authority's approach to the assessment of individual SREP elements -including:</p> <ul style="list-style-type: none"> <li>·a high-level overview of the assessment process and methodologies applied to the assessment of SREP elements, including: (i) business model analysis; (ii) assessment of internal governance and investment firm-wide controls; (iii) assessment of risks to capital; and (iv) assessment of risks to liquidity;</li> <li>·a high-level overview of how the competent authority takes into account the principle of proportionality when assessing individual SREP elements<sup>(3)</sup>.</li> </ul>	<p><i>The legal basis for the assessment is found in Section 25(1), (2) and (3) of the WPFG. The SREP assessment is based on four elements:</i></p> <ol style="list-style-type: none"> <li><i>1. a comprehensive assessment of the business model;</i></li> <li><i>2. an assessment of internal governance and firm-wide controls;</i></li> <li><i>3. an assessment of capital risks;</i></li> <li><i>4. an assessment of liquidity risks.</i></li> </ol> <p><i>IFD's SREP methodology is largely based on quantitative and qualitative analyses. All data as well as expert judgments are taken into account according to the principle of proportionality, with the intention of ensuring that the SREP decision best fits the risk profile of the investment firm. For investment firms that meet the requirements set out in Art 12 (1) of Regulation (EU) 2019/2033, the FMA decides on a case-by-case basis whether and in what form the SREP will be carried out. This shall take into account the size, type, scope and complexity of the transactions as well as the subject matter of the license of the investment firm in question.</i></p>
040	<b>Review and evaluation of ICAAP and ILAAP</b> (Articles 24 and 36 of IFD)	<p>Description of the competent authority's approach to the review and evaluation of the additional own funds and specific liquidity requirements as part of the SREP, and, in particular, for assessing the reliability of additional own funds and liquidity calculations for the purposes of determining additional own funds and liquidity requirements including<sup>(4)</sup>:</p> <ul style="list-style-type: none"> <li>·an overview of the methodology applied by the competent authority to review the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP) of investment firms;</li> <li>·information/reference to the competent authority requirements for submission of ICAAP and ILAAP-related information, in particular covering what information needs to be submitted;</li> <li>·information on whether an independent review of the ICAAP and the ILAAP is required from the investment firms.</li> </ul>	<p><i>The assessment of ICAAP and ILAAP forms an essential part of the SREP assessment. With regard to ICAAP and ILAAP, the FMA reviews the overall risk of the investment firm.</i></p> <p><i>As the assessment of capital and liquidity adequacy is a key concern of the FMA, the internal processes of the investment firm to ensure capital and liquidity adequacy are also key elements of the on-site controls and as such are subject to regular supervisory review.</i></p>

## Annex III

050	<b>Overall SREP assessment and supervisory measures</b> (Articles 38 and 39 of IFD)	Description of the competent authority's approach to the overall SREP assessment (summary) and application of supervisory measures on the basis of the overall SREP assessment <sup>(5)</sup> .  Description of how SREP outcomes are linked to the application of early intervention measures according to Article 27 of Directive 2014/59/EU and determination of conditions whether the investment firm can be considered failing or likely to fail according to Article 32 of that Directive <sup>(6)</sup> .	<i>The supervisory powers of the FMA with regard to the SREP assessment are defined in Article 28 paras 2 and 3 in conjunction with Articles 29 and 31 WPGF. The overall SREP assessment covers the aforementioned risk categories and leads to a comprehensive assessment and, if necessary, also to quantitative or qualitative measures. The result of the overall SREP assessment and non-compliance with minimum capital requirements may trigger early intervention measures.</i>
-----	--	---	---

(1) Competent authorities are to disclose the criteria and methodologies used in rows 020 to 040 and in row 050 for the overall assessment, in the form of an explanatory note as per the second column.

(2) The scope of SREP to be considered both at a level of an investment firm and in respect of its own resources. A competent authority shall explain the approach used to classify investment firm into different categories for SREP purposes, describing the use of quantitative and qualitative criteria, and how financial stability or other overall supervisory objectives are affected by such categorisation. A competent authority shall also explain how categorisation is put in practice for the purposes of ensuring at least a minimum engagement in SREP assessments, including the description of the frequencies for the assessment of all SREP elements for different categories of investment firms.

(3) Including working tools e.g. on-site inspections and off-site examinations, qualitative and quantitative criteria, statistical data used in the assessments. Hyperlinks to any guidance on the website to be added.

(4) Competent authorities shall also explain how the assessment of the internal capital adequacy assessment process (ICAAP) and the internal liquidity assessment process (ILAAP) is covered by the minimum engagement models applied for proportionality purposes based on SREP categories as well as how proportionality is applied for the purposes of specifying supervisory expectations to ICAAP and ILAAP, and in particular, any guidelines or minimum requirements for the ICAAP and ILAAP the competent authorities have issued.

(5) The approach competent authorities apply to arrive at the overall SREP assessment and its communication to the investment firms. The overall assessment by competent authorities is based on a review of all the elements referred to in row 020 to 040, along with any other relevant information about the investment firm that the competent authority may obtain.

(6) Competent authorities may also disclose the policies that guide their decisions for taking supervisory measures (within the meaning of Article 18 of the IFD) and early intervention measures (within the meaning of Article 27 of the Bank Recovery and Resolution Directive (BRRD)) whenever their assessment of an investment firm identifies weaknesses or inadequacies that call for supervisory intervention. Such disclosures might include the publication of internal guidelines or other documents describing general supervisory practices. However, no disclosure is required regarding decisions on individual investment firms, to respect the confidentiality principle.

Furthermore, competent authorities may provide information regarding the implications if an investment firm violates relevant legal provisions or does not comply with the supervisory or early intervention measures imposed based on the SREP outcomes, e.g. it shall list enforcement procedures that are in place (where applicable).