

**ANNEX III**

**SUPERVISORY REVIEW AND EVALUATION PROCESS (SREP)**

**List of templates**

[ANNEX III](#) SUPERVISORY REVIEW AND EVALUATION PROCESS (SREP)

EN  
Annex III

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

010	Date of the last update of information in this template	(31/12/2021)	
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: what types of investment firms are covered by/excluded from SREP.</p> <p>-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>.</p>	<p>Consolidated Law on Finance (CLF), Art. art. 6, co. 1: <a href="https://www.conso.it/documents/46180/46181/dlgs58_1998.pdf/e15d5dd6-7914-4e9f-959f-2f3b88400f88">https://www.conso.it/documents/46180/46181/dlgs58_1998.pdf/e15d5dd6-7914-4e9f-959f-2f3b88400f88</a>; Draft Regulation on IF supervision: <a href="https://www.bancaditalia.it/compti/vigilanza/normativa/consultazioni/2022/20220506-ifd">https://www.bancaditalia.it/compti/vigilanza/normativa/consultazioni/2022/20220506-ifd</a>, First Part, Title II, Ch. I, Section III. The Draft Regulation is applicable to Class 2 and 3 IFs and, as appropriate, to branches of third countries' firms other than credit institutions. The proportionality principle considers the complexity, the business and the level of criticalities of the IF.</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: 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.</p> <p>-a high-level overview of how the competent authority takes into account the principle of proportionality when assessing individual SREP elements<sup>(3)</sup>.</p>	<p>Consolidated Law on Finance (CLF), Art. art. 6-bis, co.1 <a href="https://www.conso.it/documents/46180/46181/dlgs58_1998.pdf/e15d5dd6-7914-4e9f-959f-2f3b88400f88">https://www.conso.it/documents/46180/46181/dlgs58_1998.pdf/e15d5dd6-7914-4e9f-959f-2f3b88400f88</a>; Draft Regulation on IF supervision: <a href="https://www.bancaditalia.it/compti/vigilanza/normativa/consultazioni/2022/20220506-ifd/Documento-consulazione-Regolamento-materia-vigilanza-SIM.pdf">https://www.bancaditalia.it/compti/vigilanza/normativa/consultazioni/2022/20220506-ifd/Documento-consulazione-Regolamento-materia-vigilanza-SIM.pdf</a>, First Part, Title II, Ch. I, Section III. In the national Draft Regulation the approach to SREP follows the Draft Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) under IFD yet to be issued by EBA. Once the Guidelines will be issued, the Bank of Italy will provide to the system further guidance on the actual application of the proportionality principle and on the minimum requirements for the internal capital/liquidity adequacy assessment processes.</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> <p>-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; -information/reference to the competent authority requirements for submission of ICAAP and ILAAP-related information, in particular covering what information needs to be submitted;</p> <p>-information on whether an independent review of the ICAAP and the ILAAP is required from the investment firms.</p>	<p>Draft Regulation on IF supervision: <a href="https://www.bancaditalia.it/compti/vigilanza/normativa/consultazioni/2022/20220506-ifd/Documento-consulazione-Regolamento-materia-vigilanza-SIM.pdf">https://www.bancaditalia.it/compti/vigilanza/normativa/consultazioni/2022/20220506-ifd/Documento-consulazione-Regolamento-materia-vigilanza-SIM.pdf</a>, First Part, Title II, Ch. I, Section II. The Draft Regulation provides that class 2 IFs and third countries' branches similar to those, and at consolidated level, class 2 IF groups, shall have in place sound, effective and comprehensive arrangements, strategies and processes to: i) assess and manage the risks to which IFs/IF groups are or might be exposed, including under stressed conditions; ii) assess on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they consider adequate to cover the nature and level of those risks. On the contrary, class 3 IFs and class 3 IF groups are waived from ICARAP obligations. The Bank of Italy's review of the ICARAP documents will follow the Draft Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) under IFD, as they enter into force.</p>