



A Proportionate Book for Banking in the Union and Eurozone

Isabelle Vaillant, Director of Regulation, EBA

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Part I

THE EUROPEAN BANKING AUTHORITY (EBA)

Mission of the EBA

Mission: To build a single regulatory and supervisory framework for the entire banking sector in the EU, so as to ensure an efficient, transparent and stable Single Market



Development of European Single Rulebook – develop a single set of harmonised prudential rules for financial institutions throughout the EU and improve the functioning of the internal market

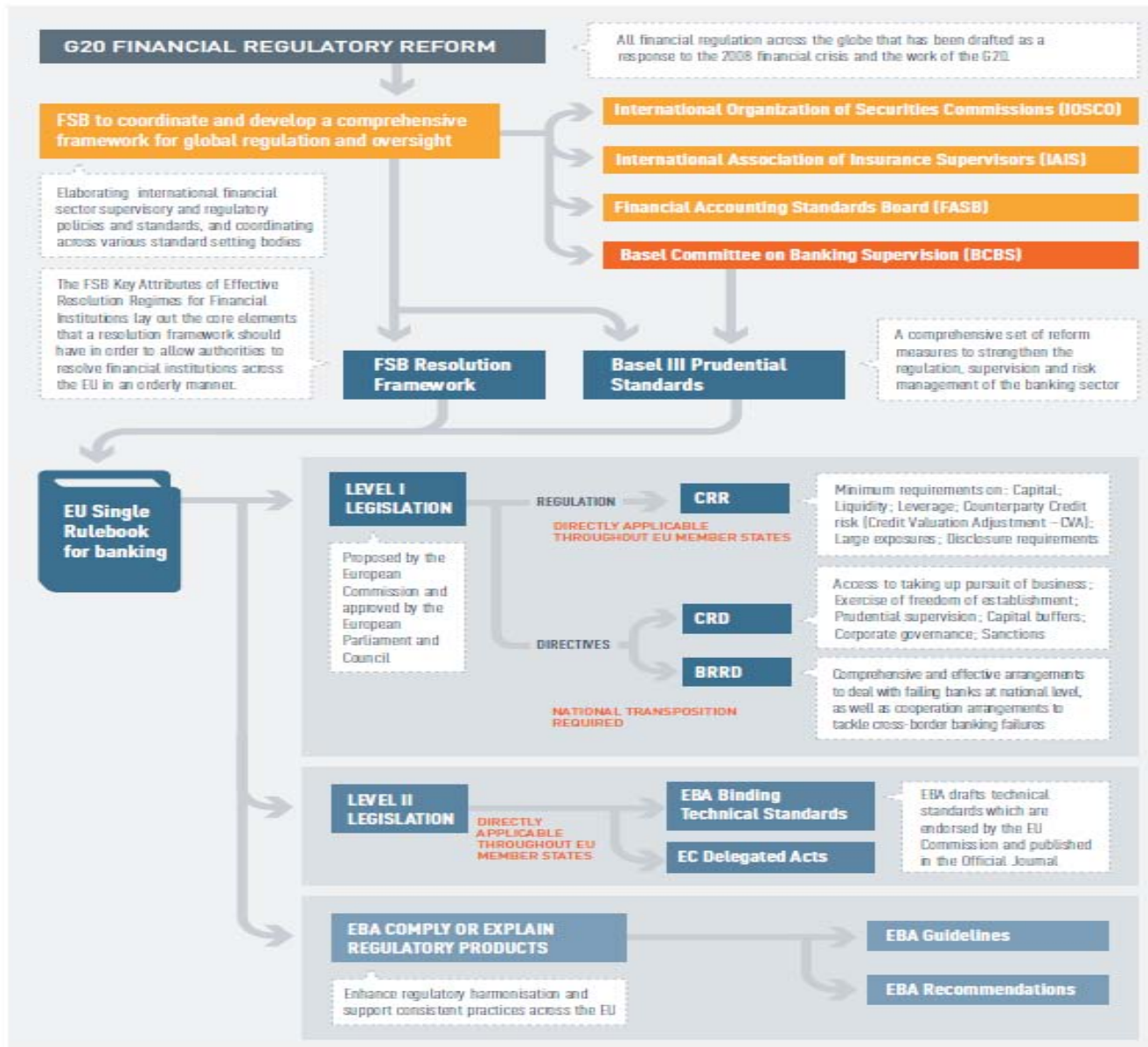
Ensure an effective and consistent level of banking regulation and supervision in the EU, promote convergence of supervisory practices and cross-border and international supervisory cooperation for banking groups

Identify risks and vulnerabilities across the EU banking system, act as centralised disclosure hub for supervisory data on EU banks and protect public values such as the stability of the financial system and of depositors and investors

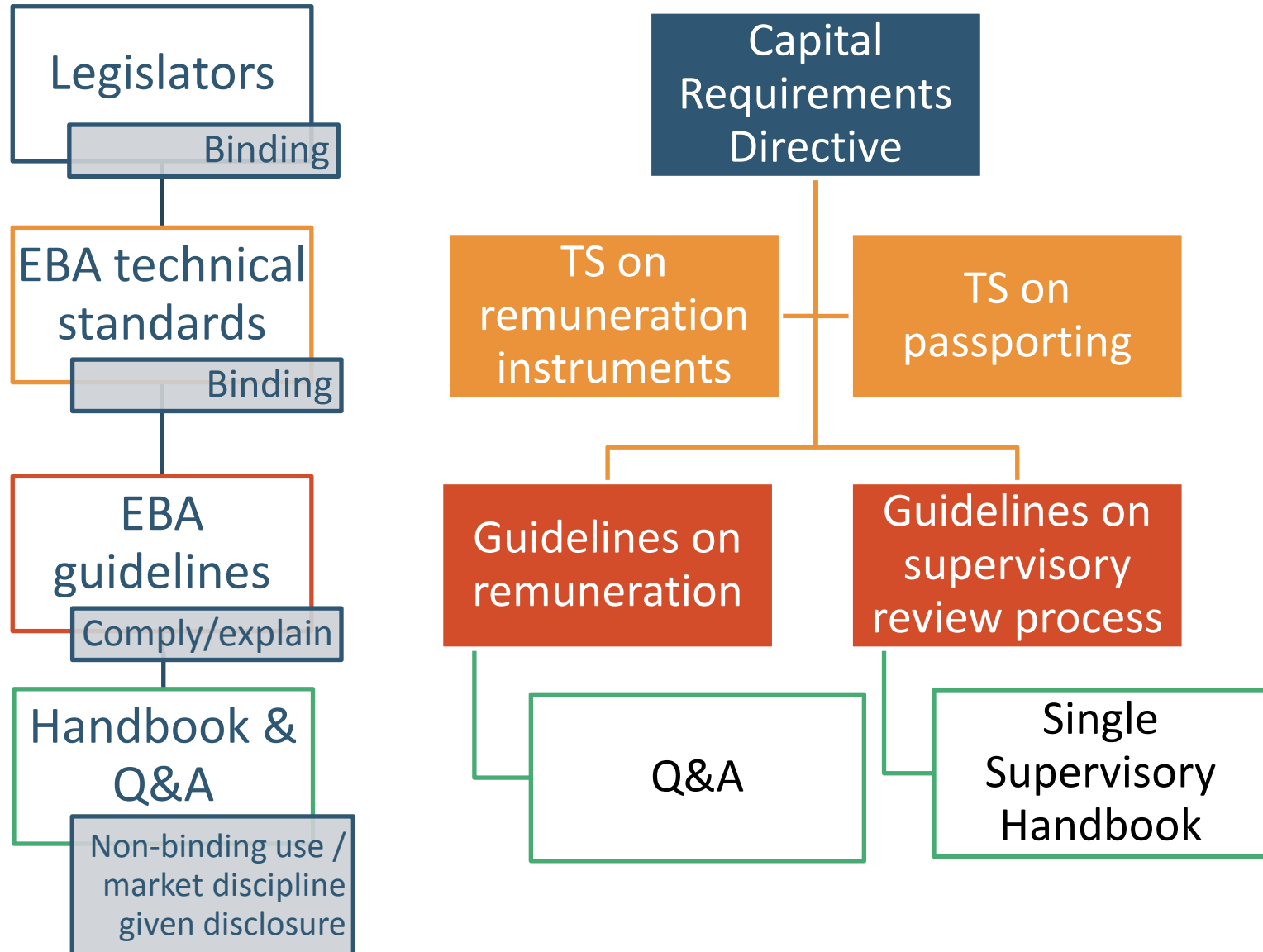
Part II

BUILDING THE EU SINGLE RULEBOOK FOR BANKING

The building blocks of the EU Single Rulebook



The Single Rulebook & Handbook illustrated

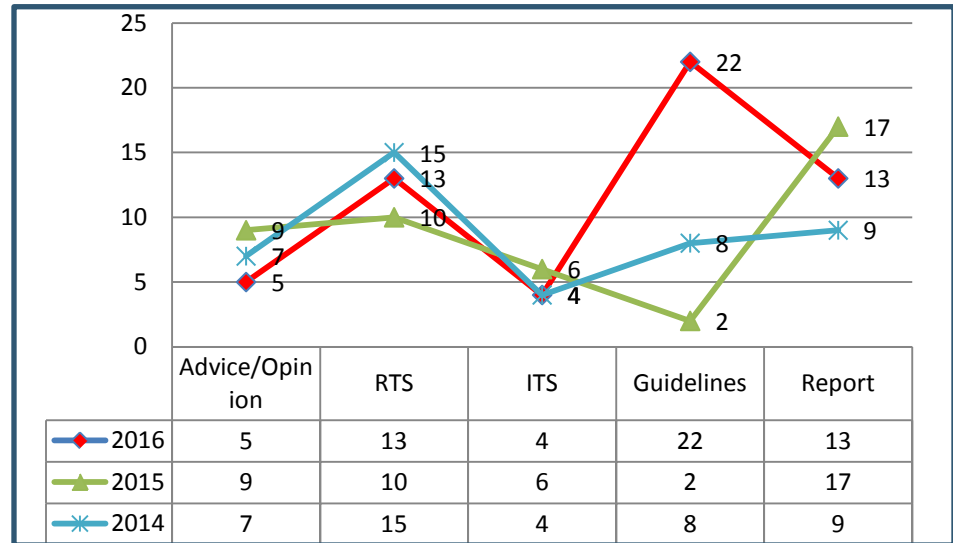




What we are doing in 2016

Summary of 2016 expected regulatory deliverables:

| 2016 | |
|-----------------|----|
| TS | 17 |
| GLs | 22 |
| REPORTS | 13 |
| OPINIONS/ADVICE | 5 |
| PUBLICATIONS | 6 |
| TOTAL | 64 |



Ensure other books are on track:

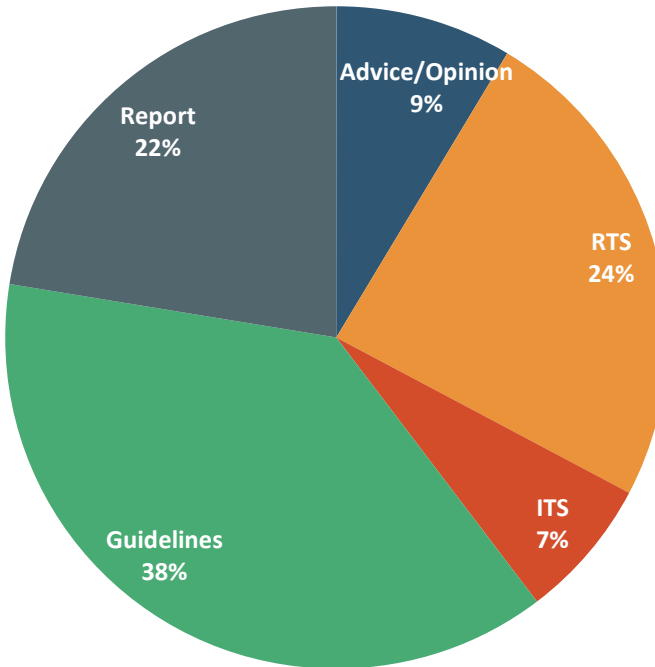
- AMLD and Funds Transfer Regulation: 7 mandates
- EMIR: 2 mandates
- Audit Regulation: 4 mandates
- BRRD coordination on subordination and Bail-in for capital instruments
- New Securitisation Regulation: 7 mandates

EBA Regulatory products expected in 2016

- Annual report on securitisation retention rules 2016
- 2 JAT Reports
- Report on additional information on AE disclosure
- Report on SMEs
- Report on the functioning of the covered bond frameworks under the best practice principles
- Report on interaction with EMIR
- own funds requirements for exposures to a central counterparty
- Second Report on Overreliance on external Ratings
- Report on the Remuneration Benchmarking Exercise (Data for 2014)
- Report on benchmark diversity practices
- Review clause on remuneration close cooperation with EU COM
- Standard Templates AT1
- Report on leverage ratio calibration

- 5 GLs on Internal Governance & GL on Internal Processes
- GL for communication between supervisor and auditors
- GL on disclosure of LCR
- GL on Enhanced Due Diligence
- GL on Risk Based Supervision
- GL on Simplified Due Diligence
- Guidelines on Connected Clients
- Guidelines on accounting for expected credit losses
- GLs on PD computation
- GL on corrections to modified duration for debt instruments
- GL on Qualified Holdings
- GL on review of the permission to use internal approaches
- GL on unencumbered assets
- GL on LGD
- GL on default of an obligor
- Pillar 2 Guidelines and Recommendation on excessive CVA Risk
- GL on Implicit Support

- Quantitative and qualitative analysis of IFRS 9 – 2016
- Joint Opinion on ML/TF risk and the financial sector
- CET1 list
- Covered Bonds Opinion on national waivers
- Risk weights for mortgage lending



- RTS on criteria for intragroup flows
- RTS on central contact points
- RTS on assessment methodology for market risk
- RTS on Authorisation of credit institutions
- RTS on disclosures of unencumbered asset
- RTS on mitigating risk of third countries' prohibiting the application of equivalent AML/CFT standards
- RTS on Prudent Valuation (COREP Templates)
- Update RTS on Proxy spreads for CVA
- 2 RTS on Risk weights for mortgage lending
- RTS on risk weights for specialised lending exposures
- RTS on Exclusion of CVA for 3rd country NFC
- RTS on Definition of default – Thresholds of past due items

- ITS amending Commission Implementing Regulation on additional monitoring metrics amending ITS on AMM
- ITS on mapping of external credit assessments for securitisation
- ITS on Authorisation of credit institutions
- ITS on common procedures, forms, templates

Part III

THE SINGLE RULEBOOK IMPLEMENTED

Interactive Single Rulebook (1)

Interactive Single Rulebook... x +

interactive-single-rulebook

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Interactive Single Rulebook

The Interactive Single Rulebook is an on-line tool that provides a comprehensive compendium of the level one text for the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV) and the Bank Recovery and Resolution Directive (BRRD), the corresponding technical standards developed by the European Banking Authority (EBA) and adopted by the European Commission (RTS and ITS), as well as the EBA Guidelines and related Q&As.

The purpose of the Single Rulebook is to ensure the consistent application of the regulatory banking framework across the EU.

This Interactive Single Rulebook is meant purely as a documentation tool and the EBA does not assume any liability for its contents. For the authentic version of EU legislation users should refer to the Official Journal of the European Union.

Please click on the relevant legislative text to see technical standards, guidelines and Q&As relating to each Article.

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Interactive Single Rulebook

INTERACTIVE SINGLE RULEBOOK [« Back](#)

| | |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Path | REGULATION (EU) No 575/2013 > PART ONE > TITLE I > Article 1 (Copy link to article) |
| Title | Article 1 |
| Description | Scope |
| Main content | This Regulation lays down uniform rules concerning general prudential requirements that institutions supervised under Directive 2013/36/EU shall comply with in relation to the following items: |

(a) own funds requirements relating to entirely quantifiable, uniform and standardised elements of credit risk, market risk, operational risk and settlement risk;

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(b) requirements limiting large exposures;

(c) after the delegated act referred to in Article 460 has entered into force, liquidity requirements relating to entirely quantifiable, uniform and standardised elements of liquidity risk;

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(d) reporting requirements related to points (a), (b) and (c) and to leverage;

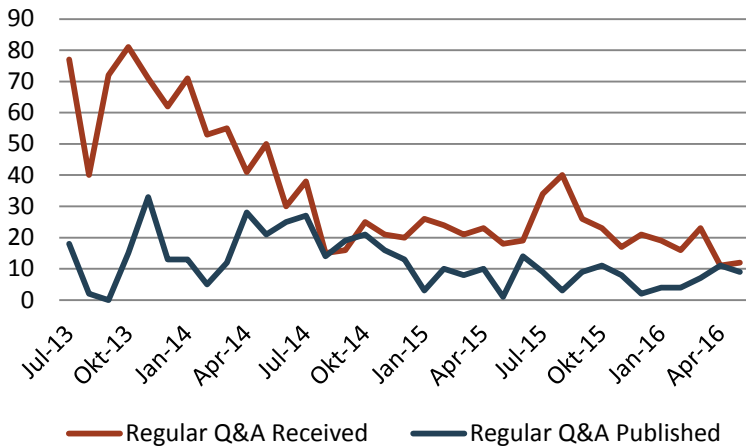
(e) public disclosure requirements. This Regulation does not govern publication requirements for competent authorities in the field of prudential regulation and supervision of institutions as set out in Directive 2013/36/EU.

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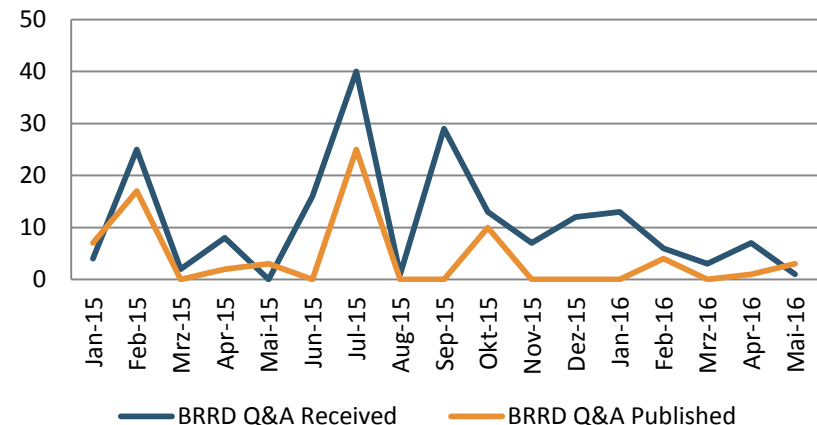
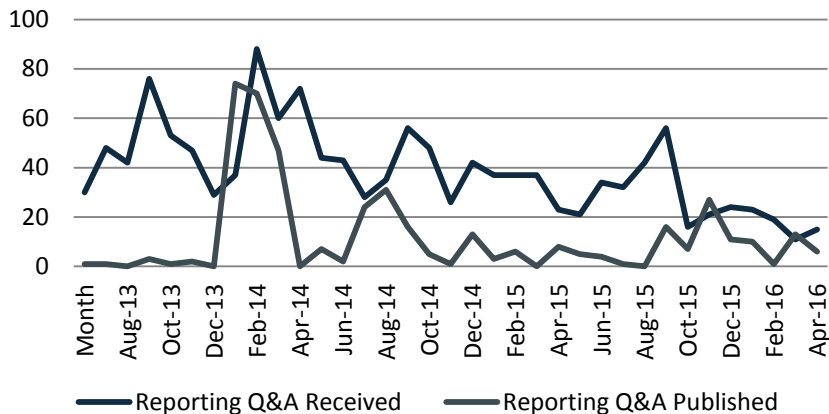
A shift towards regulatory monitoring (1)

Q&A: a more and more prominent tool for day to day supervision

Q&A Process: Q&As received /published (May/16)



| Status | Total | 2015 | 2016 |
|---------------------------------|-------|------|------|
| Total (CRR-CRD and BRRD Q&As) | 2550 | 845 | 200 |
| Rejected/Deleted | 1000 | 220 | 25 |
| Finalised & Published | 910 | 245 | 85 |
| of which: Supervisory Reporting | 415 | 90 | 40 |
| of which: BRRD | 70 | 65 | 5 |
| Under Review Total | 840 | 485 | 170 |
| Under Review – Reporting Q&As | 555 | 265 | 90 |
| Under Review – Regular Q&As | 175 | 130 | 55 |
| Under Review – BRRD Q&As | 110 | 90 | 25 |



A shift towards regulatory monitoring (2)

Capital definition monitoring:

- CET1 list updates – July 2016
- AT1 monitoring - July 2016
- AT1 Term Sheet preparation – late 2016

Market and Securitisation risks:

- CVA Monitoring Report – February 2015
- CVA QIS – February 2016
- Risk Retention Report, due diligence and disclosure – April 2016

Market Infrastructures:

- JAT analysis and report on ISDA SIMM – BoS Summer 2016

Remuneration Policies:

- Opinion on the use of Allowances and follow-up report published - Nov 2015
- Report on approved higher ratio published - Nov 2015
- Report on Benchmarking of remuneration and High Earners - 2014 data–Report published and submitted to EU COM – March 2016

Part IV

EBA AND ITS ROLE FOR THE EUROZONE

A basis for the Union and Eurozone



EBA and SSM - Implications

- **EBA has a unique position thanks to its EU-wide focus**
- **Increased importance of:**
 - Development of the Single Rulebook applicable to all institutions in the EU – Same rules apply for those in the Banking Union to those outside it
 - Consistency of supervisory practices across the EU - Single Supervisory Handbook
 - Cooperation between home and host authorities – mediation, colleges
 - Cooperation with the ECB
- **Implications for EBA:**
 - Governance changes
 - Voting
 - Breach of Union Law/mediation panels
 - Participation of SSM/Single Resolution Board in EBA work

Part V

EBA AND PROPORTIONALITY

Proportionality is a Legal Requirement

General principle of EU law:

“the Union must always observe the principle of proportionality when exercising its competences deriving from the principle of conferral (Article 5(4) TEU)”: Case C-62/14 *Gauweiler* (OMT), A-G Villalón Opinion [161]

“the principle of proportionality requires that acts of the EU institutions be appropriate for attaining the legitimate objectives pursued by the legislation at issue and do not go beyond what is necessary in order to achieve those objectives”: *Gauweiler*, CJEU [67]

Principle of Proportionality requires that measures:

do not exceed the limits of what is appropriate and necessary in order to attain the objectives legitimately pursued by the legislation in question when there is a choice between several appropriate measures, recourse must be had to the least onerous, and the disadvantages caused must not be disproportionate to the aims pursued

Proportionality is a Supervisory Need

- **Revising the CRR**
 - Reform requires large repairs
 - We caution pause for thought before revising the CRR
 - There should be considered reflection around our thinking on proportionality and simplification given the current importance and complexity,
 - The level of prudence should not be diminished : for banks all distance to failure should be maintained the same

Heightened attention due to complexity issues

Feedback to Commission call for Evidence:

- Gold plating
- Reporting
- Regulatory mismatch
- Compliance costs
- A simplified rulebook

Erosion of the Single Rulebook

Tailoring

Dimensions of Proportionality

- Size
- Business Models
- Interconnectedness
- Legal Form
- Scope and Complexity of Activities

Proportionality is not:

- Simplification without due attention to risk
- Exemptions which would render us blind to ongoing and future risk
- Unlevel playing field and market fragmentation

Part VI

DRIVERS AND FUTURE LANDSCAPE

Conclusion

- A more legible level 1
- Consistent approach in treatment of rules from legislation to application
- Substance in level 1 – Detail in level 2
- Proportionality



EUROPEAN BANKING AUTHORITY

Floor 46, One Canada Square, London E14 5AA

Tel: +44 207 382 1776

Fax: +44 207 382 1771

E-mail: info@eba.europa.eu

<http://www.eba.europa.eu>