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EUROPEAN CENTRAL BANK (ECB)

Supervised entities - ECB publishes updated list of supervised entities

9 February 2021 – The ECB has published its list of supervised entities updated as of 1 January 2021. The number of banks directly supervised by the ECB is 115.

[List of supervised entities](#)

[Changes to the list](#)

Post-Brexit supervisory co-operation – ECB publishes MoU with BoE and FCA

19 February 2021 – The ECB has published a memorandum of understanding (MoU) that it has entered into with the Bank of England (including acting in its capacity as the UK's Prudential Regulation Authority (PRA) and the UK's Financial Conduct Authority on post-Brexit supervisory cooperation). The MoU became effective from 1 January 2021.

The ECB states that, in order to enhance transparency and accountability, its Governing Council has recently decided to publish existing supervisory MoUs, as well as those signed in the future. It has, therefore, published a first group of agreements, including this MoU, and in the future will publish MoUs as soon as other signatory authorities have consented to publication.

[Memorandum of Understanding between the European Central Bank and the Bank of England and the Financial Conduct Authority](#)

[Press release](#)

[Webpage](#)

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Markets in Crypto-assets – ECB publishes opinion

22 February 2021 – The European Central Bank (ECB) has published an opinion on the proposal for a regulation on Markets in Crypto-assets (the Regulation).

The ECB welcomes the aim of the Regulation in addressing the different levels of risk posed by each type of crypto-asset, balanced with the need to support innovation.

It observes, however, that further adjustments are necessary in several areas, including: aspects of the Regulation relating to the responsibilities of the ECB, the Eurosystem and the European System of Central Banks (ESCB) concerning the conduct of monetary policy; the smooth operation of payment systems; and the prudential supervision of credit institutions and financial stability.

The ECB suggests that the Regulation should clarify, among other things:

- that it does not apply to the issuance by central banks of central bank money based on distributed ledger technology (DLT) or in digital form as a complement to existing forms of central bank money; and
- the scope of its application. Notably, the ECB calls for clarification on the distinction between crypto-assets that may be characterised as financial instruments, thereby falling under the scope of the Markets in Financial Instruments Directive (2014/65/EU) (MiFID II), and those which would fall under the scope of the Regulation.

The Opinion also contains a technical working document setting out the ECB's specific drafting proposals for amendments to the Regulation.

[ECB Opinion](#)

[Cover Note](#)

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SINGLE SUPERVISORY MECHANISM (SSM)

Stress test – EBA launches 2021 EU wide exercise

1 February 2021 – Following the postponement of the 2020 stress test exercise due to the COVID-19 pandemic, the European Banking Authority (EBA) has now launched the 2021 EU-wide stress test and released the macroeconomic scenarios. The exercise assesses the resilience of EU banks under a common baseline scenario and an adverse scenario covering the period 2021-2023. It will provide a common analytical framework to compare and assess the resilience of EU banks and the EU banking system to shocks, and to challenge the capital position of EU banks.

The 2021 exercise covers a sample of 50 banks, including 38 from countries under the jurisdiction of the Single Supervisory Mechanism (SSM), representing about 70% of EU banks' total assets. UK banks are no longer included in the sample following the UK's withdrawal from the EU.

The EBA has published the following documents:

- a methodological note, outlining how banks should calculate the stress impact of the common scenarios and set constraints for their calculations;
- templates and template guidance;
- information on the macro-financial scenario, prepared by the European Systemic Risk Board (ESRB); and
- FAQs on the stress test.

The EBA expects to publish the results of the exercise by 31 July 2021.

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EBA Press release: EBA launches 2021 EU-wide stress test exercise

Methodological note

Template guidance

Macro scenario

Market risk scenario

Letter from Francesco Mazzaferro Head of the ESRB, to José Manuel Campa, Chairperson

European Banking Authority: Adverse scenario for the EBA 2021 EU-wide stress test (ESRB/2021/0003)

FAQs

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SINGLE RESOLUTION MECHANISM (SRM)

Single Resolution Board – SRB publishes Q3 2020 MREL dashboard

11 February 2021 – The Single Resolution Board (SRB) has published its minimum requirement for own funds and eligible liabilities (MREL) dashboard regarding the third quarter of 2020. The dashboards are based on bank data reported to the SRB. The first section of the current dashboard focuses on targets, eligible liabilities and shortfalls under the BRRD 1 framework. The second section highlights recent developments in the cost of funding. Pro-forma BRRD 2 targets and shortfalls were included in the previous issue of the dashboard (MREL dashboard Q2.2020).

The key findings of the current dashboard include:

- The average BRRD 1 MREL target, as a percentage of the total risk exposure amount (TREA), rose by 0.6% from June to September 2020, to 28.6% TREA; the increase was mostly driven by the growth in total liabilities and own funds (TLOF);
- After recording an increase in Q2.2020, the average MREL shortfall reduced to 1.9% TREA in Q3.2020, as the increase in MREL eligible resources offset the growth of MREL targets;
- In Q3 2020, MREL issuances amounted to EUR 50.9 bn, a reduction of 42% (EUR 37.3 bn) in comparison to Q2 2020. Beyond seasonal effects, the availability of central bank funding was among the factors responsible for the pronounced reduction;
- Cost of debt stabilised in Q3 2020 and approached pre-COVID-19 levels in January 2021.

[Press Release](#)

[SRB MREL Dashboard – Q3 2020](#)

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Single Resolution Board – European Commission adopts Delegated Regulation

11 February 2021 – The European Commission has adopted a Delegated Regulation amending Commission Delegated Regulation (EU) 2017/2361 on the arrangements for the payment of contributions to the administrative expenditures of the Single Resolution Board.

The amendments are necessary to: (i) amend the current invoicing system of the Board; and (ii) introduce dedicated rules for 2021. Among other things, the Delegated Regulation:

- inserts a new Article 4a into the Commission Delegated Regulation to provide for the possibility for the Board to raise instalments of contributions in order to cover its administrative expenditures in the first part of the year;
- amends Article 6 of the Commission Delegated Regulation which determines the date by which the European Central Bank (ECB) must provide the Board with the data on each contributor debtor as collected by the ECB and used for the calculation of supervisory fees. This date has been changed from 31 December to 7 July each year; and
- inserts a new provision in Article 7 of the Commission Delegated Regulation (EU), establishing a cut-off date for the Board to determine the scope of entities that are to enter the calculation in any given year.

The Regulation will enter into force on the day following that of its publication in the Official Journal of the EU.

Delegated Regulation amending Delegated Regulation (EU) 2017/2361

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Crisis management and deposit insurance framework – European Commission launches public consultation

25 February 2021 – The European Commission has launched a public consultation on its review of its crisis management and deposit insurance (CMDI) framework, together with a consultation document.

The CMDI framework sets out the rules for handling bank failures while protecting depositors. It consists of three pieces of EU legislation working together with relevant national legislation: the Bank Recovery and Resolution Directive (2014/59/EU) (BRRD), the Single Resolution Mechanism (SRM) Regulation (806/2014), and the Deposit Guarantee Schemes Directive (2014/49/EU) (DGSD).

The consultation aims to gather views on, and experiences of, the current CMDI framework, as well as on its possible evolution. Among other things, questions include whether:

- the CMDI framework has achieved certain objectives;
- the measures available in the current legislative framework have fulfilled the intended policy objectives and contributed effectively to the management of banks' crises;
- any major issues relating to depositor protection require clarification in the current rules; and
- the tools and powers in the BRRD should be made exclusively available in resolution or whether similar tools and powers should be also available for those banks for which it is considered that there is no public interest in resolution.

The consultation closes on 20 May 2021

[European Commission consultation on the CMDI framework](#)

[Consultation webpage](#)

[Questionnaire](#)

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Stefano Micheli
stefano.micheli
@belex.com



HENGELER MUELLER

Dirk Bliesener
dirk.bliesener
@hengeler.com



BONELLIEREDE

Giuseppe Rumi
giuseppe.rumi
@belex.com



HENGELER MUELLER

Christian Schmies
christian.schmies
@hengeler.com



BREDIN PRAT

Didier Martin
didiermartin
@bredinprat.com



SLAUGHTER AND MAY

Jan Putnis
jan.putnis
@slaughterandmay.com



BREDIN PRAT

Matthieu Pouchepadass
matthieupouchepadass
@bredinprat.com



SLAUGHTER AND MAY

Ben Kingsley
ben.kingsley
@slaughterandmay.com



DE BRAUW

Mariken van Loopik
mariken.vanloopik
@debrauw.com



URÍA MENÉNDEZ

Pedro Ravina
pedro.ravina
@uria.com



DE BRAUW

Pete Lawley
pete.lawley
@debrauw.com



URÍA MENÉNDEZ

Carlos Costa Andrade
carlos.andrade
@uria.com

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