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EUROPEAN CENTRAL BANK (ECB)

SEPA Instant Credit Transfers - ECB publishes Opinion

7 February 2023 – European Central Bank (ECB) has published an Opinion on the proposed Regulation amending the Single Euro Payment Area (SEPA) Migration Regulation (260/2012/EU) and the Cross-Border Payments Regulation ((EU) 2021/1230) as regards instant credit transfers in euro ((EU) 2022/546(COM)) (the Regulation). The European Commission (the Commission) adopted the proposed Regulation in October 2022.

The Opinion highlights that the ECB “strongly welcomes” the initiative of the Commission to promote the provision and uptake of instant payments (IPs) in euro in the EU, defined as credit transfers that transfer funds to the payee’s payment account within ten seconds after the time of receipt of the payment order from the payer. The ECB observes that this initiative ties in well with the Eurosystem’s retail payment strategy.

Other points of interest in the Opinion include the following:

- In order to promote the smooth operation of payment systems, the ECB makes clear that it is essential to address fragmentation issues across the SEPA. Currently, the provision of IPs is not equally available in all SEPA jurisdictions.
- The provision and uptake of IPs have grown in the EU since the launch of the SEPA Instant Credit Transfer scheme in 2017 but IPs have not yet become the new normal, as could have been expected.
- The ECB understands that if the scope of the Settlement Finality Directive (1998/26/EC) is extended to include electronic money institutions (EMIs) and payment institutions (PIs), these payment service providers will also have to comply with the requirement to offer all of their payment service users a payment service for sending and receiving IPs (where EMIs and PIs are currently excluded from this requirement).

Opinion of the ECB on a proposal for a regulation amending Regulations (EU) 260/2012 and (EU) 2021/1230 as regards instant credit transfer in euro

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SREP – ECB publishes results of its 2022 Supervisory Review and Evaluation Process

8 February 2023 – The ECB has published the results of its 2022 Supervisory Review and Evaluation Process (SREP). The SREP aims to provide an overall assessment of the challenges facing significant institutions, together with the corresponding capital requirements and other supervisory measures that banks are expected to comply with for the year ahead, in order to better face these challenges. The main findings of the review include:

- The average overall SREP scores for 2022 were broadly the same as in previous cycles.
- The ECB imposed qualitative measures in the area of internal governance and credit risk. For example, it imposed a dedicated add-on in the Pillar 2 requirements (P2R) decision on 24 significant institutions whose coverage for non-performing exposures did not meet supervisory expectations.
- Internal governance and risk management remain areas of elevated concern by the ECB. These concerns regard: (i) the effectiveness and composition of management bodies; (ii) their collective suitability and their oversight role; (iii) banks' lack of clarity about their risk appetite and inadequate practices to assess and manage climate-related and environmental risk; and (iv) persisting fragmented and non-harmonised IT landscapes, with negative consequences for data aggregation and reporting.

[SREP results 2022](#)

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EUROPEAN BANKING AUTHORITY (EBA)

Supervisory disclosures – EBA consults on the amending ITS on supervisory disclosures

8 February 2023 - The European Banking Authority (EBA) has launched a public consultation on its draft Implementing Technical Standards (ITS) on supervisory disclosures. The amendments to the ITS specify the format, structure, content list and annual publication date of the supervisory information to be disclosed by competent authorities. The amendments aim to reflect the changes to the EU legal framework adopting the banking package under the Capital Requirements Regulation (575/2013/EU) (CRR) and Capital Requirements Directive (2013/36/EU) (CRD IV), in particular those related to supervisory reporting for investment firms. Moreover, the draft ITS aims to enhance the quality and comparability of the reported data by supervisors and provide the market with more information, enhancing transparency in this regard. The deadline for responses was 9 March 2023.

EBA Consultation Paper: Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) No 650/2014 laying down implementing technical standards with regard to the format, structure, contents list and annual publication date of the information to be disclosed by competent authorities

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BRRD - EBA publishes final Guidelines on publication of bail-in tool approach

13 February 2023 – The EBA has published its final Guidelines for national resolution authorities on the publication of their approach to the bail-in tool, in accordance with the Bank Recovery and Resolution Directive (2014/59/EU) (BRRD). This document follows the EBA's Consultation Paper published in June 2022.

The Guidelines aim at ensuring that a minimum level of harmonised information is made public on how national authorities would effectively execute the write down and conversion of capital instruments and use the bail-in tool. Bail-in is the main resolution tool available to authorities to avoid using taxpayers' money in case of the failure of a large bank.

To ensure that national authorities' approach is credible and that credit institutions have the necessary information to prepare, the EBA is asking authorities that have not yet done so, to publish, from January 2024, a high-level document setting out the key aspects of their favoured approach. In particular, they are asked to specify if they intend to make use of interim instruments and to set out a timeline for the bail-in process. Those authorities that have already published details of their approach are expected to check whether their approach complies with the Guidelines.

Following input from the consultation, the document to be published by national resolution authorities will include:

- a clear description of potential interim instrument;
- further details on the timeline; and
- where available, indicative templates, or the main features, of the legal instruments to be used to formally implement bail-in.

EBA Final Report: Guidelines to resolution authorities on the publication of the write-down and conversion and bail-in exchange mechanic

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Green loans and mortgages - EBA launches survey

13 February 2023 – The EBA has launched an industry survey to receive input from credit institutions on green loans and mortgages, and market practices related to these products. This follows the European Commission’s call for advice, in November 2022, on possible supporting tools for green loans and mortgages to retail and small and medium-sized enterprise (SME) borrowers.

The EBA notes that the purpose of the survey is to collect both quantitative and qualitative information that it can use to advise the European Commission. This forms part of the Commission’s Strategy for financing the transition to a sustainable economy.

The deadline for completion of the survey is 7 April 2023.

[Press release](#)

Own funds and eligible liabilities – EBA updates Q&As on own funds and eligible liabilities

14 February 2023 – The EBA has updated some of its existing Q&As on own funds and eligible liabilities to ensure consistency with the revised final draft Regulatory Technical Standards (RTS) on own funds and eligible liabilities submitted to the European Commission in May 2021. In particular, the EBA updated Q&A 2017_3277 on the notion of ‘sufficient certainty’, which relates to the timing of deduction of amounts from an institution’s own funds following permission from the competent authority for such deduction pursuant to Article 77 CRR. The EBA updates other existing Q&As with the aim of extending the treatment initially applied to own funds instruments to eligible liabilities.

[Updated EBA Q&As on own funds and eligible liabilities](#)

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DGS contributions – EBA published final revised Guidelines on methods for calculating contributions to DGS

21 February 2023 – The EBA has published its final revised Guidelines on methods for calculating deposit guarantee schemes (DGS) contributions. As part of the latest review of the Guidelines in 2021-2022, which has to be conducted every five years, the EBA analysed whether the approach to determine the risk levels of institutions included in the original Guidelines published in 2015 is appropriate. The EBA identified several elements of the calculation method that should be improved. The EBA therefore decided to make targeted amendments, which were consulted in 2022, and provide additional guidance on calculating contributions. The most substantial amendments are:

- to readjust elements of the formulas to calculate the contributions to address technical issues identified in the course of the review;
 - introducing the possibility for DGSs to use a stock-based approach to raising contributions which, in contrast to the frequently applied flow-based approach, takes into account past contributions of financial institutions;
 - to specify how to account for specific types of deposits where the DGS coverage is subject to uncertainty, including in relation to client funds; and
-
- to require DGSs to regularly review the calibration of the calculation method against prudential benchmarks.

[EBA Final Report: Guidelines on methods for calculating contributions to deposit guarantee schemes](#)

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Banking book and trading book provisions – EBA publishes letter and Opinion

27 February 2023 – The EBA has published a no-action letter from the Chair of the EBA to the Director General of the European Commission, regarding the EBA's opinion on the application of the new banking book-trading book boundary framework.

The letter states that national competent authorities (NCAs) should not prioritise any supervisory or enforcement action in relation to new boundary requirements set out in the new banking book-trading book boundary provisions until the full implementation of the Basel III standards. The amendments to the Capital Requirements Regulation II (EU) (2019/876) (CRR II) introduced certain components of the Basel standards on the trading book and non-trading book boundary framework, which apply from 28 June 2023.

As part of the ongoing legislative process to amend the CRR II through the proposed CRR III Regulation, both the Council and the European Parliament have proposed postponing the application date of the boundary provisions to 1 January 2025, although this postponement will be void if the legislative process ends after 28 June 2023.

The EBA's competence to deliver this Opinion in the form of a non-action letter is based on Article 9c of Regulation (1093/2010/EU), which provides that the EBA may issue no-action letters, if it considers the application of one of the relevant legislative acts is liable to raise significant issues.

Letter: Opinion of the EBA on the application of the new banking book-trading book boundary framework

Opinion of the EBA on the application of the provisions relating to the boundary between trading book and banking book, and on the internal risk transfer between books as referred to in Article 3(6) Regulation (EU) 2019/876

Press release

EUROPEAN BANKING NEWSLETTER

MARCH 2023

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MREL – SRB publishes MREL dashboard Q3.2022

27 February 2023 – The Single Resolution Board (SRB) has published its minimum requirement for own funds and eligible liabilities (MREL) dashboard for Q3.2022. The dashboard demonstrates that MREL build-up is continuing to increase. The key findings include:

- the average MREL final target including the combined buffer requirement (CBR) for resolution entities, to be respected by January 2024, remained broadly stable compared to Q2.2022;
- the average MREL shortfall with respect to the final 2024 targets, when considering the CBR, declined to 30.5 bn (corresponding to 0.4% of the total risk exposure amount (TREA));
- almost all resolution and non-resolution entities were compliant with the intermediate MREL targets; and
- the level of MREL gross issuance grew in comparison to the previous quarter, mainly due to high issuance volume of MREL-eligible instruments.

[MREL dashboard](#)

[Press release](#)

EUROPEAN BANKING NEWSLETTER

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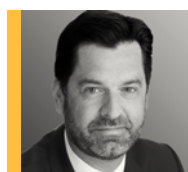
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