
QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

EUROPEAN CENTRAL BANK (ECB)

Managing climate-related financial stability risks – ECB and ESRB publish joint report

18 December 2023 – The European Central Bank (ECB) and European Systemic Risk Board (ESRB) have published a joint report on the impact of climate risks on the EU financial system (the Report). The Report outlines three frameworks for addressing the risk posed by climate change to the financial system. These are:

- a surveillance framework and accompanying chartbook, involving a list of indicators with the flexibility to be developed over time to address emerging and known climate risks to financial stability;
- a macroprudential strategy for addressing climate risk, which utilises growing evidence to develop targeted policy (such as reforms to the systemic risk buffer and toolkit for tackling greenwashing); and
- a broader nature-related risk framework with an established Eurosystem definition of ‘nature-related financial risks’, which extends the scope from climate-related risks to other, broader areas of concern, such as biodiversity loss and nature degradation.

The ECB and ESRB state that these frameworks will be integrated into ongoing risk surveillance and macroprudential policy assessments.

[ECB/ESRB report: Towards macroprudential frameworks for managing climate risk](#)

[Chartbook for monitoring financial stability impacts of climate](#)

[Press release](#)

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

EUROPEAN BANKING AUTHORITY (EBA) / EUROPEAN COMMISSION (EC)

ESAs launch consultation on second batch of policy mandates under DORA

8 December 2023 – The European Supervisory Authorities (the ESAs), including the European Banking Authority (EBA), have published the second batch of policy instruments on the mandates stemming from the Digital Operational Resilience Act (Regulation (EU) 2022/2554) (DORA) for public consultation. DORA entered into force on 16 January 2023 and will apply from 17 January 2025.

The ESAs are mandated to develop a total of 13 policy instruments with two main deadlines for submission to the European Commission: 17 January 2024 (first batch) and 17 June 2024 (second batch). This consultation focuses on the second batch of policy mandates, comprising the following standards:

- Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS) on content, timelines and templates on ICT-related incident reporting;
- Guidelines on aggregated costs and losses from major ICT-related incidents;
- RTS on thread-led penetration testing;
- RTS on subcontracting of critical or important functions;
- Guidelines on oversight cooperation between the ESAs and competent authorities; and
- RTS on oversight harmonisation.

The consultation runs until 4 March 2024.

[Introductory note](#)

[Press release](#)

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

CRD VI and CRR III - Council publishes final texts of proposed amendments on

8 December 2023 – The Council of the European Union (the Council) has published final compromise texts for proposed amendments to the Capital Requirements Directive (2013/36/EU) (CRD VI) and the Capital Requirements Regulation (575/2013) (CRR III). The amendments (the EU Banking Package) reflect the provisional political agreement reached between the Council and the European Parliament in June 2023 and will apply from 1 January 2025. The EU Banking Package implements the final Basel III reforms and is intended to strengthen the resilience of the EU banking sector against potential future economic shocks, as well as against ESG risks.

The EBA is expected to deliver on a broad range of mandates, from RTS and ITS to guidelines as well as on other products, such as reports, opinions, and the maintenance of lists and registers (see item below).

Final compromise text: Directive of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, and amending Directive 2014/59/EU (2021/0341 (COD))

Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor

'I' Item Note

Implementation of the EU Banking Package and Basel III reforms – EBA publishes roadmap and consultations

14 December 2023 – The EBA has published the EBA Roadmap on Strengthening the Prudential Framework (the Roadmap). The Roadmap provides a timeline for the EBA's delivery of about 140 mandates arising from the EU Banking Package that will provide the further technical clarifications to facilitate implementation.

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

Each of the mandates has its own implementation deadline, between one to four years from when the EU Banking Package enters into force. Based on these deadlines, the Roadmap separates the mandates into four phases for each year after the entry into force of the Banking Package. The Roadmap also discusses on a high level the impact of the following key areas: credit risk; market risk; operational risk; reporting and disclosure; market access and third-country branches; governance; and ESG.

As a first step in the implementation of the EU Banking Package, the EBA has published for consultation two draft ITS amending regulatory requirements for Pillar 3 disclosures (EBA/CP/2023/38) and supervisory reporting (EBA/CP/2023/39). Among other things, these draft ITS seek to implement changes related to the output floor, credit risk (including immovable property losses), capital valuation adjustment, market risk and leverage ratio.

The consultations run until 14 March 2024.

[*EBA Roadmap on strengthening the prudential framework*](#)

[*Press release*](#)

[*Consultation Paper on amendments to Pillar3 disclosure \(EBA/CP/2023/38\)*](#)

[*Consultation Paper on amendments to supervisory reporting \(EBA/CP/2023/39\)*](#)

[*Press release*](#)

Diversity under CRD IV and IFD – EBA publishes final report on draft guidelines on benchmarking diversity practices

18 December 2023 – The EBA has published its final report (EBA/GL/2023/08) on guidelines on the benchmarking of diversity practices, including diversity policies and the gender pay gap (the Guidelines). The EBA is required to collect and benchmark these practices under the Capital Requirements Directive (2013/36/EU) (CRD IV) and the Investment Firms Directive ((EU) 2019/2034) (IFD). The Guidelines are intended to harmonise the EBA's collection and benchmarking of such data for diversity and gender pay gap benchmarking.

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

The benchmarking of diversity practices will allow national competent authorities (NCAs) to monitor diversity trends over time, including the identification of common practices for diversity policies and information on the gender pay gap at the level of the management body. The aspects of diversity that will be analysed concern the gender, age, educational and professional background as well as the geographical provenance of members of the management bodies. The EBA will analyse firm diversity practices and publish a benchmarking report every 3 years.

The first data collection under the Guidelines will be conducted in 2025.

EBA Final Report: Guidelines on benchmarking of diversity practices, including diversity policies and gender pay gap, under CRD IV and IFD (EBA/GL/2023/08)

Press release

Reporting on MREL and TLAC – EBA publishes final draft ITS

20 December 2023 - The EBA has published its final draft ITS on amendments to disclosure and reporting of the minimum requirement for own funds and eligible liabilities (MREL) and the total loss absorbency requirement (TLAC).

The EBA had to adjust the ITS in response to amendments made to the Capital Requirements Regulation (575/2013) through Regulation (2022/2036), also known as the Daisy Chain Regulation. Additionally, adjustments were made based on issues raised as part of the Single Rulebook Q&A process. In particular, the amendments focus on:

- reflecting the requirements to deduct investments in eligible liabilities instruments of entities within the same resolution group ('daisy chain' framework);
- incorporating the prior permission regime for buying back eligible liabilities instruments issued by reporting entities and groups; and
- implementing other minor updates to the ITS and the accompanying technical package to address identified issues.

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

[Final Draft Implementing Technical Standards amending the ITS on disclosures and reporting on MREL and TLAC with regard to the disclosures and reporting of information on daisy chains and prior permissions](#)

[Press release](#)

MREL reforms – Council and European Parliament announce provisional agreement on ‘daisy chains’ proposal

6 December 2023 - The Council of the European Union and the European Parliament have announced they have reached a provisional agreement on the ‘daisy chains’ proposal, which forms part of the legislative package adopted in April 2023 by the European Commission, known as the reform of the crisis management and deposit insurance (CMDI) framework. The ‘daisy chains’ proposal was presented as a separate legal instrument in order for the co-legislators to fast-track its adoption ahead of the remainder of the CMDI review proposals.

The ‘daisy chains’ proposal will amend the Bank Recovery and Resolution Directive ((EU) 2014/59) (BRRD) and the Single Resolution Mechanism (SRM) Regulation (8066/2014) regarding the minimum requirement for own funds and eligible liabilities (MREL). These amendments are in addition to those introduced by the Daisy Chain Regulation. The Council and the Parliament explain that the proposal seeks to improve the proportionality of the application of internal MREL and, more specifically, introduces a specific requirement for liquidation entities.

The agreement’s formal adoption is subject to confirmation by the Committee of Permanent Representatives and the Parliament.

[Council of the European Union press release](#)

[European Parliament press release](#)

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

SINGLE SUPERVISORY MECHANISM (SSM)

SSM – SREP results, supervisory priorities and updated methodology

19 December 2023 - The European Central Bank (ECB) has published the results of its Supervisory Review and Evaluation Process (SREP) for 2023 and its supervisory priorities for the years 2024-2026. The SREP assessment is applied to significant institutions under the direct supervision of the ECB and the results influence the ECB's supervisory priorities for the following three years.

The SREP results indicate that, on average, banks maintained robust capital and liquidity positions, surpassing regulatory requirements. The average SREP score remained generally stable at 2.6 (on a scale of 1 to 4), with 70% of banks maintaining the same score as in 2022. The SREP results also show that the ECB has increased its efforts to ensure banks address outstanding and overdue measures. It issued qualitative measures, a key component of its supervisory toolkit, primarily to address deficiencies related to internal governance, credit risk management and capital planning.

In this context, the ECB has made the following slight adjustments to its supervisory priorities for the next three years:

- **Priority 1** - strengthen resilience to immediate macro-financial and geopolitical shocks. The key vulnerabilities associated with this priority are shortcomings in credit risk and counterparty credit risk management frameworks and asset and liability management frameworks (liquidity funding risk, interest rate risk in the banking book).
- **Priority 2** - accelerate the effective remediation of shortcomings in governance and the management of climate-related and environmental risks. The key vulnerabilities associated with this priority are deficiencies in management bodies' functioning and steering capabilities, deficiencies in risk data aggregation and reporting and material exposures to physical and transition risk drivers of climate change.
- **Priority 3** - achieve further progress in digital transformation and building robust operational resilience frameworks. The key vulnerabilities associated with this priority are deficiencies in digital transformation strategies (business model) and operational resilience frameworks, such as IT outsourcing and IT security/cyber risks.

EUROPEAN BANKING NEWSLETTER

JANUARY 2024

BONELLIEREDE
BREDIN PRAT
DE BRAUW
HENGELER MUELLER
SLAUGHTER AND MAY
URÍA MENÉNDEZ

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

The ECB has also published an updated version of its methodology for the SREP. The methodology outlines the procedural details of how the ECB will carry out an SREP for a significant institution and sets out the four assessments on which the SREP is based.

[2023 SREP results](#)

[SSM Supervisory Priorities 2024-2026](#)

[Supervisory methodology](#)

[Press release](#)

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

SINGLE RESOLUTION MECHANISM (SRM)

Future of MREL policy – SRB consults

14 December 2023 – The Single Resolution Board (SRB) has published a Consultation Paper on its future policy in respect of the minimum requirement for own funds and eligible liabilities (MREL). Among other things, the SRB is interested in feedback on preferred resolution strategies and views on long-term policy considerations relating to MREL. It suggests that an alternative to the current approach to calibrating MREL might be a new methodology with a harmonised floor and a single adjustment driver. It also suggests that the calibration of a bank's MREL might be linked to that bank's resolvability assessment.

The deadline for responses is 13 February 2024.

[Consultation on the future of MREL policy](#)

[Webpage](#)

[Press release](#)

Failure to state adequate reasons for ex-ante contributions – French and German credit institutions v SRB

20 December 2023 - The General Court of the Court of Justice of the European Union (the General Court) issued its judgments in the following cases against the SRB:

- *Banque Postale v SRB* (Case T-383/21);
- *Confédération Nationale du Crédit Mutuel and Others v SRB* (Case T-384/21);
- *BPCE and Others v SRB* (Case T-385/21);
- *Société Générale and Others v SRB* (Case T-387/21);
- *Crédit Agricole and Others v SRB* (Case T-388/21);
- *Landesbank Baden-Württemberg v SRB* (Case T-389/21); and
- *BNP Paribas v SRB* (Case T-397/21).

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)

In these judgments, the General Court annuls the SRB's decisions determining the 2021 ex-ante contributions to the Single Resolution Fund (SRF) to be made by the French and German banks mentioned above (the Applicants). The SRF has been gradually built up by annual contributions from credit institutions in the Banking Union since 1 January 2016. The SRF is set to eventually reach the target level of at least 1% of the amount of covered deposits of all credit institutions within the Banking Union by 31 December 2023.

In 2021, the SRB determined the amount of the ex-ante contributions to be paid by each of the Applicants for the 2021 contribution period. The Applicants subsequently sought annulment of their respective decisions. They argued, among other things, that the SRB neglected its duty to provide reasons for the establishment of the annual target level for the 2021 contribution period. The General Court found that the SRB had not fulfilled its obligation to provide adequate reasoning when establishing the annual target level, which is an essential procedural requirement. The General Court added that the methodology outlined in the disputed decision for calculating the annual target level deviated from the actual approach employed by the SRB, as clarified during the hearing. However, for reasons relating to legal certainty, the General Court rules that the consequences of the contested decisions should be maintained until the SRB makes a new decision on the ex-ante contributions by the relevant credit institutions for the 2021 contribution period.

[Case T-383/21](#)

[Case T-384/21](#)

[Case T-385/21](#)

[Case T-387/21](#)

[Case T-388/21](#)

[Case T-389/21](#)

[Case T-397/21](#)

[ECJ press release](#)

[SRB press release](#)

EUROPEAN BANKING NEWSLETTER

JANUARY 2024

BONELLIEREDE
BREDIN PRAT
DE BRAUW
HENGELER MUELLER
SLAUGHTER AND MAY
URÍA MENÉNDEZ

QUICK LINKS

*EUROPEAN CENTRAL
BANK (ECB)*

*EUROPEAN BANKING
AUTHORITY (EBA)*

*SINGLE SUPERVISORY
MECHANISM (SSM)*

*SINGLE RESOLUTION
MECHANISM (SRM)*

*CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE (CMDI)
FRAMEWORK*

EFIG GROUP

CRISIS MANAGEMENT AND DEPOSIT INSURANCE (CMDI) FRAMEWORK

No relevant items.

EUROPEAN BANKING NEWSLETTER

JANUARY 2024

BONELLIEREDE
BREDIN PRAT
DE BRAUW
HENGELER MUELLER
SLAUGHTER AND MAY
URÍA MENÉNDEZ

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[EUROPEAN BANKING
AUTHORITY \(EBA\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[CRISIS MANAGEMENT
AND DEPOSIT
INSURANCE \(CMDI\)
FRAMEWORK](#)

[EFIG GROUP](#)



BONELLIEREDE

Stefano Micheli
stefano.micheli
@belex.com



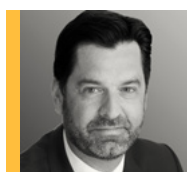
BONELLIEREDE

Giuseppe Rumi
giuseppe.rumi
@belex.com



BREDIN PRAT

Didier Martin
didiermartin
@bredinprat.com



BREDIN PRAT

Matthieu Pouchepadass
matthieupouchepadass
@bredinprat.com



DE BRAUW

Mariken van Loopik
mariken.vanloopik
@debrauw.com



DE BRAUW

Pete Lawley
pete.lawley
@debrauw.com



HENGELER MUELLER

Dirk Bliesener
dirk.bliesener
@hengeler.com



HENGELER MUELLER

Christian Schmies
christian.schmies
@hengeler.com



SLAUGHTER AND MAY

Jan Putnis
jan.putnis
@slaughterandmay.com



SLAUGHTER AND MAY

Nick Bonsall
nick.bonsall
@slaughterandmay.com



URÍA MENÉNDEZ

Pedro Ravina
pedro.ravina
@uria.com



URÍA MENÉNDEZ

Carlos Costa Andrade
carlos.andrade
@uria.com

EUROPEAN BANKING NEWSLETTER

JANUARY 2024

BONELLIEREDE

www.belex.com

Milan, Genoa, Rome, Addis Ababa*, Brussels, Cairo*,
Dubai, London

**: in cooperation with local law firm*

BREDIN PRAT

www.bredinprat.com

Paris, Brussels

DE BRAUW

www.debrauw.com

Amsterdam, Brussels, London, Shanghai, Singapore

HENGELER MUELLER

www.hengeler.com

Frankfurt, Berlin, Dusseldorf, Munich, Brussels,
London

SLAUGHTER AND MAY

www.slaughterandmay.com

London, Beijing, Brussels, Hong Kong

URÍA MENÉNDEZ

www.uria.com

Madrid, Barcelona, Bilbao, Bogotá, Brussels, Lima,
Lisbon, London, New York, Porto, Santiago, Valencia
