

## I. EBA UPCOMING DELIVERABLES AND RELATED COMMUNICATIONS

The next three months will see the EBA busy in delivering work on important areas, some of which will attract a lot of attention from stakeholders and media.

Since the introduction of the so-called 'bonus cap' in 2014 (which caps the ratio of variable to fixed pay to 1:1 or 2:1 with the shareholders' approval), and especially after the publication of its Opinion on the use of allowances and its accompanying Report, as well as the reviewed Guidelines on sound remuneration policies, the EBA has been under the spotlight for its work on remuneration. The EBA is currently following up on the Opinion on allowances, in order to understand to what extent competent authorities have ensured that institutions' remuneration policies are updated to reflect the findings of this Opinion.

The EBA is also in the process of finalising its revised Guidelines on this topic, which are expected to be published in December 2015. One of the most contentious aspects of these Guidelines is the application of the proportionality principle. The EBA has consulted its stakeholders to evaluate the possibility of advising the Commission to change the Capital Requirements Directive (CRD IV) rules on the application of the proportionality principle. Finally, the EBA has issued a report on remuneration trends and the number of high earners for 2013 (published in September 2015); it will be releasing the same report for 2014 (the year when the bonus cap regulation entered into force) in December.

On other topics, the EBA is working with the other two EU Supervisory Authorities (ESAs), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA), on some important products in the area of consumer protection. In particular, the Packaged Retail and Insurance-based Investment Products (PRIIPs) and the Key Information Documents (KID) will require EU retail investors to provide consumer-friendly information about investment products and will improve transparency in the investment market for the benefit of EU consumers. This cross-sectoral piece of work will concern the banking, insurance and securities sectors and will be the most visible evidence of the work of the three ESAs for the average citizen/consumer in the EU.

In addition, the EBA will release important documents in the area of supervisory convergence, an important aspect of its work, as it ensures that the EU Single Rulebook in banking is applied in a consistent manner by all supervisors across the EU.

Finally, in October 2015, in the context of the enhanced pan-European cooperation for the Single Supervisory Mechanism (SSM), the EBA will sign an historical Memorandum of Understanding (MoU) with and South East European (SEE) countries, a milestone for advancing the EBA's work in supervisory convergence and cooperation with non-EU countries.

### INSIDE THIS ISSUE:

- I. EBA upcoming deliverables and related communications
- II. EBA announcements
- III. Most notable EBA publications (June-August 2015)
- IV. EBA deliverables/interviews and related media coverage
- V. EBA speaking commitments (Autumn 2015)
- VI. In focus: remuneration

## Message from the EBA press officers

"Welcome to the second issue of the EBA's Communications Newsletter. Following the positive feedback received on the first issue, we provide you here with updates on the upcoming work plan and any other developments that have taken place at the EBA during the summer of 2015.

Please don't hesitate to contact us if you have any questions on EBA deliverables."

**Franca and Ian**  
Press officers



### EBA's 5 year anniversary conference

The EBA will be celebrating its five year anniversary in 2016. To mark this occasion, a conference will be held in London on 5 February 2016.

We will provide you with more information in the coming weeks. In case of questions, you can contact [anniversary@eba.europa.eu](mailto:anniversary@eba.europa.eu)

#### OUTPUTS:

- 2016 EBA work programme, September 2015

## 2016 Work Programme

#### BACKGROUND:

According to the EBA's Founding Regulation, the Board of Supervisors (BoS) adopts (before 30 September of each year and on the basis of a proposal by the Management Board) the work programme of the Authority for the coming year. This is then transmitted for information to the European Parliament, the Council and the Commission.

The annual work programme describes and summarises the main objectives, priorities and deliverables of the EBA in the forthcoming year. It is based on the tasks specified in the Regulation and in the relevant EU banking sector legislation.

The EBA has transmitted to EU institutions its 2016 work programme package which includes the draft Multi-Annual Work Programme (MAWP) for 2016 to 2018.

#### KEY COMMUNICATION MESSAGES:

The EBA's annual work programme gives an overview of the regulatory framework and the main deliverables that can be expected by the public and media for the upcoming year.

#### OUTPUTS:

- MREL Impact Assessment Report, October 2015

## MREL Impact Assessment Report

#### BACKGROUND:

This report will provide a detailed assessment of the potential impact of the recently finalised Regulatory Technical Standards (RTS) on Minimum Requirement for Own Funds and Eligible Liabilities (MREL). The analysis aims at (1) estimating the potential distance to compliance of EU banks vis-à-vis of the MREL requirements; (2) identifying the types of banks on which MREL requirements are likely to have the highest impact; and (3) determining which calibration of the MREL would be more stringent for EU institutions. This report will also highlight any potential interactions between MREL and other regulatory requirements (capital ratios, leverage ratios, net stable funding ratios and liquidity coverage ratios) and will identify similarities and differences with the total loss-absorbing capacity (TLAC) framework. In addition, the report will provide an estimate of the potential impact of the MREL on banks' cost of funding and market discipline.

The EBA will produce one public report and one internal report; the internal report will be for the use of national competent authorities only. The EBA plans to publish its external report simultaneously with the impact assessment report on TLAC by the Basel Committee on Banking Supervision's (BCBS). The early publication will assist national competent authorities in defining the final detailed calibration of the MREL that is due by the end of 2015.



#### KEY COMMUNICATION MESSAGES:

MREL is a cornerstone of the resolution regime: EU banks need to be resolvable without causing financial instability and minimising the need for public money when a bail-out occurs.

MREL shares the same goal as the Financial Stability Board's (FSB) TLAC proposals and also shares most of its important design features. But MREL applies to thousands of banks in the EU and not exclusively to the 30 global systemically important banks (G-SIBs). To cater for this diversity, there is flexibility to set MRELs on a case by case basis. The EBA's work on MREL aims to bridge between MREL and TLAC, to make sure that resolution authorities can set a single loss absorbency requirement for G-SIBs but also cater for different types of institution.

For MREL, there is no fixed figure, the calibration is set on a case by case basis (as a % of total assets).

## Packaged retail and insurance-based investment products (PRIIPs)

### BACKGROUND:

According to the Regulation on Key Information Documents (KID) for Packaged Retail and Insurance-based Investment Products (PRIIPs Regulation), the EBA – with the other two EU Supervisory Authorities (ESAs), ESMA and EIOPA, has to develop jointly three draft RTSs on:

- Content, presentation and calculation of information in KID (Article 8(5) of the PRIIPs Regulation);
- Review, revision and re-publication of KID (Article 10(2) of the PRIIPs Regulation);
- Timing of delivery of KID (Article 13(5) of the PRIIPs Regulation).

In preparation for these RTSs, the ESAs have issued two discussion papers setting out policy options: the first was published in November 2014, followed by a more technical discussion paper in June 2015. The ESAs have set up a specific panel of experts, drawn from industry, academia and consumer representatives who have served as a sounding board throughout the process. This work has also benefited from the extensive consumer testing exercise that the European Commission is carrying out on the PRIIPs.

The KID for PRIIPs is one of the most important projects of the Joint Committee of the ESAs so far, given its relevance to investor and consumer protection. It is a genuinely cross-sectoral piece of work which will have an impact on the banking, insurance and securities sectors. The PRIIPs KID will be one of the most visible evidence of the work of the ESAs for the average citizen/consumer in the EU.

### KEY COMMUNICATION MESSAGES:

The KID project will improve transparency in the investment market for the benefit of EU consumers, as it will require firms to provide EU retail investors with consumer-friendly information about investment products.

### OUTPUTS:

- Joint Committee Consultation Paper on the draft RTS on the Key Information Document (KID) under the PRIIPs Regulation, October 2015

## CRD IV – CRR / Basel III monitoring report

### BACKGROUND:

The EBA has been monitoring and assessing the impact of the Basel III rules on a sample of EU banks since June 2011. This exercise is performed on a semi-annual basis with end-December and end-June reporting dates on the risk-based capital ratio, the leverage ratio and the liquidity metrics. The participation of banks in the monitoring exercise is voluntary and data is only reported on an aggregate basis, in order to guarantee the anonymity and confidentiality of credit institutions. This exercise, run in parallel with the one conducted by the Basel Committee on Banking Supervision (BCBS) at a global level, allows the gathering of aggregate results on capital ratios and leverage ratio, as well as on liquidity ratios - liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) - for banks in the European Union (EU).

The analysis presents a big picture of the EU banking sector in relation to the regulatory ratios under the current rules and under the fully-implemented CRD IV / CRR (for capital and RWA analysis) and Basel III (for liquidity and leverage analyses) frameworks. In other words, the analyses calculate and compare the regulatory ratios both under the rules at the reporting date and (hypothetically) under the rules at the end of the phase-in period. At the current reporting date a total of 364 banks participated in the exercise, including 53 Group 1 banks and 311 Group 2 banks. The EBA produces one public report and one internal report (annex to the public report); the internal report is for the use of national competent authorities only. The publication of the external report is done in parallel with the BCBS Quantitative Impact Study (QIS) report.

### KEY COMMUNICATION MESSAGES:

Compliance levels of EU banks with regulatory ratios (capital ratios, liquidity ratios and leverage ratios) is progressing well and shows no shortcoming in Group 1 banks, even under a full implementation scenario foreseen by the global Basel requirement.

### OUTPUTS:

- CRD IV – CRR / Basel III monitoring report, 15 September 2015

### EBA'S ANNUAL POLICY RESEARCH WORKSHOP

The EBA's fourth annual policy research workshop will take place on 18-19 November 2015.

For further information, please contact [meetings@eba.europa.eu](mailto:meetings@eba.europa.eu).



## II. EBA ANNOUNCEMENTS

### BoS extends the terms of office for EBA Chairperson and Executive Director

At its September meeting, the BoS confirmed the extension of the mandates of Andrea Enria and Adam Farkas, respectively as Chairperson and Executive Director of the EBA for another five year term, from 2016 to 2021. The decision was based on the evaluation of the work of the past five years, as well as on requirements for the coming years. The decision to extend Mr Enria's term is subject to confirmation by the European Parliament.



#### New Head of Resolution Unit

In September 2015, the EBA welcomed Spyridon (Spyros) Zarkos as Head of the Resolution Unit. Spyros will be leading the Unit in fulfilling the tasks assigned to the EBA in relation to the EU framework on banking crisis management

## III. MOST NOTABLE EBA PUBLICATIONS (JUNE- AUGUST 2015)

### EBA PUBLIC CONSULTATIONS

- Comments to EBA consultations are submitted via the EBA website. All contributions received are published following the close of the consultation period, unless requested otherwise.
- In general, the EBA also holds a public hearing on its consultations. These hearings normally take place at the EBA premises, prior to the end of the consultation period.

### Regulatory products

EBA CONSULTATIONS	DESCRIPTION
Consultation on RTS on exclusion from credit valuation adjustment (CVA) of non-EU non-financial counterparties	The EBA launched a consultation on RTS on the procedures for excluding transactions with non-financial counterparties established in a third country from the own funds requirement for credit valuation adjustment (CVA) risk. The consultation runs until 5 November 2015. <i>Publication date: 05/08/2015</i>
Discussion Paper and Call for Evidence on small and medium enterprises (SMEs) and the SME Supporting Factor	The EBA launched a call for evidence on small and medium enterprises and the SME supporting factor (SF). The consultation runs until 1 October 2015. <i>Publication date: 31/07/2015</i>
Consultation on Guidelines on cooperation agreements between deposit guarantee schemes	The EBA launched a consultation on draft Guidelines on cooperation agreements between deposit guarantee schemes. The consultation runs until 29 October 2015. <i>Publication date: 29/07/2015</i>
Consultation on RTS on conditions for capital requirements for mortgage exposures	The EBA launched a consultation on RTS on the conditions that Competent Authorities have to take into account when tightening capital requirements for mortgage exposures. The consultation runs until 6 October 2015. <i>Publication date: 06/07/2015</i>
Joint Consultation on draft RTS on risk-mitigation techniques for OTC-derivative contracts not cleared by a CCP	The ESAs launched a second consultation on draft RTS outlining the requirements for bilateral margining. The consultation ran until 10 July 2015.. <i>Publication date: 10/06/2015</i>

## EBA GUIDELINES

## DESCRIPTION

Guidelines on passport notifications for mortgage credit intermediaries

The EBA published its final Guidelines on passport notifications for mortgage credit intermediaries in support of the transposition of the Mortgage Credit Directive. The Guidelines will ensure that information about credit intermediaries carrying out business in more than one Member State is exchanged consistently between national authorities.

*Publication date: 11/08/2015*

Guidelines on product oversight and governance arrangements for retail banking products

The EBA published its final Guidelines on product oversight and governance arrangements for retail banking products. These Guidelines set out requirements for manufacturers and distributors when designing and bringing to market mortgages, personal loans, deposits, payment accounts, payment services and electronic money.

*Publication date: 15/07/2015*

Guidelines specifying the various conditions for the provision of group financial support

The EBA published its final draft RTS and Guidelines on the provision of group financial support, as well as final draft ITS detailing the disclosure requirements of these activities.

*Publication date: 09/07/2015*

Guidelines on simplified obligations

The EBA published its final Guidelines relating to the eligibility of institutions for simplified obligations in the context of recovery planning, resolution planning and resolvability assessments under the Bank Recovery and Resolution Directive (BRRD). These Guidelines establish a set of indicators against which competent and resolution authorities should assess the impact of the failure of an institution to determine its eligibility for simplified obligations.

*Publication date: 07/07/2015*

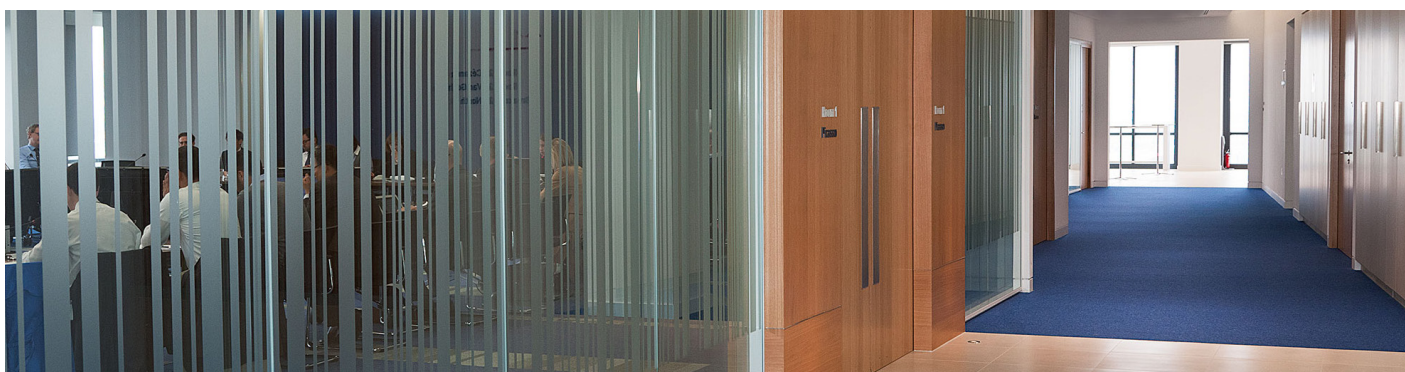
Guidelines on creditworthiness and Guidelines on arrears and foreclosure

The EBA published its final Guidelines on creditworthiness assessment, as well as its final Guidelines on arrears and foreclosure. These Guidelines support the national implementation by Member States of the forthcoming Mortgage Credit Directive and will ensure that consumers are protected consistently across the EU when interacting with creditors.

*Publication date: 01/06/2015*

## EBA GUIDELINES

- EBA Guidelines are issued in order to establish consistent, efficient and effective supervisory practices and ensure uniform application of EU Law.
- Guidelines are formally issued only once they are published in all relevant EU official languages on the EBA website. Within two months of that publication, competent authorities across the EU must inform the EBA whether they comply or intend to comply with the Guidelines. If a competent authority does not comply or does not intend to comply, it must inform the EBA of this and state reasons for non-compliance, as prescribed by the 'comply or explain' principle. If specified in the Guidelines, financial institutions might also have to report whether or not they comply.
- Guidelines and information on compliance by competent authorities can be found [here](#) on the EBA website





## EBA TECHNICAL STANDARDS

- The EBA is mandated to produce a number of Binding Technical Standards (BTS) stemming from EU legislative texts such as the "CRD IV package" and the BRRD. The EBA drafts technical standards and submits them to the European Commission for final endorsement.
- BTS are legal acts which specify particular aspects of an EU legislative text (Directive or Regulation) and aim at ensuring consistent harmonisation in specific areas. They contribute to the development of the Single Rulebook for banks in the EU.
- The European Parliament and the Council have the right to scrutinise certain types of technical standards known as regulatory technical standards (RTS). The draft technical standards are formally adopted by the European Commission, usually within three months, and published in the Official Journal of the European Union – unless they are considered disproportionate or incompatible with Union law.
- Following publication in the Official Journal, these standards become legally binding and apply directly in all Member States. This means that, on the date of their entry into force, they become part of the national law of the Member States and their implementation into national law is not only unnecessary but also prohibited.

## EBA TECHNICAL STANDARDS

## DESCRIPTION

RTS on conditions for the provision of group financial support and ITS on the disclosure of group financial support agreements

The EBA published its final draft RTS on the provision of group financial support, as well as final draft ITS detailing the disclosure requirements of these activities. These technical standards specify the conditions under which one entity of a banking group can provide support to another entity of the same group in financial difficulties. These have been developed within the framework established by the BRRD and aim at strengthening integrated risk management in EU banking groups by removing possible uncertainties around supporting entities in distress within the same group.

*Publication date: 09/07/2015*

ITS on simplified obligations

The EBA published its final draft ITS relating to the eligibility of institutions for simplified obligations in the context of recovery planning, resolution planning and resolvability assessments under the BRRD.

*Publication date: 07/07/2015*

RTS on independent valuers

The EBA published its final draft RTS setting out the general criteria against which valuers should be assessed to determine whether they comply with the legal requirement of independence for the purposes of performing valuation tasks under the BRRD.

*Publication date: 07/07/2015*

RTS on minimum requirement for own funds and eligible liabilities (MREL)

The EBA published its final draft RTS on the MREL, and on the contractual recognition of bail-in. Both standards provide further specification of essential elements to ensure the effectiveness of the resolution regime established by the BRRD.

*Publication date: 03/07/2015*

RTS on resolution colleges

The EBA published its Final draft RTS that specify the operational functioning of the resolution colleges established for those groups that operate on a cross-border basis in the European Economic Area.

*Publication date: 03/07/2015*

RTS on notifications and notice of suspension

The EBA published its final draft RTS on notifications and notice of suspension. These RTS have been developed within the framework established by the BRRD and aim at harmonising at EU level the process and content of notifications, as well as the notice of suspension, to be followed when a banking institutions operating in the EU is failing or likely to fail.

*Publication date: 03/07/2015*

RTS on assessment methodologies for the use of advanced measurement approaches (AMAs) for operational risk

The EBA published its final draft RTS which specify the criteria that competent authorities need to take into account before granting institutions permission to use AMA for calculating their capital requirements for operational risk.

*Publication date: 05/06/2015*

## EBA OPINIONS

## DESCRIPTION

EBA to conduct further analysis on Net Stable Funding Requirements and Leverage Ratio

The EBA informed that it will incorporate additional analysis into its calibration reports on Net Stable Funding Requirements and Leverage Ratio. The announcement follows a request by the EC to obtain further advice so as to ensure its possible future policy actions in this area are well informed.

*Publication date: 19/08/2015*

Technical advice on protected arrangements in a resolution situation

The EBA issued its Opinion on how to define what arrangements should be protected in a partial property transfer in resolution. The Opinion ensures full protection of well-established sources of refinancing such as secured debt, including securities lending and covered bonds, and of means of risk mitigation.

*Publication date: 14/08/2015*

Technical Advice on securitisation

The EBA published advice to the European Commission on a framework for qualifying securitisation.

*Publication date: 07/07/2015*

Technical advice on contributions to the Single Resolution Fund

The EBA provided its technical advice to the European Commission on the criteria and principles that will be used to determine the uniform level of contributions by banks in the participating EU Member States to the Single Resolution Fund.

*Publication date: 10/06/2015*

## EBA OPINIONS

■ Through its opinions, the EBA provides its views on supervisory and regulatory matters to the European institutions and to national authorities. This includes 'technical advice' which the EBA provides to the Commission when it is preparing 'delegated acts' to supplement Level 1 texts. These delegated acts are very important as they provide additional detail on certain aspects of legislation, and the Commission takes into account the EBA's expert technical advice. on the EBA website.

## Reports and other notable publications

## EBA PUBLICATION

## DESCRIPTION

Key information on the systemic importance of the 37 largest banks in the EU

The EBA published the key metrics used to identify global systemically important institutions (G-SIIs) in the EU, with information on size, interconnectedness, substitutability, complexity and cross-jurisdictional activity. The EBA's regulatory package on G-SIIs identification and data disclosure are in line with the internationally agreed framework developed by the Financial Stability Board (FSB) and by the Basel Committee on Banking Supervision (BCBS). This year's disclosure exercise covered 37 EU institutions whose leverage ratio exposure measure exceeded 200 billion Euro in 2014.

*Publication date: 28/07/2015*

## EBA REPORTS

- The EBA publishes a wide range of reports based on its work in identifying and analysing trends in the financial sector.
- These reports identify potential risks and vulnerabilities stemming from the micro-prudential level, across borders and sectors, with the aim of ensuring the orderly functioning and integrity of financial markets and the stability of the financial system in the EU.
- These reports also highlight the trends that the EBA has observed with financial products and also provides early indications as to the areas in which the EBA may take action going forward.

EBA PUBLICATION	DESCRIPTION
RWA assessment as the next step in improving consistency of internal model outcomes	<p>The EBA published two reports on the consistency of RWAs across large EU institutions for large corporate, sovereign and institutions' IRB portfolios, (collectively referred to as "low default portfolios" - LDP), as well as for the calculation of counterparty credit risk (CCR) exposures under the Internal Model Method (IMM) and the CVA according to the advanced approach. The reports summarise the findings obtained from two benchmarking exercises conducted in line with the mandate laid down in the Capital Requirements Directive (CRD) and related draft technical standards. The benchmarking exercises aim at improving the comparability of EU banks' RWAs and are a crucial tool to restoring trust in internal models.</p> <p><i>Publication date: 22/07/2015</i></p>
Peer review report on the assessment of the suitability of members of the management body and key function holders	<p>The EBA published its peer review report on the assessment of the suitability of members of the management body and key function holders.</p> <p><i>Publication date : 22 July 2015</i></p>
Report on macroprudential policy measures	<p>The EBA published a report on macroprudential policy measures across the EU. The objective of this report was to take stock of the range of practices applied by EU Member States in relation to the provisions for macroprudential policies set out in the CRR/CRD IV, focusing on the interaction of macroprudential and microprudential objectives and tools.</p> <p><i>Publication date: 21/07/2015</i></p>
Updates on upcoming transparency exercise and on key features of 2016 EU-wide stress test	<p>The EBA published a tentative sample of banks taking part in the 2015 transparency exercise, together with the draft templates illustrating the type of data that will be disclosed. In addition, following the approval by its BoS, the EBA released the key features and a tentative calendar of the 2016 EU-wide stress test.</p> <p><i>Publication date: 15/07/2015</i></p>
Seventh semi-annual Risk Assessment report	<p>The EBA published its regular risk assessment report. The report is based on December 2014 data and the final production date for this report was 12 June 2015. The report therefore does not cover the current challenges posed by the situation in Greece. However, the report notes that direct exposures to Greek counterparties are limited. Nonetheless indirect challenges of contagion remain a concern and will require careful monitoring and coordination of supervisory activities across the single market.</p> <p><i>Publication date: 03/07/2015</i></p>
Annual Consumer Trends Report	<p>The EBA published its fourth annual Consumer Trends Report. The report, which covers all the products that fall into the EBA's consumer protection mandate, such as mortgages, personal loans, deposits, payment accounts, payment services and electronic money, highlights the trends the EBA has observed with these products in 2015 and the issues that may arise, or have arisen, for consumers buying them.</p> <p><i>Publication date: 18/06/2015</i></p>
Annual Report	<p>The EBA published its 2014 Annual Report, which provides a detailed account of all the work the Authority achieved in the past year and anticipates the key areas of focus in the coming years.</p> <p><i>Publication date: 15/06/2015</i></p>
Risk Dashboard Q1 2015	<p>The EBA published its periodical update of its risk dashboard. The risk dashboard summarises the main risks and vulnerabilities in the banking sector on the basis of the evolution of a set of key risk indicators across the EU for the fourth quarter of 2014.</p> <p><i>Publication date: 03/06/2015</i></p>



EBA PUBLICATION	DESCRIPTION
Interactive ITS on reporting	The EBA published an interactive version of its ITS on supervisory reporting, which were adopted by the European Commission and published in the Official Journal as Implementing Regulation EU 680/2014. <i>Publication date: 03/06/2015</i>
Questionnaire on regulatory equivalence	The EBA published a questionnaire to guide its assessment of non-EU countries' equivalence with the EU prudential supervision and regulatory requirements specified in the CRR and CRD. <i>Publication date: 02/06/2015</i>

## IV. EBA DELIVERABLES/INTERVIEWS AND RELATED MEDIA COVERAGE

### EBA OUTPUT

EBA Chairperson dismisses rumours over haircuts to Greek deposits

*Date : 04/07/ 2015*

### MEDIA COVERAGE

The statement by Andrea Enria, the EBA Chairperson, was covered by various media all over Europe. Below is a snapshot of media coverage following publication of the statement.

- [EU banks watchdog says Greek contagion limited so far, remains vigilant](#), Reuters
- [Greek banks prepare plan to raid deposits to avert collapse](#), Financial Times
- [EBA chief dismisses rumours over haircuts to Greek deposits](#), Reuters
- [EBA: Καμία ενημέρωση για «κούρεμα» καταθέσεων στην Ελλάδα](#), Capital
- [Nun soll das griechische Volk über den Sparkurs entscheiden](#), Deutsche Welle
- [Bankenaufsicht dementiert Plan einer Zwangsabgabe](#), Handelsblatt
- [EU-Bankenaufsicht: Zugriff auf Kundenkonten in Griechenland kaum vorstellbar](#), Wirtschafts Blatt
- [Grèce-L'ABE dément des rumeurs de ponction sur les dépôts bancaires](#), Les Echos

EBA Public Hearing on Qualifying Securitisation

*Date: 26/06/2015*

- [EBA proposes cutting capital charges on qualifying ABS](#), Reuters
- [EBA backs capital cut for qualifying ABS](#), Global Capital
- [EU banking watchdog recommends cutting capital charges on pooled debt](#), Reuters

Markets | 19:00 JUL 8, 2015 7:40AM EDT Markets: REGULATORY NEWS, MARKETS

### EU banks watchdog says Greek contagion limited so far, remains vigilant

LONDON, JULY 8 | BY HAN JONES

Markets are coping well with uncertainty over Greece's future in the euro zone, with little sign so far of contagion that would undermine wider European Union financial stability, the bloc's banking regulator said on Wednesday.

Euro zone members have given Greece until the end of the week to come up with a proposal for sweeping reforms in return for loans that will keep the country from crashing out of the euro.

"What we are seeing is a rather ordered reaction among investors and the pressure on equity of banks is rather limited but cautious monitoring and vigilance remain key," a European Banking Authority (EBA) spokesman said in response to questions from Reuters.

"The focus of our work now is to make sure we have full coordination of actions between all the authorities, to share information," the spokesman added.

The watchdog, which coordinates supervision of banks across the EU, said direct contagion from the Greek crisis is minimal, with little sign of indirect contagion, such as large investor withdrawals from funds.

Bulgaria is seen as potentially vulnerable as more than a fifth of its banking assets are Greek-owned and the central bank has stepped up checks of local lenders.

The EBA spokesman backed comments from the Bulgarian authorities that "firewalls" were in place to protect banks from Greek contagion.

**TRENDING ON REUTERS**

Volkswagen chief faces grilling by board over diesel scandal	1
Prime Minister U.S. trip with time of conclusion	2
Europe's resilience trumps another China slump	3
Oil prices \$50 as U.S. stock-draw balances China bid	4
Exclusive: China is said to attempt to sell itself	5

ΕΙΔΗΣΕΙΣ Σάββατο, 04-Ιουλ-2015 20:27

### EBA: Καμία ενημέρωση για "κούρεμα" καταθέσεων στην Ελλάδα

Σύμφωνα με ανακοίνωση που εξέδωσε πριν από λίγο η Ευρωπαϊκή Αρχή Τραπεζών (European Banking Authority), ο πρόεδρος της Andrea Enria, δήλωσε ότι "όχι είναι ενήμερος για κάποιο σχέδιο για επιβολή "κούρεματος" στους καταθέτες λανκίς των ελληνικών τραπεζών, όπως αναφέρθηκε από μέσα ενημέρωσης σήμερα το πρωί. Πολύ αμφιβάλλω ότι κάποια αρχή ή δημόσιος φορέας σε επίπεδο ΕΕ ή κράτους μέλους θα μπορούσε να εξετάσει την επιλογή αυτή, καθώς αυτό θα ήταν αντίθετο προς το δίκαιο της ΕΕ. Σε αυτή την περίπτωση η Ευρωπαϊκή Αρχή Τραπεζών θα εκκινήσει αμέσως τη διαδικασία εξέτασης παραβίασης της νομοθεσίας της ΕΕ".

Στη δήλωσή του ο κ. Enria υπενθύμισε ότι "η νομοθεσία της ΕΕ είναι σε θέση να προστατεύσει τους Έλληνες καταθέτες λανκίς, όπως και κάθε άλλο καταθέτη στην ΕΕ".

Σημειώνεται ότι η Ευρωπαϊκή Αρχή Τραπεζών (EAT), είναι το θεσμικό όργανο της Ευρωπαϊκής Ένωσης (ΕΕ) που φέρνει σε συνεργασία τις τραπεζικές εποπτικές και ρυθμιστικές αρχές της ΕΕ.

The Eurofi Financial Forum 9, 10 & 11 September // Luxembourg 2015 WIRTSCHAFTSBLATT

Address: Speaker's View

### The single rule book at a turning point

By A. Enria - Chairperson, European Banking Authority (EBA)

Major progress has been made in the realisation of the Single Rulebook in banking: with the Capital Requirements Regulation (CRR) key prudential requirements have been adopted ensuring full harmonisation, and the 109 technical standards issued so far by the EBA have completed the set of rules that are homogeneously defined for all banks operating in the Single Market. Truly common standards are now applied in key areas such as definition of own funds, liquidity requirements, supervisory reporting and definitions of asset quality and encumbrance; more recently, the scope of the EBA's technical standards has extended to new areas, such as bank recovery and resolution and consumer protection. The second Directive on Payments Services (PSD2) and the fourth Anti-Money Laundering Directive (AMLD4) will further expand the boundaries of the Single Rulebook. A Q&A facility has been gradually developed, to avoid that single rules are interpreted and applied differently by banks and line supervisors.



TOPIC	ARTICLES/MEDIA COVERAGE	EBA REPRESENTATIVE
Stress tests	<a href="#">European banks 'in much better position' ahead of stress test: EBA's Haben</a> , Reuters <i>Date of publication: 15/09/2015</i>	Piers Haben, Director of Oversight
The Single Rulebook in Banking	<a href="#">The Single Rulebook at a turning point</a> , Eurofi Magazine <i>Date of publication: 10/09/2015</i>	Andrea Enria, Chairperson of the EBA
Basel Committee report on the CVA framework	<a href="#">New CVA framework still leaves accounting gaps</a> , Global Risk Regulator/ The Banker <i>Date of publication: 04/09/2015</i>	Stéphane Boivin, Policy Expert in the Credit, Market and Operational Risk Unit
Revised PSD2 and role of EBA mandates	<a href="#">EU Bank Regulator Staunch On Bitcoin Stance</a> , Payments Compliance <i>Date of publication: 31/07/ 2015</i>	Dirk Haubrich, Head of Consumer Protection, Financial Innovation and Payments Unit
IFRS 9 Financial Instruments (replacement of IAS 39)	<a href="#">Loan value rules will blast hole in bank capital</a> , Global Capital <i>Date of publication: 16/07/2015</i>	Angel Monzon, Policy Expert in the Capital and Asset/Liability Management Unit
OTC margins	<a href="#">EU revisions to uncleared margin rules address industry fears</a> , Risk <i>Date of publication: 10/06/2015</i>	Lars Overby, Head of Credit, Market and Operational Risk Unit and Gabriel Cardi, Policy Expert in the Credit, Market and Operational Risk Unit

## V. EBA SPEAKING COMMITMENTS (AUTUMN 2015)

NAME OF THE EVENT	ORGANISER(S)	LOCATION	EBA STAFF SPEAKING	TYPE OF EVENT	DATE OF EVENT
Eurofi Financial Forum	Eurofi	Luxembourg	Andrea Enria	Keynote speech	09/09/2015
XBRL conference	XBRL International	Copenhagen, Denmark	Adam Farkas and Andreas Weller	Keynote Speech	09/09/2015
Sixth Annual FMA Supervisory Conference	Austrian Financial Market Authority (FMA)	Vienna, Austria	Piers Haben	Panel Discussion	15/09/2015
Dean's Lecture, Cass - Douglas Flint, HSBC	Cass Business School, City University	London, United Kingdom	Piers Haben	Panel Discussion	17/09/2015
EU banking supervision	The University of Padova	Padova, Italy	Andrea Enria	Lecture	28/09/2015
Financial supervision in Europe – on the right track?	European Supervisor Education Initiative	Prague, Czech Republic	Piers Haben	Panel Discussion	01/10/2015
BBA Enterprise Risk in a Changing Global Environment Conference	BBA	London, United Kingdom	Isabelle Vaillant	Keynote Speech	13/10/2015

NAME OF THE EVENT	ORGANISER(S)	LOCATION	EBA STAFF SPEAKING	TYPE OF EVENT	DATE OF EVENT
The Role of International Supervisory Bodies in Determining EU Financial Services Regulation'	Afore Consulting	Brussels , Belgium	Andrea Enria	Panel Discussion	13/10/2015
Olyver Wyman Institute 10th anniversary	Olyver Wyman Institute	London, United Kingdom	Andrea Enria	Panel Discussion	15/10/2015
International OMFIF Main Meeting	Official Monetary and Financial Institutions Forum (OMFIF)	Prague, Czech Republic	Andrea Enria	Keynote Speech	19/10/2015
BBA International Banking Conference	BBA	London, United Kingdom	Andrea Enria	Panel Discussion	22/10/2015

## VI. IN FOCUS: REMUNERATION

### EU regulatory reform of remuneration policies

#### What has changed since the financial crisis?

The Capital Requirements Directive (CRD IV), which entered into force on January 2014, went beyond the simple transposition of Basel III standards into European Union (EU) legislation. In addition to strengthening EU banks' capacity to absorb losses, the new directive also introduced new rules aimed at reducing systemic risks, restoring investors' trust in EU banking, and improving the transparency of banks' capital positions across the whole EU. The CRD IV also brought additional regulation for EU institutions which standardise the approach to managing risks. It does so through the establishment of a single set of rules, a 'Single Rulebook', which creates a uniform regulatory landscape for all EU banks and removes national discretions to a large extent.

In order to support effective market discipline and encourage EU institutions to implement sound remuneration policies, a reinforced framework was introduced by CRD IV and further developed by the EBA. The rules on remuneration require pay levels that do not encourage risk-taking behaviour. In particular, to avoid excessive risk taking, a maximum ratio between the fixed and variable component of the total remuneration of 100% was introduced, the "bonus cap". However, shareholders retain the ability to increase this limit to 200%.

#### What has changed in the field of remuneration under CRD IV and what are the requirements?

In addition to the bonus cap, stricter requirements regarding the involvement of the management body, the pay out of the variable in instruments, the application of malus and clawback to up to 100% were also introduced.

Regulation 2013/575/EU on prudential requirements for credit institutions and investment firms (CRR) provides for remuneration disclosure requirements. Most notably for:

- the number of individuals being remunerated EUR 1 million or more per financial year, broken down into pay bands of EUR 500,000; and
- upon request, the total remuneration for each member of the management body or senior management.

#### THE EBA'S NEW GUIDELINES ON SOUND REMUNERATION POLICIES

In line with the mandate included in CRD IV, the EBA is developing guidelines on sound remuneration policies. A [public consultation](#) on a preliminary version was launched on 4 March 2015 and remained open for three months. 127 written responses were submitted by stakeholders and concerned parties, of which 73 responses were non-confidential and these have been published on the EBA's website.

These guidelines take into account the [EBA's opinion on the use of allowances](#) published in October 2014. In this respect, the guidelines provide a clear cut definition of variable and fixed remuneration components, a prerequisite to ensure compliance with the bonus cap. Fixed remuneration is defined as predetermined, permanent, non-revocable and non-discretionary. The guidelines provide for further clarifications for the calculation of the bonus cap (e.g. by clarifying how severance payments, sign-on bonus or long term incentive plan (LTIP) should be taken into account.)

Guidance is also given regarding processes to identify risk takers (whereas identification criteria have already been defined in the [RTS on identified staff](#)), the application of remuneration policies in a group context, the performance assessment and the disclosure of remuneration data.

Finally, the guidelines require longer deferral periods for the most senior staff in institutions and clarify the conditions under which different kinds of instruments need to be combined to ensure a better long term alignment of remuneration with the risk profile of the firm.

The EBA expects to publish the final Guidelines by the end of 2015.

## THE NEXT STEPS FOR THE APPLICATION OF THE PROPORTIONALITY PRINCIPLE

The implementation of the proportionality principle to the remuneration provisions differs significantly between jurisdictions.

Most of the jurisdictions have a reading of the proportionality principle encoded in Article 92(2) of the CRD IV that would allow for the non-application of certain requirements, particularly the deferral arrangement and the pay-out in instruments, in smaller and non-complex institutions and to certain categories of staff.

Nevertheless, according to a legal reading of the CRD provisions confirmed by the EU Commission, such 'neutralisations' of remuneration principles are not in line with the current CRD IV text. In any case, the cap of 100% for variable remuneration (200% with shareholders' approval), cannot be waived by any institution.

The EBA is mindful of the impact that such a reading of the CRD IV may have on smaller institutions with low amount of variable remuneration and is of the view that a lighter application of some requirements for smaller firms with low amount of variable remuneration under specific conditions may be desirable.

Therefore, based on the analysis of the responses received during the public consultation on the [Guidelines for sound remuneration policies](#), the EBA intends to issue an advice to the EU Commission on legislative adjustments that could be implemented to reduce costs for the application of the provisions in small and non-complex firms which do not grant significant amounts of variable remuneration.

As with the old CRD III rules, the 'proportionality principle' applies also under CRD IV and takes into account the institution's size, internal organisation and the nature, scale and complexity of their activities.

The requirements on variable remuneration apply in particular for staff whose professional activities have a material impact on the institutions' risk profile (identified staff). In response to concerns about inconsistent assessments carried out by firms and regulators, and to further harmonise the identification of the identified staff across the European Economic Area (EEA), the EBA has developed further regulatory standards defining qualitative and appropriate quantitative criteria to identify such staff.

In accordance with CRD IV, institutions have to apply the remuneration requirements at group, parent and subsidiary levels, including within subsidiaries that are not themselves subject to the CRD. The scope of consolidation includes all institutions that are subsidiaries of the institution which is responsible for the consolidation. The rules apply to pay awarded for services provided or performed from the year 2014 onwards, whether under contracts concluded before or after 1 January 2014. They will therefore affect bonuses awarded in 2015 for performance year 2014.

## What are the other EBA projects/mandates in the area of remuneration?

The benchmarking of remuneration practices is conducted on an annual basis. The EBA expects to publish the report looking at 2014 figures by the end of 2015. The report based on the 2014 figures will show the full impact on the institutions' remuneration policies of the RTS on identified staff and of the application of the 100% ratio of variable to fixed remuneration (200% if approved by the shareholders) for identified staff, which applies to remuneration awarded for the performance year 2014 and onwards.

In addition, the EBA is currently working on a benchmarking report on the use of approved higher ratio in line with CRD requirements. The report will be published by the end of 2015 on an aggregate home Member State basis. The EBA is also working separately on specific remuneration requirements for sales staff and will consult on these requirements soon.

## THE REVIEW CLAUSE FOR REMUNERATION PROVISIONS

Article 161(2) of the CRD provides for the Commission, in close cooperation with EBA, to review the provisions on remuneration by 30 June 2016. This review will, amongst other elements, assess efficiency, implementation and enforcement of remuneration provisions, including the identification of any lacunae arising from the application of the principle of proportionality.

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**'The Chinese Slowdown: A Risk to European Banks?'**

<https://www.youtube.com/playlist?list=PL98NOQs4f9QlvsIJhS3bMjsaT7rpdw4vc>

