

THE CHAIRPERSON



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John Berrigan
Acting Director General
Directorate-General Financial Stability, Services
and Capital Markets Union
European Commission
Rue de Spa 2
1000 Brussels
Belgium

25 February 2020

Subject: Submission of additional analysis for the Call for Advice for the purposes of revising the own fund requirements for credit, operational, market and credit valuation adjustment risk

Dear Mr Berrigan,

On 4 May 2018 the EBA received from the Commission Services a Call for Advice on the impact and implementation in the EU of the final Basel III standards agreed by the Group of Governors and Heads of Supervision (GHOS) in December 2017 and including the Basel standards on the market risk framework.

The EBA submitted its advice in two parts on 5 August 2019 and delivered on 3 December 2019, respectively. The first part covered the areas of credit risk, operational risk, securities financing transactions and output floor. The second part covered the areas of market risk and credit valuation adjustment risk standards, as well as a macroeconomic impact assessment (which was carried out in cooperation with the ECB). The advice included a detailed quantitative impact assessment and a set of policy recommendations.

On 15 July 2019, the EBA has received an additional request from the Commission in the areas of specialised lending, minimum requirement for own funds and Eligible Liabilities (MREL), intra-group equity exposures and the application of the output floor at all levels.

It is my pleasure to submit to you today the additional analysis on the specialised lending exposures and MREL, the main findings of which are in annex in this letter. The results should be interpreted with caution, taking into account data quality and several simplifying assumptions.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'José Manuel Campa', is positioned below the text 'Yours sincerely,'.

José Manuel Campa

CC:

Martin Merlin, Director Dir D, Regulation and prudential supervision of financial Institutions, DG FISMA

Nathalie Berger, Head of Unit D1, Bank regulation and supervision, DG FISMA

Sebastijan Hrovatin, Deputy Head of Unit D1, Bank regulation and supervision, DG FISMA

Dominique Thienpont, Legal Counsellor to Dir D, DG FISMA

Encl:

Annex 1: Specialised lending

Annex 2: Impact of Basel III on MREL