

THE CHAIRPERSON



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John Berrigan
Director-General
Executive Vice-President
Directorate-General Financial Stability, Services and
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European Commission
B-1049 Brussels
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EBA-2020-D-3063_rev

12 June 2020

Subject: Submission of technical standards for the risk reduction measures package

Dear Mr Berrigan,

The EBA continues to respond with high commitment to the significant role attributed to the Authority in the completion of the Single Rulebook. The Risk Reduction Package alone gives rise to around 100 new mandates for the EBA under CRD5-CRR2 and BRRD2. In addition to that, around 30 reports or sets of monitoring actions are due to support the effective and consistent implementation of the Single Rulebook as well as its supervisory convergence in practice. The EBA is above all paying attention to the delivery dates as set by the co-legislators in the prioritisation of the work.

As publicly communicated in the EBA roadmap on the risk reduction measures package¹ on 21 November 2019, there are however contingencies that may limit the ability of the EBA to deliver all mandates on time. First, a small number of deadlines prescribes a deadline of 6-9 months only after entry into force. Second, the EBA already expected at the date of the roadmap's publication some delays on a limited number of mandates in the areas of Large Exposures, IRRBB, MREL and Bail-in due to the complexity and contingency to progress in other areas. The detailed explanations and rationale for delays, sequencing and expected finalisation of those mandates is discussed in more detail in the EBA roadmap.

¹ EBA roadmap on risk reduction measures package may be accessed here: https://eba.europa.eu/sites/default/documents/files/document_library//EBA%20Risk%20Reduction%20Package%20Roadmaps.docx.pdf

In accordance with article 10(2) regarding regulatory technical standards (RTS), and Article 15(2) regarding implementing technical standards (ITS) under the EBA Founding Regulation, the European Commission may request the submission of such RTS and ITS within a new time limit where draft technical standards have not been submitted within deadlines provided in the legislation. I would therefore like to inform you that the EBA plans to submit technical standards due to be delivered by December 2019 and June 2020 within the new deadlines set out below, most of which have been set out accordingly in the EBA roadmap on the risk reduction measures package. There is no deviation – except for three listed below - beyond that set out in the roadmap despite the COVID-19 exceptional circumstances.

CRR2

Article		Legal DL	Expected DL
Art 36(4)	RTS on prudential treatment of software	28 June 2020	H2 2020
Art 124	RTS specifying rigorous criteria for the assessment of the mortgage lending value (article 124(1)) and the types of factors to be considered for the assessment of the appropriateness of the risk weights (article 124(2)) ²	31 December 2019	31 July 2021
Art 164	RTS specifying conditions to be taken into account when assessing the appropriateness of LGD values	31 December 2019	31 July 2021
Art 132a (4)	RTS on CIUs	28 March 2020	Q1 2021
Art 390 (8)	RTS on the definition of group of connected clients	June 2020	December 2022
Art. 390 (9)	Draft RTS on the determination of the exposures arising from derivatives contracts and credit derivatives underlying a debt or equity instrument	March 2020	December 2020
Art 394(4)	RTS on identification of shadow banking entities	June 2020	December 2021
Art 430c	Feasibility study on integrated reporting (CRR2)	28 June 2020	H1 2022
Art 430(7)	Final draft ITS on reporting and disclosures of MREL/TLAC (CRR2/BRRD2)	28 June 2020	July 2020
Art 430(8)	Cost of compliance study on supervisory reporting (CRR2)	28 June 2020	H1 2021

² With regards to the mandate referring to the first paragraph of Article 124 CRR 2, given that the Basel III completion will have an impact on the mortgage value lending valuations of collateral, the first part of the RTS should preferably wait this completion.

CRD5

Article		Legal DL	Expected DL
Art 84 (5)	RTS on a standardised methodology and a simplified standardized methodology on IRRBB	28 June 2020	March 20222
Art 84 (6)	GL on criteria for internal models to assess IRRBB and CSRBB	28 June 2020	March 20222
Art 98 (5a)	RTS on supervisory shock scenarios and supervisory outlier tests on IRRBB	28 June 2020	March 20222

BRRD

Article		Legal DL	Expected DL
Art 55 (6)	RTS specifying further clarification with regard to the exclusions from contractual recognition of bail-in	June 2020	December 2020
Art 55 (8)	ITS on notification to resolution authorities under Article 55 of the BRRD	June 2020	December 2020
Art 71a (5)	RTS determining the contents of the contractual terms required in financial contracts governed by third country law for the recognition of resolution stay powers	June 2020	December 2020
Art 45j (2)	ITS on MREL decisions reporting to the EBA	June 2020	December 2020

Beyond the risk reduction measures package mandates, we would like to inform you about the delay of the following mandate stemming from EMIR.

EMIR

Article		Legal DL	Expected DL
Art 11 (15) (aa)	RTS Initial Margin Model Validation	18 June 2020	June 2021

The EBA remains fully committed to accomplish its pending mandates within the deadlines, while the utmost attention will continue to be given to the quality of the Single Rulebook.

The transparency and quality of exchanges with DG-FISMA staff is most appreciated and represents an essential ingredient in our achievements.

Yours sincerely,

[Signed]

José Manuel Campa

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