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John Berrigan
Director General
Directorate-General for Financial Stability,
Financial Services and Capital Markets Union (FISMA)
European Commission
Rue de Spa 2
1049 Brussels
Belgium

20 February 2026

Subject: Opinion on EC intended changes on the draft RTS on equivalent legal mechanism under Article 124(14) of the CRR

Dear Mr Berrigan,

On 5 August 2025, the European Banking Authority (EBA) submitted to the Commission the final draft Regulatory Technical Standards (RTS) specifying what constitutes an equivalent legal mechanism ensuring that a residential property under construction is completed within a reasonable timeframe, in accordance with Article 124(14) of Regulation (EU) No 575/2013 (CRR).

By letter dated 9 January 2026, the Commission informed the EBA of its intention to endorse the draft RTS with amendments and transmitted a modified version of the RTS. In accordance with the fifth and sixth subparagraphs of Article 10(1) of Regulation (EU) No 1093/2010, this notification opened a six-week period during which the EBA may amend its draft RTS in light of the Commission's proposed amendments and resubmit it to the Commission in the form of a formal Opinion.

It is my pleasure to submit to you today the EBA Opinion on the Commission's intended amendments to the draft RTS on equivalent legal mechanism.

The Board of Supervisors adopted this Opinion in accordance with Article 14(7) of its Rules of Procedure. 25 members (of which 5 did not express views) approved the Opinion, with one abstention (France) and one member not endorsing (Luxembourg).

In substance, the Opinion identifies two amendments introduced by the Commission as substantive changes to the policy agreed by the Board of Supervisors when submitting the draft RTS on 5 August 2025.

First, the Commission amended the creditworthiness threshold applicable to the protection provider by increasing the cap on the risk weight from 20% to 30%. The EBA considers that limiting eligibility to

protection providers corresponding to a 20% risk weight (CQS 1 under the Standardised Approach) constitutes a core prudential safeguard to ensure that reliance on a private completion guarantee provides a level of assurance comparable to that underpinning statutory schemes. The EBA therefore recommends maintaining the 20% threshold set out in its draft RTS.

Second, the Commission removed the requirement that the completion guarantee be required by the law of the Member State where the residential property is being built. The EBA considers that this requirement is fundamental to ensure that the mechanism qualifies as a “legal mechanism” within the meaning of Article 124(3)(a)(iii)(2) of the CRR and does not extend to purely private contractual arrangements. The EBA therefore recommends reinstating this requirement.

In addition, the Opinion provides targeted comments on certain drafting changes introduced by the Commission, including the treatment of intragroup arrangements and specific provisions relating to enforceability and force majeure, with a view to avoiding unintended prudential or legal consequences and preserving the internal coherence of the CRR framework.

Annex I to the Opinion contains a revised version of the Commission’s RTS reflecting the EBA’s recommended drafting adjustments.

The EBA remains fully committed to working constructively with the Commission to ensure the timely adoption of a robust and legally sound framework that preserves the prudential safeguards underpinning Article 124 CRR, while ensuring harmonised application across Member States.

Yours sincerely,



Helmut Ettl

- CC: Aurore Lalucq, Chair of the Committee on Economic and Monetary Affairs European Parliament
Monika Nogaj, Head of ECON Secretariat
Makis Keravnos, ECOFIN Chair, Minister of Finance of the Government of Cyprus, Presidency of the Council of the EU
Tuomas Saarenheimo, Chair of Economic and Finance Committee, Council of the European Union
Thérèse Blanchet, Secretary-General, Council of the European Union
Ugo Bassi, Director Dir D, Banking, Insurance and Financial Crime, DG FISMA
Almorò Rubin de Cervin, Head of Unit D1, Bank regulation and supervision, DG FISMA
- Encl: EBA Opinion on the European Commission’s amendments to the final draft RTS on equivalent legal mechanism in accordance with Article 124(14) of Regulation (EU) No 575/2013