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25/09/2026

Consultation Paper

Draft Implementing Technical Standards

on conditions of application of the joint decision process for institution-specific prudential requirements under Article 113 of Directive 2013/36/EU

Table of Contents

1. Responding to this consultation

The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in section 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by 04.01.2027. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA's Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EU) 1725/2018 of the European Parliament and of the Council of 23 October 2018. Further information on data protection can be found under the Legal notice section of the EBA website.

2. Executive Summary

Article 113 of Directive 2013/36/EU (CRD) establishes the framework for joint decisions within supervisory colleges on institution-specific prudential requirements for cross-border banking groups. To support the consistent application of these provisions across the Union, the European Banking Authority (EBA) developed Implementing Technical Standards (ITS), adopted by the European Commission in 2014 as Commission Implementing Regulation (EU) No 710/2014, which set out harmonised procedures, timelines and templates for the joint decision process.

Since the adoption of the ITS, the prudential and supervisory framework has evolved significantly. In particular, amendments introduced by Directive (EU) 2019/878 (CRD V) explicitly extended the scope of joint decisions to include Pillar 2 Guidance (P2G) and leverage-ratio related elements (P2R-LR and P2G-LR). At the same time, supervisory practices have evolved towards a more risk-based, proportionate and continuous approach, supported by revisions to the EBA Guidelines on the Supervisory Review and Evaluation Process (SREP). These developments are not fully reflected in the current ITS.

In addition, more than a decade of implementation experience has highlighted the need to streamline and simplify the joint decision process and its supporting templates. While the existing ITS have contributed significantly to supervisory convergence and to reducing disagreements within colleges, their level of granularity no longer fully aligns with current supervisory practices and may divert attention from the key risks and concerns driving joint decisions.

Against this background, the EBA proposes a comprehensive revision of the ITS on joint decisions. The revised ITS update the scope of application to reflect the current legal framework under Article 113 CRD, including the explicit coverage of P2G and leverage-ratio elements. They also aim to better align the joint decision process with the revised SREP framework[1], notably by reinforcing proportionality, focusing on key supervisory concerns and supporting a more holistic and coordinated assessment of institutions' prudential requirements and guidance.

The revision further seeks to explicitly incorporate supervisory measures of a qualitative nature in the joint decision process, reflecting established college practices and supporting transparency and coherence in their communication to institutions. At the same time, the templates are substantially streamlined and modernised, with a focus on the key factors informing the joint decisions, while preserving the information necessary to ensure a consistent application of the process across the EU, including in cases where agreement is not reached.

Next steps

The draft Implementing Technical Standards are published for a three-month consultation period. Following the assessment of the feedback received, the EBA will finalise the revised ITS and submit them to the Commission for endorsement, after which they will be subject to scrutiny by the

[1] Guidelines for common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing | European Banking Authority.

European Parliament and the Council before publication in the Official Journal of the European Union.

3. Background and rationale

3.1. Legal framework and mandate for the review

1. Article 113 of Directive 2013/36/EU (CRD) establishes the framework for joint decisions within supervisory colleges on institution-specific prudential requirements for cross-border banking groups. Under this Article, the consolidating supervisor and the competent authorities responsible for the supervision of subsidiaries are required to reach joint decisions on institution-specific own funds requirements under Article 104(1)(a) CRD (Pillar 2 Requirement -P2R), institution-specific liquidity requirements under Article 105 CRD, and, following the amendments introduced by Directive (EU) 2019/878 (CRD V), guidance on additional own funds under Article 104b(3) CRD (Pillar 2 Guidance - P2G), including for the risk of excessive leverage (P2R-LR and P2G-LR).
2. Commission Implementing Regulation (EU) No 710/2014 lays down implementing technical standards (ITS) specifying the conditions of application of the joint decision process referred to in Article 113 CRD. Adopted in 2014, the ITS established harmonised procedures, timelines and templates for the preparation of risk assessment reports and the adoption of joint (or separate in case of disagreements) decisions within supervisory colleges, contributing significantly to supervisory convergence and reducing the need for formal mediation by the EBA.
3. Since the adoption of the ITS, however, the prudential and supervisory framework has evolved substantially. In particular, CRD V expanded the scope of joint decisions to explicitly include P2G and leverage-ratio related elements, while supervisory practices have shifted towards a more risk-based, proportionate and continuous approach. Against this background, a revision of the ITS is necessary to ensure their continued alignment with the current legal mandate under Article 113 CRD and with the way joint decisions are prepared and reached in practice.

3.2. Alignment with the revised SREP framework and supervisory practices

4. The joint decision process is intrinsically linked to the Supervisory Review and Evaluation Process (SREP), as the outcomes of the SREP constitute the primary input for the individual and group risk assessments that underpin the reaching of joint decisions. Since the adoption of the ITS in 2014, the EBA SREP Guidelines have undergone several revisions to reflect regulatory changes, supervisory experience and lessons learned.
5. In particular, the latest revision of the SREP Guidelines further reinforced a risk-focused and proportionate supervisory approach, placing increased emphasis on:
   - the identification of key supervisory concerns rather than a comprehensive reassessment of all risk categories in each cycle;
   - the categorisation of institutions and the application of a minimum supervisory engagement model;

- a clearer articulation between quantitative requirements, qualitative measures and supervisory judgement; and
- enhanced communication and transparency of SREP outcomes.

6. The current ITS templates, however, continue to reflect a more granular and structured approach, requiring detailed information across all SREP risk categories irrespective of their materiality for the institution or group concerned. This creates misalignment with the revised SREP framework and may result in unnecessary complexity, both for supervisors and supervised institutions.
7. The revision of the ITS therefore aims to ensure closer alignment with the updated SREP Guidelines by:
   - reinforcing proportionality in the scope and granularity of the information exchanged within colleges;
   - introducing an explicit reference to SREP categorisation in the templates;
   - shifting the focus of the templates towards the main risk drivers and key concerns informing the joint decision; and
   - ensuring consistency of terminology, structure and concepts between the ITS and the revised SREP Guidelines.

3.3. Consideration of other supervisory measures

8. Supervisory practice over recent years shows that the joint decision process covers not only quantitative capital and liquidity requirements and guidance, but also other supervisory measures of a qualitative nature addressing material deficiencies in governance, risk management, controls or processes at group or entity level, namely those under Article 102, Article 104(1), points (b) to (o) and Article 105 of CRD. While such supervisory measures are routinely discussed and decided within colleges, the current ITS do not completely reflect this practice in the joint decision process or in the templates.
9. The revision of the ITS therefore seeks to enhance the joint decision process by more clearly incorporating supervisory measures of a qualitative nature in the individual and group risk assessments, reflecting established college practices and ensuring that all material measures agreed at group level are communicated in a coherent and transparent manner. To this end, the revised templates introduce a dedicated section aimed at covering this information, linked to the key concerns identified in the risk assessment; the process for the joint decision described in the ITS has also been revised to factor in the possibility for a college dialogue on these measures.

3.4. Supporting a holistic and coordinated assessment of requirements and guidance

10. Experience with the joint decision process, as well as the findings and recommendations of the EBA Report on the Efficiency of the Regulatory and Supervisory Framework[2], highlight the importance of ensuring a holistic assessment of institutions' prudential requirements and guidance. In particular, the interaction between Pillar 1 and Pillar 2 requirements (and guidance), and macroprudential measures has become more complex over time.
11. At the same time, supervisors and stakeholders have pointed to risks of overlap or double counting when requirements are set under different frameworks (microprudential vs macroprudential) or at different levels (group vs subsidiary), especially for cross-border groups. These concerns were also raised during the public consultation in the context of the latest revision to the SREP Guidelines, where respondents emphasised the need for:
    - a more holistic view of institutions' risk profiles and prudential requirements;
    - stronger coordination within supervisory colleges;
    - a clearer articulation between consolidated and entity-level assessments; and
    - avoidance of duplication between group-wide and local measures.
12. In this context, the revised ITS aim to support a more integrated approach to joint decisions by:
    - encouraging supervisors to take joint decisions on capital requirements / guidance and liquidity requirements at the same date, whenever possible, and to combine them in a single joint decision document, while supporting those decisions through a single integrated risk assessment report replacing the current separate capital and liquidity risk assessment templates;
    - introducing targeted questions in the templates aiming to achieve overarching coherence and that the proposals for capital and liquidity requirements and/or guidance address only risks not already covered by other applicable measures. The questions support a robust engagement on:
    - – key supervisory concerns and factors informing the proposals on capital and liquidity requirements;
    - – how the proposals on capital and liquidity requirements address risks that are not covered or sufficiently covered by Pillar 1 requirements;
    - – the macroprudential authorities' assessment of the firm's systemic risk and the applicable macroprudential measures, as an input to the assessment of residual risks across frameworks and to the proposals for capital and liquidity requirements.
13. These changes are intended to enhance consistency, transparency and proportionality in the application of capital and liquidity requirements, while fully respecting the allocation of responsibilities between different authorities.

[2] https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-its-2025-report-supervisory-convergence-supporting-simpler-and-more-efficient-eu.

3.5. Streamlining and simplification of templates

14. Finally, the review of the ITS responds to a strong demand from supervisors for simplification and streamlining of the templates. While the existing templates have played a key role in fostering harmonisation and reducing disagreements in the early years of implementation, experience over a decade suggests that their level of granularity is no longer necessary or proportionate.
15. In particular, the detailed assessment of each individual SREP risk category in the templates may divert attention from the key supervisory issues that are most relevant for decision-making within colleges.
16. In addition, the revised ITS simplify the existing template architecture by replacing the separate capital and liquidity risk assessment reports with a single integrated risk assessment report. This reduces duplication, supports a more holistic assessment of institutions' risk profiles and prudential requirements, and provides a common framework for the preparation of joint decisions, irrespective of whether capital and liquidity decisions are adopted simultaneously or at different dates.
17. The integrated and streamlined template structure focuses on:
    - key concerns and factors informing the proposals for the joint decision;
    - the proposals for quantitative requirements and guidance at group and entity level;
    - applicable supervisory measures at group and entity level; and
    - concise explanations of any supervisory judgement underpinning the proposals, including considerations of proportionality and interactions with other prudential measures.
18. At the same time, the revision preserves the core objective of the ITS, namely to ensure uniform conditions for the application of joint decisions across the EU, by proposing a common template that supports the risk assessment and dialogue on joint decisions between home and host supervisors.

4. Draft implementing technical standards

COMMISSION IMPLEMENTING REGULATION (EU) …/...

of XXX

laying down implementing technical standards with regard to conditions of application of the joint decision process for institution-specific prudential requirements according to Directive 2013/36/EU of the European Parliament and of the Council, and repealing Commission Implementing Regulation (EU) 710/2014

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC[1], and in particular Article 113(5), third subparagraph thereof,

Whereas:

(1) Commission Implementing Regulation (EU) No 710/2014[2] lays down conditions of application of the joint decision process for reaching capital joint decisions and liquidity joint decisions in accordance with Article 113 of Directive 2013/36/EU. Since the adoption of that Regulation, Directive 2013/36/EU has been amended and the scope of joint decisions on institution specific prudential requirements has been expanded to include guidance on additional own funds referred to in Article 104b of that Directive and elements to address the risk of excessive leverage. Those elements should be adequately reflected in the joint decision process. The joint decision process should also be aligned with the revised framework governing the functioning of supervisory colleges laid down in Commission Implementing Regulation (EU) 2025/790[3] and Commission Delegated Regulation (EU) 2025/791[4].

1 OJ L 176, 27.6.2013, p. 1.

2 Commission Implementing Regulation (EU) No 710/2014 of 23 June 2014 laying down implementing technical standards with regard to conditions of application of the joint decision process for institution-specific prudential requirements according to Directive 2013/36/EU of the European Parliament and of the Council (OJ L 188, 27.6.2014, p. 19).

3 Commission Implementing Regulation (EU) 2025/790 of 23 April 2025 laying down implementing technical standards for the application of Directive 2013/36/EU of the European Parliament and of the Council with regard to the operational functioning of colleges of supervisors (OJ L, 2025/790, 8.8.2025).

4 Commission Delegated Regulation (EU) 2025/791 of 23 April 2025 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the general conditions for the functioning of supervisory colleges, and repealing Commission Delegated Regulation (EU) 2016/98 (OJ L, 2025/791, 8.8.2025).

(2) To account for those multiple amendments and for the sake of legal certainty, it is necessary to repeal and replace Commission Implementing Regulation (EU) No 710/2014.

(3) Joint decisions on institution-specific prudential requirements are to be applied at the level of application determined in accordance with Article 110 of Directive 2013/36/EU, including at individual, sub consolidated or consolidated level, where relevant.

(4) Efficient exchange of appropriate information is essential for reaching a joint decision on the adequacy of own funds, the supervisory measures relating to liquidity supervision, the level of liquidity and capital requirements and guidance on additional own funds applied to each institution of a group and the group.

(5) In order to ensure a consistent application of the process for the reaching of a joint decision, it is important that each step is well defined. A clear process also facilitates exchange of information, promotes mutual understanding, develops relationships between supervisory authorities and promotes effective supervision.

(6) In order to perform the risk assessment for a group of institutions, the consolidating supervisor should have an overview of the activities carried out by all of the institutions within the group and should gather all the relevant information, including on institutions operating outside the Union. To enable a comprehensive assessment of the risks faced by the group and its subsidiaries, interaction and information exchange should be promoted not only with the competent authorities responsible for the supervision of subsidiaries, but also with other members and observers of the college whose mandates may provide relevant input to that assessment. The involvement of members and observers of the college of supervisors in the risk assessment, including the scope and the information to be exchanged for that purpose, should be documented in the written coordination and cooperation arrangements of the college of supervisors.

(7) Timely and realistic planning for the joint decision process is essential. All members and observers of the college involved should provide the consolidating supervisor with relevant information on a timely basis.

(8) To ensure uniform conditions of application, the steps to be followed for the performance of the joint risk assessment and the reaching of the joint decision should be established, recognising that some tasks of the joint risk assessment and joint decision process may be performed in parallel and others sequentially.

(9) To facilitate the reaching of joint decisions, it is important that the competent authorities involved in the decision-making process engage in a dialogue with each other, in particular before finalizing the risk assessment and joint decisions.

(10) The consolidating supervisor should provide the competent authorities involved with all relevant information necessary for the preparation of their individual risk assessment and the reaching of joint decisions.

(11) The reports containing the risk assessment of the group and the institutions of the group are core documents enabling the consolidating supervisor and competent authorities to understand and record the assessment of the overall risk profile of the banking group and the institutions within the group for the purpose of reaching joint

decisions. In order for the individual and group risk assessments to be presented in a consistent and uniform manner, and to support meaningful discussions among competent authorities and enable a robust assessment of cross border banking group risks, a common template for these reports should be established.

(12) To enhance the effectiveness of their supervisory action, the consolidating supervisor and the relevant competent authorities shall consider proportionality and adjust the focus and granularity of their risk assessment in accordance with the risk profile of the group and its institutions, the materiality of the different risks, the results of the supervisory stress tests referred to in Article 100 of Directive 2013/36/EU or the outcome of previous risk assessments. The individual and group risk assessment reports should document how proportionality was taken into account.

(13) Whilst recognising that outcomes of the supervisory review and evaluation process specified in Article 97 of Directive 2013/36/EU may be documented differently across Member States depending on the implementation of that Article in national legislation while taking into account the guidelines issued by the European Banking Authority in accordance with Article 107(3) of Directive 2013/36/EU, a standardized presentation should enable a consistent communication of findings and outcomes of the supervisory review process for the purposes of reaching joint decisions.

(14) The group risk assessment report should not be limited to an aggregation of individual contributions from competent authorities. It should be used as a tool for performing the joint assessment of the risks of the whole group and analysing the interaction of intra-group items.

(15) Establishing clear processes for the content and articulation of the joint decision should ensure that joint decisions are fully reasoned and facilitate the monitoring of joint decisions and their enforcement.

(16) To facilitate the reaching of joint decisions, relevant information on other supervisory measures, including measures requiring the reinforcement of governance arrangements, risk management or internal controls mechanisms should be explicitly documented in the individual and group risk assessment reports.

(17) Reaching joint decisions on capital and liquidity requirements and guidance on additional own funds at the same date, and combining them in a single joint decision document, promotes a consistent and holistic assessment of the group and subsidiaries. It is therefore efficient that the consolidating supervisor and relevant competent authorities strive to align the timelines for reaching the different joint decisions.

(18) Submission of the relevant and up to date elements of the group risk assessment report is necessary for the start of the four-month period for reaching each of the joint decisions pursuant to Article 113(2) of Directive 2013/36/EU.

(19) In order to clarify the process to be followed once the joint decision is reached, provide transparency on the treatment of the outcome of the decision and facilitate appropriate follow-up action where needed, standards regarding the communication of the fully reasoned joint decision and the monitoring of its implementation should be established.

(20) The process to be followed for the updates of joint decisions should be established in order to ensure a consistent and transparent approach as well as appropriate involvement of competent authorities and the communication of the outcomes.

(21) The joint decision process under Article 113 of Directive 2013/36/EU includes the process to be followed where no joint decision is reached. To ensure uniform conditions of application on this aspect of the process, the articulation of fully reasoned decisions and the treatment of views and reservations expressed by host supervisors, standards covering the timeline for taking decisions in the absence of a joint decision and the communication of the details of such decisions should be established.

(22) Given the several amendments to be made, Implementing Regulation (EU) No 710/2014 should be repealed and replaced in the interest of clarity. Therefore, references to Implementing Regulation (EU) No 710/2014 should be construed as references to this Regulation.

(23) This Regulation is based on the draft implementing technical standards submitted by EBA to the Commission;

(24) EBA has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council[5],

HAS ADOPTED THIS REGULATION:

CHAPTER I

SUBJECT MATTER AND DEFINITIONS

Article 1

Subject matter

This Regulation specifies the following joint decision processes referred to in Article 113 of Directive 2013/36/EU:

(a) the process of reaching a joint decision on matters referred to in Article 113(1), point (a), taking account of any waiver granted pursuant to Articles 7 or 10 of Regulation (EU) No 575/2013 of the European Parliament and of the Council[6];

5 Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

6 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

(b) the process of reaching a joint decision on matters referred to in Article 113(1), point (b), taking account of any waiver granted pursuant to Articles 6, 8 or 10 of Regulation (EU) No 575/2013;

(c) the process of reaching a joint decision on matters referred to in Article 113(1), point (c), taking account of any waiver granted pursuant to Articles 7 or 10 of Regulation (EU) No 575/2013.

For the purposes of this Regulation, the joint decisions referred to in the first subparagraph of this Article, points (a), (b) and (c) shall apply at the level determined in accordance with Article 110 of Directive 2013/36/EU.

Article 2

Definitions

For the purposes of this Regulation, the following definitions shall apply:

(1) ‘relevant competent authorities’ means competent authorities responsible for the supervision of subsidiaries of an EU parent institution, of an EU parent financial holding company or of an EU parent mixed financial holding company in a Member State;

(2) ‘other members and observers of the college of supervisors’ means any member or observer participating in a college of supervisors in accordance with Article 3 of Commission Delegated Regulation (EU) 2025/791, which is not a relevant competent authority;

(3) ‘individual risk assessment report’ means the report presenting the outcome of the risk assessment performed in accordance with Articles 73, 86, 97, 104a, 104b and 105 of Directive 2013/36/EU on an individual basis;

(4) ‘group risk assessment report’ means the report containing the risk assessment of the group of institutions in accordance with Articles 104a and 104b of Directive 2013/36/EU and the assessment of the liquidity risk profile of the group of institutions in accordance with Articles 86 and 105 of Directive 2013/36/EU;

(5) ‘capital requirements joint decision’ means a joint decision on matters referred to in Article 1, point (a);

(6) ‘liquidity joint decision’ means a joint decision on matters referred to in Article 1, point (b);

(7) ‘capital guidance joint decision’ means a joint decision on matters referred to in Article 1, point (c);

(8) ‘joint decision’ means a capital requirements joint decision, a liquidity joint decision or a capital guidance joint decision.

CHAPTER II

JOINT DECISION PROCESS

Article 3

Steps of the joint decision process

1. Prior to the start of the joint decision process the consolidating supervisor and the relevant competent authorities shall agree on a timetable of steps to be followed in that process (hereinafter 'joint decision timetable'). In case of disagreement, the consolidating supervisor shall set the joint decision timetable after considering the views and reservations expressed by the relevant competent authorities.

2. The joint decision timetable shall be updated at least annually and shall include the following steps:

(a) agreement on the involvement of other members and observers of the college of supervisors in the group risk assessment process pursuant to Article 4;

(b) submission of the individual risk assessment reports by the relevant competent authorities and of the draft group risk assessment report by the consolidating supervisor pursuant to Article 5, and submission of contributions from other members and observers of the college of supervisors involved pursuant to Article 4;

(c) dialogue between the consolidating supervisor and relevant competent authorities on the draft group risk assessment report including the proposals for the joint decision pursuant to Article 6;

(d) submission of the group risk assessment report by the consolidating supervisor to the relevant competent authorities pursuant to Article 7(2) and other members and observers of the college of supervisors pursuant to Article 7(4);

(e) submission of contributions to the draft joint decision by the relevant competent authorities to the consolidating supervisor pursuant to Article 8;

(f) submission of the draft joint decision from the consolidating supervisor to the relevant competent authorities pursuant to Article 8;

(g) dialogue between the consolidating supervisor and relevant competent authorities on the draft joint decision;

(h) consultation on the draft joint decision document with the EU parent institution and institutions of the group, where required by the legislation of a Member State;

(i) reaching of the joint decision pursuant to Article 9;

(j) communication of the joint decision by the consolidating supervisor and relevant competent authorities to the EU parent institution and institutions of the group pursuant to Article 10;

3. Where appropriate, in particular to reflect the urgency of any extraordinary update undertaken pursuant to Articles 16 and 17, the joint decision timetable shall be reviewed.

4. The consolidating supervisor and relevant competent authorities shall communicate to the institutions of the group for which they are respectively responsible an indicative date for the consultation referred to in paragraph 2, point (h) on the aspects of the draft joint decision document insofar as these institutions are concerned.

   The consolidating supervisor and relevant competent authorities shall communicate to the institutions of the group for which they are respectively responsible an estimated date for the communication referred to in paragraph 2, point (j).

5. The consolidating supervisor shall aim to reach the joint decisions referred to in Article 1, points (a) to (c) at the same date and to combine them in a single joint decision document.

Article 4

Involvement of other members and observers of the college of supervisors in the group risk assessment process

The consolidating supervisor may decide to involve other members and observers of the college of supervisors in the production of the group risk assessment report.

Such involvement shall be described in the terms of participation of observers in the college of supervisors included in the written coordination and cooperation arrangements pursuant to Article 4 of Commission Implementing Regulation (EU) 2025/790.

The involvement of supervisory authorities of third countries referred to in Article 3(2), point (a), and Article 3(3), point (b), of Delegated Regulation (EU) 2025/791, shall be subject to the confidentiality requirements laid down in Article 116 of Directive 2013/36/EU.

Article 5

Individual risk assessment reports and draft group risk assessment report

1. In order to facilitate due consideration of the risk assessment of subsidiaries in the joint decision in accordance with Article 113(2) of Directive 2013/36/EU, the relevant competent authorities shall provide the consolidating supervisor with their individual risk assessment reports in a timely manner and in any event by the deadline specified in the joint decision timetable referred to in Article 3(2), point (b).

2. The consolidating supervisor shall prepare the draft group risk assessment report based on the following:

(a) its own risk assessment of the group of institutions in accordance to Articles 73, 86, 97, 104a, 104b and 105 of Directive 2013/36/EU;

(b) the individual risk assessment reports referred to in paragraph 1 of this Article and its own individual risk assessment report;

(c) the contributions from other members and observers of the college of supervisors in accordance with Article 4;

(d) information exchanged in accordance with Article 10, Article 11(4) and Article 12 of Commission Delegated Regulation (EU) 2025/791.

The reports referred to in subparagraph 1 point (b) together with the contributions referred to in point (c) of that subparagraph shall be added as annexes to the draft group risk assessment report.

The consolidating supervisor shall provide the draft group risk assessment report to the relevant competent authorities in a timely manner and in any event by the deadline specified in the joint decision timetable referred to in Article 3(2), point (b).

3. For the purposes of paragraphs 1 and 2, the consolidating supervisor and the relevant competent authorities shall ensure that the risk assessment is proportionate to the risk profile of the institutions and the materiality of the different risks. The consolidating supervisor shall ensure that the draft group risk assessment report indicates how proportionality was taken into account.

4. The consolidating supervisor may provide the draft group risk assessment report to other members and observers of the college of supervisors subject to the terms of participation referred to in Article 4.

5. The individual risk assessment reports referred to in paragraph 1 and the draft group risk assessment report referred to in paragraph 2 shall be prepared using the Annex as follows:

(a) for the purpose of the capital requirements joint decision Parts I, II, III and V of the Annex;

(b) for the purpose of the liquidity joint decision Parts I, II and VI of the Annex;

(c) for the purpose of the capital guidance joint decision Parts I, II, IV and V of the Annex.

6. Where joint decisions are reached on the same date, in accordance with Article 3(5), Parts I, II and V of the Annex shall be submitted only once.

7. The report submitted by the consolidating supervisor shall be considered complete when it includes the elements necessary for the specific joint decision or decisions concerned as indicated in paragraphs (5) and (6) of this Article.

Article 6

Dialogue on the draft group risk assessment report and proposals for joint decision

1. The consolidating supervisor shall decide on the form and scope of the dialogue with the relevant competent authorities on the draft group risk assessment report referred to in Article 5(2).

2. The consolidating supervisor and the relevant competent authorities shall discuss the reconciliation of the proposals for joint decisions included in the individual risk assessment reports referred to in Article 5(1) with the proposals in the draft group risk assessment report referred to in Article 5(2), as applicable.

3. The proposals referred to in paragraph 2 shall at least consist of :

(a) the proposed levels of own funds that a group of institutions at consolidated level and all institutions of this group at individual level are required to hold pursuant to Article 104(1), point (a), of Directive 2013/36/EU;

(b) the proposed levels of specific liquidity requirements that a group of institutions at consolidated level and all institutions of this group at individual level are required to meet pursuant to Article 105 of Directive 2013/36/EU;

(c) the proposed level of own funds to cover the guidance in accordance to Article 104b(3) of Directive 2013/36/EU for the group of institutions at consolidated level and all institutions of this group at individual level.

Article 7

Finalisation of the group risk assessment report

1. Based on the dialogue referred to in Article 6, the consolidating supervisor shall finalise the group risk assessment report using the format and content of the draft group risk assessment report, as referred to in Article 5. The consolidating supervisor shall explain any material changes introduced in the group risk assessment report. Changes shall reflect the outcome of the dialogue and include the appropriate updates of the annexes to the group risk assessment report.
2. The consolidating supervisor shall provide the group risk assessment report to the relevant competent authorities in a timely manner and in any event by the deadline specified in the joint decision timetable pursuant Article 3(2), point (d).
3. In accordance with Article 113(2), point (a) of Directive 2013/36/EU, the submission to the relevant competent authorities of the information under Article 5(5), point (a) shall initiate the start of the four-month period for reaching the capital requirements joint decision.
4. In accordance with Article 113(2), point (b) of Directive 2013/36/EU, the submission to the relevant competent authorities of the information under Article 5(5), point (b) shall initiate the start of the four-month period for reaching the liquidity joint decision.
5. In accordance with Article 113(2), point (c) of Directive 2013/36/EU, the submission to the relevant competent authorities of the information under Article 5(5), point (c) shall initiate the start of the four-month period for reaching the capital guidance joint decision.
6. The consolidating supervisor may provide the group risk assessment report to other members or observers of the college of supervisors subject to the terms of participation referred to in Article 4.

Article 8

Draft joint decision

1. The relevant competent authorities shall provide their contributions to the draft joint decision to the consolidating supervisor in a timely manner and in any event by the deadline specified in the joint decision timetable pursuant to Article 3(2), point (e). Contributions shall cover all institutions within a group of institutions falling within the scope of the joint decision process.

2. The consolidating supervisor shall contribute to the draft joint decision. Its contributions shall include at least all of the following:

(a) all institutions of a group at individual level which are authorised in the jurisdiction of the consolidating supervisor and which fall into the scope of the joint decision process;

(b) the group of institutions at consolidated level.

3. The consolidating supervisor shall prepare a fully reasoned draft joint decision covering the group and the institutions of this group. The draft joint decision shall set out each of the following elements:

(a) the names of the consolidating supervisor and relevant competent authorities involved in the joint decision process;

(b) the name of the group of institutions and a list of all institutions within the group to which the draft joint decision relates and applies;

(c) the references to the applicable Union and national law relating to the preparation, finalisation and application of the joint decision;

(d) the date of the draft joint decision and of any relevant update thereto.

4. In addition to the elements specified in paragraph 3, the draft capital requirements joint decision shall set out each of the following elements:

(a) the conclusion on the application of Articles 73 and 97 of Directive 2013/36/EU and information on the application of other supervisory measures and powers pursuant to Article 102 and Article 104(1), points (b) to (o) of Directive 2013/36/EU;

(b) the conclusion on the adequacy of own funds held by the group of institutions at consolidated level and by each institution of the group at individual level;

(c) the conclusion on the level of own funds that the group and each institution of the group is required to hold respectively at consolidated and individual level pursuant to Article 104(1), point (a) of Directive 2013/36/EU;

(d) information on the minimum prudential requirements which apply to each institution pursuant to Articles 92, 92a and 92b of Regulation (EU) No 575/2013 and Articles 129, 130, 131 and 133 of Directive 2013/36/EU and on any other applicable prudential or macro-prudential requirements, guidelines, recommendations or warnings;

(e) the reference date to which the conclusions referred to in points (a) to (c) relate;

(f) the timeline for the implementation of the conclusions referred to in point (c) where applicable.

5. In addition to the elements specified in paragraph 3, the draft liquidity joint decision shall set out the following elements:

(a) the conclusion on the liquidity adequacy for the group at consolidated level and for each institution of the group at individual level;

(b) the conclusion on measures taken to address any significant matters and material findings relating to liquidity supervision including relating to the adequacy of the organisation and the treatment of risks as required pursuant to Article 86 of Directive

2013/36/EU and relating to the need for specific liquidity requirements in accordance with Article 105 of that Directive for each institution within the group at individual level and for the group at consolidated level;

(c) information on any other applicable prudential or macro-prudential requirements, guidelines, recommendations or warnings;

(d) the reference date to which the conclusions referred to in point (a) to (b) relate;

(e) the timeline for the implementation of the conclusion referred to in point (b), where applicable.

6. In addition to the elements specified in paragraph 3 and paragraph 4, points (a), (b) and (d), the draft capital guidance joint decision shall set out each of the following elements:

(a) the conclusion on the adequacy of own funds to cover all risks that an institution is exposed to and to absorb potential losses resulting from stress scenarios, including those identified under the supervisory stress test referred to in Article 100 of Directive 2013/36/EU both at consolidated level and individual level;

(b) the conclusion on the guidance on additional own funds for each institution of the group at individual level and for the group at consolidated level pursuant to Article 104b(3) of Directive 2013/36/EU;

(c) the reference date to which the conclusions referred to in points (a) to (b) relate;

(d) the timeline for the implementation of the conclusions referred to in point (b) where applicable.

7. The conclusions referred to in point (b) of paragraph 4 shall be linked to and supported by the conclusion referred to in point (a) of paragraph 4.

8. The conclusions referred to in point (c) of paragraph 4 and point (b) of paragraph 6 shall meet all of the following requirements:

(a) they shall be formulated as an amount or a ratio or a combination of both;

(b) they shall provide details respectively of the quality of additional own funds required under Article 104a of Directive 2013/36/EU and the quality of own funds to be used to meet the guidance on additional own funds in accordance with Article 104b(3) of that Directive;

(c) they shall be linked to and supported by the conclusion referred to in point (a) of paragraph 4 and point (a) of paragraph 6, as applicable.

9. The conclusions in the draft joint decision document regarding each institution of the group at individual level and the group of institutions at consolidated level shall be clearly identifiable and concise, reflecting the key concerns from the risk assessment.

10. The consolidating supervisor shall provide the draft joint decision document to the relevant competent authorities in a timely manner and in any event by the deadline specified in the joint decision timetable pursuant to Article 3(1), point (f).

Article 9

Finalisation of the joint decision

1. The consolidating supervisor shall prepare a final joint decision based on the contributions referred to in Article 3(2), point (e) and any conclusions from the dialogue with the relevant competent authorities as referred to in Article 3(2), point (g).
2. An agreement on the final joint decision shall be reached by the consolidating supervisor and all relevant competent authorities.
3. The agreement shall be evidenced in writing by representatives of the consolidating supervisor and relevant competent authorities with appropriate authority to commit their respective competent authorities.
4. The relevant authorities shall provide the agreement in a timely manner and in any event by the deadline specified in the joint decision timetable pursuant to Article 3(2), point (i).

Article 10

Communication of the joint decision

1. The consolidating supervisor shall provide the joint decision document to the management body of the EU parent institution in a timely manner and in any event by the deadline specified in the joint decision timetable pursuant to Article 3(2), point (j). The consolidating supervisor shall confirm this communication to the relevant competent authorities.
2. The relevant competent authorities in a Member State shall provide to the management bodies of institutions which are authorised in that Member State the respective parts of the joint decision document that are relevant to each of those institutions in a timely manner and in any event by the deadline specified in the joint decision timetable pursuant to Article 3(2), point (j).
3. The consolidating supervisor shall, where appropriate, discuss the joint decision document with the EU parent institution to explain the details of the decisions and their application.
4. The relevant competent authorities in a Member State shall, where appropriate, discuss with the institutions established in this Member State the respective parts of the joint decision document that are relevant to each of these institutions to explain the details of the decisions and their application.

Article 11

Monitoring of the application of the joint decision

1. The consolidating supervisor shall communicate the outcome of the discussion referred to in Article 10(3) to the relevant competent authorities where:

(a) an EU parent institution is required to meet additional own funds requirements pursuant to Article 104(1), point (a) of Directive 2013/36/EU at individual or consolidated level,

(b) an EU parent institution is required to address significant matters or material findings relating to liquidity supervision or to meet specific liquidity requirements pursuant to Article 105 of Directive 2013/36/EU, at individual or consolidated level,

(c) guidance on additional own funds has been communicated to an EU parent institution pursuant to Article 104b(3) of Directive 2013/36/EU at individual or consolidated level.

2. The relevant competent authorities in a Member State shall communicate the outcome of the discussion referred to in Article 10(4) to the consolidating supervisor where:

(a) an institution authorised in that Member State is required to meet additional own funds requirements pursuant to Article 104(1), point (a) of Directive 2013/36/EU at individual level;

(b) an institution authorised in that Member State is required to address significant matters or material findings relating to liquidity supervision or to meet specific liquidity requirements pursuant to Article 105 of Directive 2013/36/EU at individual level,

(c) guidance on additional own funds has been communicated to an institution authorised in that Member State pursuant to Article 104b(3) of Directive 2013/36/EU at individual level.

3. The consolidating supervisor shall forward the outcome of the discussion referred to in paragraph 2 to the other relevant competent authorities.

4. The consolidating supervisor and relevant competent authorities shall monitor the application of the joint decisions that are relevant to each of the institutions of the group for which they are respectively responsible.

CHAPTER III

DISAGREEMENTS AND DECISIONS TAKEN IN THE ABSENCE OF JOINT DECISION

Article 12

Decision process in the absence of joint decision

1. In the absence of a joint decision between the consolidating supervisor and the relevant competent authorities within the time periods referred to in Article 7(3) to (5), respectively, the decisions referred to in Article 113(3) of Directive 2013/36/EU shall be evidenced in writing and shall be taken by the latest of the following dates:

(a) the date one month after the expiry of the time period referred to in Article 7(3) to (5);

(b) the date one month after the provision of any advice by the EBA following a request for consultation in accordance with the third subparagraph of Article 113(2) of Directive 2013/36/EU;

(c) the date one month after any decision taken by the EBA in accordance with the first or second subparagraphs of Article 113(3) of Directive 2013/36/EU or any other date set by the EBA in such a decision.

2. The relevant competent authorities shall communicate to the consolidating supervisor the decisions they have taken at individual level in the absence of a joint decision.

3. The consolidating supervisor shall include the decisions referred to in paragraph 2 with its decisions taken at individual and consolidated levels into a single document and shall provide this document to all relevant competent authorities.

4. Where the EBA has been consulted, the document referred to in paragraph 3 shall include an explanation of any deviations from the advice of the EBA.

Article 13

Decisions taken in the absence of joint decision

1. A decision taken in the absence of joint decision shall be set out in a document that contains all of the following items:

(a) the name of the consolidating supervisor or relevant competent authority taking the decision;

(b) the name of the group of institutions or the institution of the group to which the decision relates and applies;

(c) the references to the applicable Union and national law relating to the preparation, finalisation and application of decisions;

(d) the description of how the risk assessment, views and reservations expressed by the other relevant competent authorities or consolidating supervisor are considered, where applicable;

(e) the date of the decision.

2. In addition to the elements specified in paragraph 1, a capital requirements decision in the absence of a joint decision shall set out each of the following items:

(a) the conclusion on the application of Articles 73 and 97 of Directive 2013/36/EU and information on the application of other supervisory measures and powers pursuant to Articles 102 and 104(1), points (b) to (o) of Directive 2013/36/EU;

(b) for capital requirements decisions taken on a consolidated basis, the conclusion on the adequacy of own funds held by the group of institutions at consolidated level;

(c) for capital requirements decisions taken on an individual basis, the conclusion on the adequacy of own funds held by the relevant institution at individual level;

(d) for capital requirements decisions taken on a consolidated basis, the conclusion on the level of own funds that the group of institutions is required to hold at consolidated level pursuant to of Article 104(1), point (a) of Directive 2013/36/EU;

(e) for capital requirements decisions taken on an individual basis, the conclusion on the level of own funds that the relevant institution is required to hold at individual level pursuant to Article 104(1), point (a) of Directive 2013/36/EU;

(f) information on the minimum prudential requirements which apply to the relevant institutions pursuant to Articles 92, 92a and 92b of Regulation (EU) No 575/2013 and Articles 129, 130, 131 and 133 of Directive 2013/36/EU and on any other applicable prudential or macro-prudential requirements, guidelines, recommendations or warnings.

(g) the reference date to which the conclusions referred to in points (a) to (e) relate;

(h) the timeline for the implementation of the conclusions referred to in points (d) and (e), where applicable.

3. In addition to the elements specified in paragraph 1, a liquidity decision taken in the absence of a joint decision shall set out each of the following items:

(a) for liquidity decisions taken on a consolidated basis, the conclusion on the liquidity adequacy for the group of institutions at consolidated level;

(b) for liquidity decisions taken on an individual basis, the conclusion on the liquidity adequacy for the relevant institution at individual level;

(c) for liquidity decisions taken on a consolidated basis, the conclusion on measures taken to address any significant matters and material findings relating to liquidity supervision including relating to the adequacy of the organisation and the treatment of risks as required pursuant to Article 86 of Directive 2013/36/EU and relating to the need for specific liquidity requirements in accordance with Article 105 of that Directive for the group at consolidated level;

(d) for liquidity decisions taken on an individual basis, the conclusion on measures taken to address any significant matters and material findings relating to liquidity supervision including relating to the adequacy of the organisation and the treatment of risks as required pursuant to Article 86 of Directive 2013/36/EU and relating to the need for specific liquidity requirements in accordance with Article 105 of that Directive for the relevant institution at individual level;

(e) the reference date to which the conclusions referred to in points (a) to (d) relate;

(f) information on any other applicable prudential or macro-prudential requirements, guidelines, recommendations or warnings;

(g) the timeline for the implementation of the conclusions referred to in points (c) and (d), as applicable.

4. In addition to the elements specified in paragraph 1 and paragraph 2, points (a), (b), (c) and (f), a capital guidance decision taken in the absence of a joint decision shall set out each of the following items:

(a) for capital guidance decisions taken on a consolidated basis, the conclusion on the adequacy of own funds to cover all risks that an institution is exposed to and to potential losses resulting from stress scenarios, including those identified under the supervisory stress test referred to in Article 100 of Directive 2013/36/EU, for the group of institutions at consolidated level;

(b) for capital guidance decisions taken on an individual basis, the conclusion on the adequacy of own funds to cover all risks that an institution is exposed to and to absorb potential losses resulting from stress scenarios, including those identified under the supervisory stress test referred to in Article 100 of Directive 2013/36/EU, for the relevant institution at individual level;

(c) for capital guidance decisions taken on a consolidated basis, the conclusion on the guidance on own funds for the group of institutions at consolidated level pursuant to Article 104b(3) of Directive 2013/36/EU;

(d) for capital guidance decisions taken on an individual basis, the conclusion on the guidance on own funds for the relevant institution at individual level pursuant to Article 104b(3) of Directive 2013/36/EU;

(e) the reference date to which the conclusions referred to in points (a) to (d) relate;

(f) the timeline for the implementation of the conclusions referred to in points (c) and (d), as applicable.

5. The capital requirements decisions taken in the absence of a joint decision at individual or consolidated level shall meet the requirements set out in Article 8(7) to (9), where applicable.

6. The liquidity decisions taken in the absence of a joint decision at individual or consolidated level shall meet the requirements set out in Article 8(9), where applicable.

7. The capital guidance decisions taken in the absence of a joint decision at individual or consolidated level shall meet the requirements set out in Article 8(8) and (9), where applicable.

Article 14

Communication of decisions taken in the absence of joint decision

1. The consolidating supervisor shall provide the decision document referred to in Article 12(3) to the management body of the EU parent institution.

2. The relevant competent authorities in a Member State shall provide to the management bodies of institutions which are authorised in that Member State the respective parts of the decision document referred to in paragraph 1 that are relevant to each of these institutions.

3. The consolidating supervisor shall, where appropriate, discuss the decision document with the EU parent institution to explain the details and application of the decisions taken in the absence of a joint decision.

4. The relevant competent authorities in a Member State shall, where appropriate, discuss with the institutions established in this Member State the respective parts of

the decision document that are relevant to each of these institutions to explain the details and application of the decisions taken in the absence of a joint decision.

Article 15

Monitoring of the application of the decisions taken in the absence of joint decision

The consolidating supervisor and relevant competent authorities shall monitor the application of the capital requirements decisions, liquidity decisions and capital guidance decisions taken in the absence of a joint decision, that are relevant to each of the institutions of the group for which they are respectively responsible.

CHAPTER IV

UPDATE AND EXTRAORDINARY UPDATE OF JOINT DECISIONS AND DECISIONS TAKEN IN THE ABSENCE OF JOINT DECISION

Article 16

Extraordinary update of joint decisions

1. Where a request for an extraordinary update of a joint decision is initiated by the consolidating supervisor or a relevant competent authority pursuant to Article 113(4) of Directive 2013/36/EU, the consolidating supervisor shall communicate this request to all relevant competent authorities. The extraordinary update shall follow the process set out in Articles 8 to 11.

2. Where a relevant competent authority requests to update a joint decision in relation to an institution other than an EU parent institution, an EU parent financial holding company or an EU parent mixed financial holding company with the consolidating supervisor on a bilateral basis, the request shall be made in writing and be fully reasoned.

   The consolidating supervisor shall communicate the request referred to in the first subparagraph to all relevant competent authorities. The request shall include a draft joint decision document that complies with the requirements set out in Article 8. The consolidating supervisor shall set a deadline for relevant competent authorities to comment whether the update should be addressed on a bilateral basis.

   Where none of the relevant competent authorities requests to address the update on a non-bilateral basis within the specified deadline, the consolidating supervisor and the relevant competent authority which requested the extraordinary update shall contribute to and reach an agreement on the joint decision on a bilateral basis.

3. Where a relevant competent authority does not wish to submit a contribution to the updated joint decision in accordance with Article 8(1), the consolidating supervisor shall prepare the updated joint decision on the basis of the most recent contribution to the joint decision document received from the relevant competent authority.

Article 17

Annual and extraordinary update of decisions taken in the absence of joint decision

1. The annual update of decisions taken in the absence of joint decision shall follow the steps pursuant to Article 3(2), in so far as each step is relevant for the application of Article 97(4) of Directive 2013/36/EU.
2. Any extraordinary update of decisions taken in the absence of joint decision pursuant to Article 113(4) of Directive 2013/36/EU shall follow the process set out in Articles 8 to 11.

CHAPTER V

FINAL PROVISIONS

Article 18

Repeal

Commission Implementing Regulation (EU) 710/2014 is repealed.

References to the repealed Commission Implementing Regulation shall be construed as references to this Regulation.

Article 19

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President

[For the Commission

On behalf of the President

[Position]

ANNEX

Individual and Group Risk Assessment Report(s)

5. Accompanying documents

5.1. Draft cost-benefit analysis / impact assessment

As per Article 15 of Regulation (EU) No 1093/2010 (EBA Regulation), any draft implementing technical standards (ITS) developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses 'the potential related costs and benefits'.

This analysis presents the impact analysis of the main policy options included in this Consultation Paper on the draft ITS on the joint decision process for institution-specific prudential requirements under Article 113 of Directive 2013/36/EU ('the draft ITS'). The analysis provides an overview of the identified problems, the proposed options to address them as well as the potential impact of these options. The impact analysis is high level and qualitative in nature.

A. Problem identification and background

Article 113(5) of Directive 2013/36/EU ('the CRD') mandates the EBA to *'develop draft implementing technical standards to ensure uniform conditions of the application of the joint decision process referred to [in Art.113], with regard to the application of Articles 73, 86 and 97, Article 104(1) point (a), Articles 104b and 105 with a view to facilitating joint decisions (…)'*. The ITS developed under this mandate are intended to replace the ITS published by the Commission under Commission Implementing Regulation (EU) 710/2014 (2014 CIR) and reflect changes to the underlying legal provisions, notably the expanded scope of the joint decisions, and evolving supervisory practices and requirements.

B. Policy objectives

These draft ITS are intended to replace the 2014 CIR on the joint decision process for institution-specific prudential requirements according to CRD. The 2014 CIR has established harmonised procedures, timelines and templates for the preparation of risk assessment reports and the adoption of joint decisions within supervisory colleges. In doing so, it has contributed significantly to supervisory convergence, reducing the need for formal mediation. CRD V has amended the original mandate and expanded the scope of joint decisions to include P2G and leverage ratio-related elements, while supervisory practices have over time shifted towards a more risk-based, proportionate and continuous approach. Against this background, a revision of the ITS is necessary to ensure their continued alignment with the current legal mandate under Article 113 CRD and with the way joint decisions are prepared and reached in practice.

The changes aim to ensure that the Single Rulebook remains adequate and efficient. At the same time, the EBA has taken this opportunity to make the ITS future-proof by streamlining and reflecting the evolution of supervisory practices towards a more risk-based, proportionate and continuous approach.

Overall, the review will promote a holistic assessment of the risks to capital and liquidity and support joint decisions on capital and liquidity add-ons. This will achieve simplification by ensuring that risks are captured comprehensively and without duplication, promoting dialogue across authorities and facilitating collaboration. In addition, the EBA has thoroughly revised the templates for the risk assessment of the group and subsidiaries by removing information that has not proved to be helpful in the assessment, or that can be obtained from other sources (e.g. reporting); and refocussing them on information that is relevant to the decision and can support the purpose of the holistic capital and liquidity assessment.

As a result of the review, the burden for the competent authorities should be reduced and the decisions are expected to become more efficient. A holistic assessment, based on clear, comprehensive and effective inputs and achieved through a well-coordinated process, is a pre-condition for a clear communication to firms. Therefore, as an indirect effect, institutions should receive clearer, more consistent and more actionable communications on capital and liquidity.

C. Options considered, assessment of the options and preferred options

This section presents the main policy options discussed and the decisions made by the EBA during the development of the draft ITS. It sets out advantages and disadvantages, as well as potential qualitative costs and benefits of the policy options, and the preferred options resulting from this analysis. In areas where the new ITS replicate provisions already implemented under 2014 CIR, the EBA has not refreshed the impact assessment having considered that the new ITS does not introduce change compared to the status quo. The analysis of the costs and benefits of these unchanged provisions is set out in Implementing Technical Standards on joint decisions on institution-specific prudential requirements | European Banking Authority.

Combining all the joint decisions

The EBA considered whether to prescribe that the joint decisions for capital requirements, capital guidance and liquidity requirements should be made at the same time or could be split and made at different times, leaving the decision with the consolidating supervisor.

Option 1a: prescribe that capital requirements, capital guidance and liquidity joint decisions must be made at the same time; set out a list of exceptions when the decisions can be separated.

Option 1b: encourage authorities to take all the joint decisions at the same time, while leaving flexibility for the consolidating supervisor to split the decisions so the process could be adjusted to the college's needs.

The EBA considered that taking the decisions together facilitates the supervisory assessment of the need for additional requirements and guidance, and promotes a holistic, synergic and consistent discussion on risk and supervisory measures. As a consequence, firms can receive comprehensive feedback that is easier to understand and can be actioned effectively. Applying this approach uniformly across the EEA would promote a level playing field. Having a holistic prudential assessment and decision would be in line with the recommendations of the EBA Report on the Efficiency of the Regulatory and Supervisory Framework (TFE Report).

On the other hand, prescribing that capital requirements, capital guidance and liquidity joint decisions be made at the same time constrains the colleges in their ability to adjust the timelines of the process to their needs. This could increase resource costs. The EBA considered that flexibility to separate the decisions could be a better option, for example when information is unavailable due to a different timeline for the stress test results used to inform P2G; and it would allow competent authorities to manage resource constraints more efficiently. It would also allow general flexibility to adjust the process to unforeseeable events. Ultimately, when accounting for the relative maturity of the process after many years of implementation, flexibility would allow valuable efficiencies with limited loss in harmonization.

Based on the above, **option 1b has been chosen** as the preferred option.

Design of templates

When designing the templates covered in the Annex to the draft ITS, the EBA assessed two possible approaches.

Option 2a: To retain and update all-encompassing templates with detailed content.

Option 2b: To streamline and simplify the templates while updating them.

Under option 2a, the templates existent under 2014 CIR would be upgraded to reflect terminology adjustments (e.g. to align with revised SREP framework) and regulatory updates, while retaining the granularity currently in place, by which authorities are asked to complete a detailed assessment of each individual SREP category.

Under option 2b, the templates would focus on key consistent elements of information and ensure harmonisation at a higher level. The content of the templates would be streamlined by moving away from detail and format which can be adjusted to the case.

The EBA considered that option 2a, having all-encompassing templates with detailed content, has the benefit of ensuring full comparability across firms. However, it makes the templates longer, more burdensome to complete and with little value at times.

On the other hand, option 2b strikes a different, more agile balance by allowing material streamlining and establishing focus on key supervisory concerns and remedial actions. It further reflects proportionality and is consistent with more mature supervisory processes, in line with the revised SREP framework. This option has the benefit of achieving efficiency by supporting best use of resources.

Based on the above, **option 2b has been chosen** as the preferred option.

Communication of joint decisions to firms

The EBA considered whether the ITS should introduce new templates for communication of the joint decision to firms.

Option 3a: to introduce new templates for consistent communication of joint decisions to firms.

Option 3b: to not introduce new templates and retain the current approach, which sets out the elements covered by the joint decision document (in Article 8) and to whom the communication should be addressed (in Article 10).

The EBA considered that option 3a would respond to strong feedback received in the public consultation on the revised SREP Guidelines, that communications to firms should be enhanced, clearer, more consistent, and coordinated and predictable for groups and individual firms. The introduction of new common templates under option 3a would maximise harmonisation in communications to firms. However, this option would increase implementation costs and make such communication templates difficult to update over time to reflect regulatory developments and changes in supervisory approaches.

Under option 3b supervisors would retain flexibility in updating the content and structure of communication as regulatory and supervisory approaches evolve. They would retain responsibility for adjusting the content of the communication to the specific joint decision and reflecting the legal context of the different countries. This ensures that communication with firms remains risk-focused and proportionate rather than being identical for all firms but potentially redundant. These considerations make option 3b more efficient and less costly.

Under Option 3b, strengthened transparency and consistency of communications with firms is indirectly supported by the new templates, which have been refocused around the key elements of the joint decision.

Finally, the EBA considered that competent authorities already design templates for communication to firms, and these can be peer-reviewed and monitored ex post to assess consistency and transparency, as an alternative to introducing additional requirements for competent authorities.

Based on the above, option 3b has been chosen as the preferred option.

Systemic risk and macroprudential measures

The EBA considered whether to retain references to systemic risk and applicable macroprudential measures in the risk assessment and joint decisions.

Option 4a: to retain the current approach where systemic risk and applicable macroprudential measures must be reflected in the risk assessment reports and joint decisions document.

Option 4b: to remove the reference to these macroprudential elements and considerations.

The EBA considered that current practice appears to differ across jurisdictions, and it is not always clear whether or how macroprudential information is currently considered in the risk assessment and joint decisions. A proper implementation of option 4a may therefore require collaboration efforts and increase costs.

On the other hand, retaining the references to systemic risk and macroprudential measures in the risk assessment and joint decisions would reiterate support for a consistent and transparent treatment of systemic risk and macroprudential requirements in the joint decision process and the importance of effective coordination between authorities with different mandates (macroprudential and microprudential). Retaining this holistic view would also support the recommendations of the EBA TFE Report and be consistent with the revised SREP Guidelines.

Based on the above, **option 4a has been chosen** as the preferred option.

D. Conclusion

The development of the draft ITS replacing the 2014 CIR on the joint decision process for institution-specific prudential requirements according to CRD aims to ensure that the Single Rulebook remains adequate and efficient by reflecting the expanded scope of the risk assessment and joint decisions under CRD V and by aligning the ITS to the way joint decisions are prepared and reached in practice.

The changes will promote a holistic assessment of the risks to capital and liquidity and support a more efficient process for reaching joint decisions on capital and liquidity add-ons. A holistic assessment, based on clear, comprehensive and effective inputs and achieved through a well-coordinated process, is a pre-condition for clear communication to firms. The expected benefits - namely improved risk assessments and joint decisions and greater transparency - are expected to outweigh the costs.

5.2. Overview of questions for consultation

Q1. Do you have any comments on the proposed revision of the scope of the revised ITS to reflect coverage of Pillar 2 Guidance (P2G) and leverage-ratio related elements?

Q2. Do you agree that the revised ITS and templates are appropriately aligned with the revised SREP framework, including as regards proportionality, SREP categories and the focus on key supervisory concerns? If not, please specify which aspects should be further adjusted.

Q3. Do you agree with the explicit documentation and incorporation of supervisory measures of a qualitative nature in the joint decision process and in the revised templates? Please explain your answer.

Q4. Do you agree that the revised ITS support a more holistic, transparent and coordinated process for reaching joint decisions on prudential requirements and guidance, including with a view to ensure they do not cover risks or elements of risk already captured by other prudential requirements (e.g. output floor) and/or macroprudential measures? Please identify any areas for further clarification or improvement.

Q5. In your view, are there additional elements that the ITS should cover to promote a synergic, comprehensive view of cross border groups' capital and liquidity adequacy, consistent across consolidated and individual levels?

Q6. Do you agree with the proposed streamlining and simplification of the templates? In particular, do you consider that the revised templates strike an appropriate balance between simplification and the need to ensure consistent application of joint decisions across the EU? Please explain.