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NEWS FROM THE ECB

COVID-19 - ECB supports macroprudential policy measures implemented by euro area authorities

15 April 2020 - The European Central Bank (ECB) has announced that it supports the macroprudential policy measures taken by various euro area authorities in response to the COVID-19 pandemic. It effectively endorses the actions taken to reduce capital requirements, including the countercyclical capital buffer, the systemic risk buffer and buffers for systemically important institutions, under the Capital Requirements Regulation (575/2013/EU). This frees up over €20 billion of common equity Tier 1 (CET1) capital for euro area banks to absorb losses and support lending.

The ECB has also published an overview of the macroprudential policy measures taken by national competent authorities since the beginning of the pandemic.

Press release: ECB supports macroprudential policy measures implemented by euro area authorities in response to COVID-19 is [here](#).

ECB overview of macroprudential policy measures taken by authorities in response to COVID-19 is [here](#).

COVID-19 - ECB announces temporary reduction in capital requirements relating to market risk for banks under the Single Supervisory Mechanism

16 April 2020 - The ECB has announced a temporary reduction in the capital requirements relating to market risk for banks under the Single Supervisory Mechanism in response to the high levels of volatility recorded in financial markets since the outbreak of COVID-19.

The ECB states that this temporary reduction relates to the qualitative market risk multiplier, which is set by supervisors and used to compensate the possible underestimation by banks of their capital requirements for market risk. This temporary reduction of the qualitative multiplier compensates for currently observed increases of the quantitative multiplier, which can rise when market volatility has been higher than predicted by banks' internal models. The ECB states that the measure is intended to smooth procyclicality and maintain banks' ability to provide market liquidity and continue market-making activities.

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The ECB will review the decision after six months on the basis of observed market volatility.

Press release: ECB announces temporary relief for capital requirements for market risk is [here](#).

Cross-border repercussions of macroprudential policies - ECB publishes framework for assessment

April 2020 - The ECB has published a report with a framework designed to assess the “cross-border spillover effects of macroprudential policies” which may result from a number of issues, including regulatory arbitrage and risk management decisions. This should assist national competent authorities in their assessment of the need for reciprocity when implementing macroprudential measures.

ECB framework to assess cross-border spillover effects of macroprudential policies is [here](#).

COVID-19 - ECB announces a package of temporary collateral easing measures

April 2020 - The ECB has announced a set of collateral measures intended to mitigate the tightening of financial conditions across the euro area in response to the COVID-19 pandemic. Measures include a temporary increase in the Eurosystem’s risk tolerance in order to support credit to the economy, easing of the conditions for the use of credit claims as collateral and a waiver to accept Greek sovereign debt instruments as collateral in Eurosystem credit operations.

Furthermore, the ECB Governing Council has decided to grandfather the eligibility of marketable assets and the issuers of such assets that fulfilled minimum credit quality requirements on 7 April 2020 in the event of a deterioration in credit ratings, provided those ratings remain above a certain credit quality level.

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Together these measures aim to mitigate the effect on collateral availability of possible rating downgrades as a result of the economic fallout from COVID-19 and ensure that banks have sufficient assets which can be mobilised as collateral in the Eurosystem so they can participate in the liquidity-providing operations and continue to provide funding to the euro area economy.

Press release concerning collateral easing measures is [here](#).

Press release concerning mitigation of impact of possible rating downgrades on collateral availability is [here](#).

COVID-19 - ECB takes a series of monetary policy decisions to ensure sufficient liquidity and support to the real economy

April 2020 – The ECB has published a series of monetary policy decisions to ensure sufficient liquidity and support to the real economy. These include:

- the conditions on the Targeted Longer-term Refinancing Operations (TLTRO III) have been further eased;
- a new series of non-targeted Pandemic Emergency Longer-term Refinancing Operations (PELTROS), consisting of seven additional refinancing operations commencing in May 2020 and maturing in a staggered sequence, will be conducted to support liquidity conditions; and
- purchases under the new Pandemic Emergency Purchase Programme (PEPP), which has an overall envelope of €750 billion, will continue to be conducted until it is judged that the COVID-19 crisis phase is over, but in any case until the end of 2020.

Press release regarding the monetary policy decisions is [here](#).

Press release concerning modifications to TLTRO III is [here](#).

Press release concerning the new PELTROS is [here](#).

Please see the Single Supervisory Mechanism (SSM) section for an item on the ECB's adoption of an amending Regulation on the reporting of supervisory financial information by banks.

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NEWS FOR THE SINGLE SUPERVISORY MECHANISM (SSM)

Single Supervisory Mechanism - ECB adopts amending Regulation on reporting of supervisory financial information

April 2020 - The European Central Bank (ECB) has published a Regulation, dated 9 April 2020, which amends ECB Regulation (EU) 2015/534 on the reporting of supervisory financial information by banks under the Single Supervisory Mechanism.

The amending Regulation sets out reporting requirements for credit institutions and rules governing the submission of information by national competent authorities to the ECB. It is intended to supplement Commission Implementing Regulation (EU) 680/2014, which contains implementing technical standards on financial reporting requirements for firms under the Capital Requirements Regulation (575/2013/EU).

The amending Regulation will enter into force on the twentieth day following its publication in the Official Journal of the European Union and will apply from 1 June 2020.

ECB Regulation amending ECB Regulation (EU) 2015/534 on the reporting of supervisory financial information by banks under the Single Supervisory Mechanism is [here](#).

Please see the European Central Bank (ECB) section for an item on the ECB's announcement of temporary relief measures in relation to the capital requirements for market risk for banks under the Single Supervisory Mechanism.

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NEWS FOR THE SINGLE RESOLUTION MECHANISM (SRM)

COVID-19 - SRB publishes letter on operational relief measures

1 April 2020 - The Single Resolution Board (SRB) published a letter on 1 April 2020 and dated 25 March 2020, from Elke König (Chair of the SRB) to banks under the SRB's remit outlining potential operational relief measures in light of the COVID-19 pandemic.

The letter states that while the SRB is committed to working on 2020 resolution plans and issuing 2020 decisions on minimum requirements for own funds and eligible liabilities (MREL) according to the planned deadlines in early 2021, it will apply a pragmatic and flexible approach in order to consider postponing less urgent information requests relating to the 2020 resolution planning cycle.

The SRB confirms that it regards the liability data report, the additional liability report and the MREL quarterly template as essential and expects banks to publish these documents on time. However, the SRB intends to assess possible leeway for the submission of other reports and deliverables under its work programme. All banks are expected to substantiate their requests and identify mitigating actions to continue progress towards resolvability.

The SRB plans to monitor carefully market conditions in the next few months and analyse the potential impact on transition periods needed for the build-up of MREL. It states that it is prepared to use its discretion, and flexibility within the regulatory framework, to adapt transition periods, interim targets and MREL targets accordingly.

SRB letter from Elke König (Chair of the SRB) to banks outlining potential operational relief measures in light of COVID-19 is [here](#).
Webpage is [here](#).

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If you would like to discuss any of the developments in this update, or any other financial regulatory matter, please contact one of the following or your usual EFIG contact.

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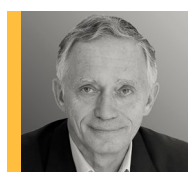
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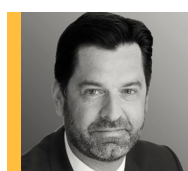
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