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EUROPEAN CENTRAL BANK (ECB)

Shortening the standard securities settlement cycle in the EU – ESMA, European Commission and ECB publish joint statement on next steps

15 October 2024 – The European Securities and Markets Authority (ESMA), the European Central Bank (ECB) and the European Commission (together, the Authorities) have published a joint statement on the next steps towards shortening the EU standard securities settlement cycle to T+1.

The elements assessed by ESMA to date suggest that the impacts of T+1 in terms of risk reduction, margin savings and the reduction of costs linked to misalignment with other major jurisdictions globally, bring along important benefits for the EU Savings and Investments Union. The Authorities consider it necessary to accelerate every aspect of the technical work needed to pave the way to any future move to T+1 in the EU. They have therefore agreed to establish a governance structure as soon as possible to oversee and support the technical preparations of any future move to T+1. In order not to lose momentum, details of the governance structure will follow shortly.

[ESMA, ECB and European Commission joint statement](#)

SIPS Regulation – ECB launches consultation

18 October 2024 – The ECB has published for consultation a recast version of the Regulation on oversight requirements for systemically important payment systems (SIPS) ((EU) 765/2014) (the SIPS Regulation). The SIPS Regulation applies to large-value and retail payment systems of systematic importance.

Among other things, the ECB intends to amend the definition of a SIPS operator to allow, on an exceptional basis, a euro area branch belonging to a legal entity located outside the euro area to be responsible for the operation of a SIPS.

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The deadline for responses is 29 November 2024.

[Recast SIPS Regulation](#)

[Webpage](#)

[Press release](#)

Revised Eurosystem cyber resilience strategy – published by ECB

18 October 2024 – The ECB has published a revised version of its cyber resilience strategy. The scope of the strategy has been expanded beyond financial market infrastructures to include entities that are overseen under the Eurosystem oversight framework for electronic payment instruments, schemes and arrangements.

[Revised Eurosystem Cyber Resilience Strategy](#)

[Press release](#)

Cross-border payment systems – ECB launches initiatives

21 October 2024 – The ECB has launched two initiatives to improve cross-border payments by interlinking fast payment systems, building on the Eurosystem’s TARGET Instant Payment Settlement (TIPS) service. They will involve the implementation of a cross-currency settlement service in TIPS as well as exploratory work on linking TIPS with other fast payment systems, including with partners outside the EU.

[ECB statement: TIPS to include cross-currency instant payments service](#)

[ECB statement: TIPS to connect to other fast payment systems globally](#)

[Press release](#)

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EUROPEAN BANKING AUTHORITY (EBA)

EBA Work Programme 2025

3 October 2024 – The European Banking Authority (EBA) has published its Work Programme for 2025. Some of the key priorities and initiatives for the coming year are:

- implementation of the EU Banking Package and further strengthen the Single Rulebook;
- foster financial stability in an economy transitioning towards sustainability;
- enhancing its data infrastructure by launching a new data dissemination portal, which provides stakeholders access to high-quality data and insights;
- initiating supervisory activities for third-party IT service providers under the Digital Operational Resilience Act ((EU) 2022/2554) (DORA) and crypto-asset providers under the Markets in Crypto-Assets Regulation ((EU) 2023/1114) (MiCAR); and
- improving consumer protection and supporting the transition to the updated anti-money laundering and counter-terrorism financing framework.

[EBA work programme 2025](#)

[Press release](#)

Use of credit insurance under CRR III – EBA publishes report

3 October 2024 – The EBA has published a report on the eligibility and use of credit insurance as a credit risk mitigation (CRM) technique in response to a request from the European Commission under the Capital Requirements Regulation III ((EU) 2024/1623) (CRR III). While credit insurance provides dual recourse - allowing banks to claim from both the insurer and the obligor - the EBA concluded that no preferential treatment is warranted for credit insurance. This is because other forms of unfunded credit protection, such as guarantees, offer similar features and are subject to the same restrictions under the Basel III framework.

The report further outlines that recent supervisory and industry data, analysed by the EBA, fall short of providing sufficient evidence to justify recalibrating the regulatory framework specifically for credit insurers. Given the absence of defaults among EU credit insurers, the EBA maintains that credit insurance should continue to be treated as a low-default portfolio, in line with Basel III standards.

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[EBA report on credit insurance](#)

[Press release](#)

Minimal impact on Tier 1 capital needs – EBA publishes report on Basel III implementation

4 October 2024 – The EBA has released its third mandatory Basel III report, which evaluates the impact of the EU’s implementation of the Basel III framework on European banks by 2033. This assessment encompasses all EU-specific requirements, including those set forth in CRR III. In comparison to the previous assessment, conducted in December 2022, the overall impact on the minimum required capital has decreased. The EBA estimates the shortfall at €5.1 billion.

The additional Tier 1 capital needed to meet Basel III requirements for the EU banking sector is approximately €900 million, which EBA affirms is a manageable amount to be raised by 2033.

[EBA Basel III monitoring report](#)

[Press release](#)

Treatment of structural FX positions – EBA launches consultation

24 October 2024 – The EBA has published a consultation paper (EBA/CP/2024/21) on draft Regulatory Technical Standards (RTS) on the treatment of and reporting on the structural foreign exchange (FX) positions under Article 104c of the Capital Requirements Regulation (575/2013) (CRR).

Among other things, the EBA plans to introduce clear quantitative thresholds for when a currency is to be considered eligible for the structural FX treatment as well as the possibility for banks to consider only credit risk own funds requirements when determining the position neutralising the sensitivity to the capital ratios in certain situations.

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The deadline for responses is 7 February 2025.

EBA consultation paper: Draft RTS on the treatment of structural FX positions under Article 104c of CRR and on the reporting on structural FX positions (EBA/CP/2024/21)

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SINGLE SUPERVISORY MECHANISM (SSM)

No relevant items.

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SINGLE RESOLUTION MECHANISM (SRM)

CJEU annuls SRB's contribution decision over legal miscalculation

23 October 2024 – The General Court has annulled the Single Resolution Board's (SRB) decision issued in April 2022 (SRB/ES/2022/18), regarding the 2022 ex ante contributions of Landesbank Baden-Württemberg, Bayerische Landesbank, Deutsche Bank, Landesbank Hessen-Thüringen Girozentrale, Berlin Hyp, DZ Bank, DZ Hyp, DZ Bank, Deutsche Kreditbank, Nordea Bank, Nordea Kiinnitysluottopankki and Nordea Rahoitus Suomi.

The General Court ruled that the SRB made a legal miscalculation and infringed Article 70(2) of the Single Resolution Mechanism Regulation ((EU) No 806/2014) (SRM Regulation).

According to the SRM Regulation, the maximum contribution of all credit institutions and certain investment firms in one year cannot exceed 12.5% of the total Single Resolution Fund. Contrary to the SRB's submission, the General Court held that the 12.5% threshold is an absolute limit that the SRB may not exceed.

The General Court ruled to temporarily uphold the effects of the SRB's decision until the SRB has executed the required actions to enforce this judgment, as its judgment will have a serious consequences for the stability of the financial sector,. However, these actions must be completed within a reasonable timeframe, not exceeding six months from the date this judgment becomes final.

Judgements

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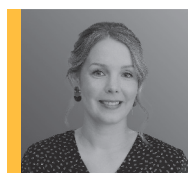
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