

6. Finance: Basel Capital and Liquidity Framework

Commitment [#64]

“[In particular, we recognize the substantial progress to date in the priority reform areas identified by the FSB’s Coordination Framework for Implementation Monitoring (CFIM): the Basel capital and liquidity framework; the framework for global systemically important financial institutions (GSIFIs), resolution regimes, over-the-counter (OTC) derivatives reforms, shadow banking, and compensation practices.] We commit to complete work in these important areas to achieve full implementation of reforms.”

Los Cabos Summit Final Declaration

Assessment

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina			+1
Australia			+1
Brazil		0	
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia		0	
Italy			+1
Japan			+1
Korea		0	
Mexico			+1
Russia			+1
Saudi Arabia			+1
South Africa			+1
Turkey		0	
United Kingdom			+1
United States			+1
European Union			+1
Average Score		+0.80	

Background

The Basel III framework on bank capital and liquidity standards is a continuation of Basel I, Basel II and Basel II.5 initiatives launched by the Basel Committee on Banking Supervision (BCBS). The BCBS proposed the Basel III framework as a response to the 2008 financial crisis, which exposed weaknesses in the capitalization structure of several globally significant banks, particularly in the United States and Europe. The Basel III framework aims to strengthen banking supervision in order to instil prudent practices in capital markets and foster a resilient international financial system.¹³⁵⁹

¹³⁵⁹ Strengthening the resilience of the banking sector, Basel Committee on Banking Supervision (Basel), December 2009. Date of Access: 23 March 2011. <http://www.bis.org/publ/bcbs164.htm>

Basel III reforms work on two tiers: the bank level, which aims to improve the resilience of individual banking institutions during periods of financial stress, and the macroprudential level, which aims to mitigate the procyclical amplification of system-wide risks that build up across the banking sector. Key elements of the new framework require financial institutions to strengthen the capital requirements (see Table 6-1) for counterparty credit risk exposures arising from derivatives, repos, and securities financing activities; increase transparency of the capital; adopt a leverage ratio that will help contain excessive risk-taking in the banking system; adopt countercyclical capital framework that will allow for build-up of capital buffers in good times that can be drawn upon in periods of stress; and adopt global minimum liquidity standards (see Table 6-2).¹³⁶⁰

Table 6-1: Basel Requirements for Risk-Weighted Assets (%)

Capital Requirements							Macroprudential overlay	
Common Equity			Tier 1		Total Capital		Counter Cyclical Buffer	Additional Loss-absorbing capacity for SIFIs
Min	Conservation Buffer	Total	Min	Total	Min	Total	Range	
4.5	2.5	7.0	6.0	8.5	8	10.5	0-2.5	1-2.5

Table 6-2: Global Liquidity Standards

Ratio	Calculation	Requirement	BCBS Objectives ¹³⁶¹
Liquidity Coverage Ratio	Stock of high-quality liquid assets divided by Total net cash outflows over the next 30 calendar days	Greater than one hundred percent	“Promote the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days”
Net Stable Funding Ratio	Available amount of stable funding divided by Required amount of stable funding over a one-year period of extended stress	Greater than one hundred percent	“Promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing basis”

During the G20 Finance Ministers and Central Bank Governors meeting in Busan, Korea, on 5 June 2010, the dignitaries called on the BCBS to “propose internationally agreed rules to improve both quantity and quality of bank capital and to discourage excessive leverage and risk taking by the November 2010 Seoul Summit.”¹³⁶² The official Basel III framework was put forth by the BCBS to the international community on 26 July 2010.¹³⁶³ During the G20 Seoul Summit, 11-12 November 2010, *The Seoul Summit Document* outlined the leaders’ commitment to translate the

¹³⁶⁰ Strengthening the resilience of the banking sector, Basel Committee on Banking Supervision (Basel) December 2009. Date of Access: 23 March 2011. <http://www.bis.org/publ/bcbs164.htm>

¹³⁶¹ Basel III : International framework for liquidity risk measurement, standards and monitoring, Basel Committee on Banking Supervision (Basel) December 2010. Date of Access: 16 December 2012. <https://www.bis.org/publ/bcbs188.pdf>

¹³⁶² Communiqué – Meeting of Finance Ministers and Central Bank Governors, Presidential Committee For G20 Summit 5 June 2010. Date of Access: 20 April 2010. http://www.g20.org/Documents/201006_Communique_Busan.pdf

¹³⁶³ The Group of Governors and Heads of Supervision reach broad agreement on Basel Committee capital and liquidity reform package, Basel Committee on Banking Supervision (Basel) 27 July 2010. Date of Access: 19 April 2011. <http://www.bis.org/press/p100726.htm>

framework into national laws and regulations to be “implemented starting on January 1, 2013, and fully phased in by January 1, 2019.”

On 8 January 2012, the Group of Governors and Heads of Supervision (GHOS) met to discuss the Basel Committee for Banking Supervision’s “strategy for assessing implementation of the Basel regulatory framework.”¹³⁶⁴ The Basel Committee’s member countries accepted to “undergo a detailed peer review of its implementation of all components of the Basel regulatory framework.”¹³⁶⁵ This peer review “will assess implementation of Basel II and Basel II.5 (ie the July 2009 enhancements on market risk and resecuritisations)” as well as of Basel III. The objectives of the Committee’s reviews are to ensure that member states’ domestic rules and regulations comply with the international minimum standards and “to ensure consistency in practice across banks and jurisdictions.”¹³⁶⁶ The first series of peer reviews will be conducted in the first quarter of 2012 and will focus on the European Union, Japan and the United States.¹³⁶⁷

In October 2012, the Basel Committee on Banking Supervision updated its *Progress Report on Basel III Implementation*. The report shows that most jurisdictions have published draft or final rules; however, as per the BCBS Progress report, no single jurisdiction had final rules in force as of the report publication date.¹³⁶⁸

Commitment features

As Basel II and 2.5 are integral parts of Basel III and they were due to be implemented from end 2006 and end-2011 respectively, only measures concerning Basel III implementation are considered to be compliance with this commitment.

G20 members’ compliance with this commitment can be measured according to their performance in two key areas. First, G20 members are required to translate the Basel III framework into their national laws and regulations. Second, members must implement policies to align with the new capital and liquidity standards, beginning in 2013.

Thus, in order to comply fully with the commitment, members are required to take steps toward translating Basel III bank capital and liquidity standards into national laws and regulations. Such steps could include implementing measures consistent with the Basel III framework, initiating a public consultation process on Basel III guidelines, conducting regular stress tests to determine the health of major banks, or issuing a report assessing the regulators’ progress in implementing Basel III regulations. Since the deadlines for implementation of Basel III are set beyond the

¹³⁶⁴ Basel III liquidity standard and strategy for assessing implementation of standards endorsed by Group of Governors and Heads of Supervision, Basel Committee on Banking Supervision (Basel) 8 January 2012. Date of Access: 27 January 2012. <http://www.bis.org/press/p120108.htm>

¹³⁶⁵ Basel III liquidity standard and strategy for assessing implementation of standards endorsed by Group of Governors and Heads of Supervision, Basel Committee on Banking Supervision (Basel) 8 January 2012. Date of Access: 27 January 2012. <http://www.bis.org/press/p120108.htm>

¹³⁶⁶ Basel III liquidity standard and strategy for assessing implementation of standards endorsed by Group of Governors and Heads of Supervision, Basel Committee on Banking Supervision (Basel) 8 January 2012. Date of Access: 27 January 2012. <http://www.bis.org/press/p120108.htm>

¹³⁶⁷ Basel III liquidity standard and strategy for assessing implementation of standards endorsed by Group of Governors and Heads of Supervision, Basel Committee on Banking Supervision (Basel) 8 January 2012. Date of Access: 27 January 2012. <http://www.bis.org/press/p120108.htm>

¹³⁶⁸ Progress report on Basel III implementation (update published in October 2012), Basel Committee on Banking Supervision (Basel) 8 October 2012. Date of Access: 16 December 2012. <http://www.bis.org/publ/bcbs232.htm>

upcoming Saint Petersburg Summit, full implementation of Basel III regulations will not be required to be awarded a score for full compliance.

Scoring Guidelines

-1	Member fails to take any action or to declare intent to take action to translate the new bank capital and liquidity standards into national laws and regulations, as per the Basel III accords.
0	Member declares intent to take action to translate new bank capital and liquidity standards into national laws and regulations.
+1	Member takes action to translate the new bank capital and liquidity standards into national laws and regulations, as per the Basel III accords.

Compliance Co-director: Alexandre De Palma

Argentina: +1

Argentina has complied with its commitment to implement the financial sector reform agenda set in the Basel III framework.

On 8 October 2012 a Reuters report outlining the compliance status of countries with Basel III rules states that Argentina has not yet drafted proposals on the Basel III regulation.¹³⁶⁹

In October 2012, the BCBS and the BIS released their updated progress report on Basel III implementation. According to the report, Argentina received classification 1 (of 4) on status of both Basel II.5 and Basel III adoption for lack of progress made towards the adoption of regulatory rules. Furthermore, the country is still under assessment of the migration from Basel I to the Basel II standards.¹³⁷⁰

In April 2013, the BCBS and the BIS published their updated report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform. According to the report, Argentina received classification 3, 4 (of 4) on Basel II, classification 1, 4 (of 4) in the Basel II.5, and classification 3, 4 (of 4) on Basel III regulatory framework for their partial compliance. The report mentions that the final rules for Pillar 1 credit and Pillar 2 of Basel II, rules relating to enhancements to securitization of Basel II.5, and the final rules for Pillar 1 and 2 of Basel III came into force on 1 January 2013. The report notes that the final Pillar 3 rules of Basel II and Basel III were published on 8 February 2013, and they will come into force on 31 December 2013.¹³⁷¹

Argentina has published final rules pertaining to the implementation of Basel III, some of which are already into force since 1 January 2013. It has thus been awarded a score of +1.

Analyst: Jeonggyu Han

¹³⁶⁹ Tougher bank rules set for patch global start, Reuters, 8 October 2012. Date of Access: 3 January 2013. <http://www.reuters.com/article/2012/10/08/us-banks-rules-delay-idUSBRE8970JX20121008>

¹³⁷⁰ Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) October 2012. Date of Access: 3 January 2013. <http://www.bis.org/publ/bcbs232.pdf>

¹³⁷¹ Report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform, Bank of International Settlements and Basel Committee on Banking Supervision, April 2013. Date of Access: 21 June 2013. <http://www.bis.org/publ/bcbs249.pdf>

Australia: +1

Australia has fully complied with its commitment to take action to implement the new bank capital and liquidity requirements set in the Basel III framework.

On 28 September 2012, the Australian Prudential Regulation Authority “released a final set of prudential standards and reporting standards that give effect to major elements of the Basel III capital reforms in Australia.” This regulatory package redefines regulatory capital to make common equity “the predominant form of Tier 1 capital,” changes the approach to regulatory adjustments so that “most deductions from capital are to be from Common Equity Tier 1 capital,” increases “the minimum amounts of capital that ADIs [Authorised Deposit-taking Institutions] must hold against the risks they face,” sets “a new capital conservation buffer of 2.5 per cent that places increasing constraints on capital distributions,” implements “a countercyclical buffer of up to 2.5 per cent” applicable when systemic risk builds-up, and defines a “leverage ratio to help contain the build-up of leverage in the banking system.”¹³⁷²

On 13 November 2012, the Australian Prudential Regulation Authority “released a package of final measures that completes APRA’s implementation of the Basel III capital reforms for authorised deposit-taking institutions (ADIs) in Australia.” This package includes “APRA’s response to submissions received on its proposed requirements for counterparty credit risk capital and other measures.” The regulator further indicates “[in] 2013, APRA will begin consultations on the Basel III disclosure requirements.”¹³⁷³

On 6 May 2013 the Australian Prudential Regulation Authority released a consultation package in which it confirmed that “the Liquidity Coverage Ratio will become effective from 1 January 2015 and the Net Stable Funding Ratio from 1 January 2018.”¹³⁷⁴

On 26 June 2013 the Australian Prudential Regulation Authority released “a final Prudential Standard APS 330 Public Disclosure relating to Pillar 3 disclosures on the composition of capital and on remuneration by authorised deposit-taking institutions (ADIs) in Australia. These disclosure requirements form part of APRA’s implementation of the Basel III capital reforms.” The measures call for authorized deposit-taking institutions to disclose further “information on their capital adequacy; full details of the terms and conditions of each regulatory capital instrument; and a reconciliation between their regulatory capital and financial statements.”¹³⁷⁵

Australia has released its final regulatory package on Capital reforms and has thus fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework. Australia has thus been awarded the score of +1.

¹³⁷² APRA releases final Basel III capital reform package, Australian Prudential Regulation Authority (Sydney), 28 September 2012. Date of Access: 22 February 2013.

http://www.apra.gov.au/MediaReleases/Pages/12_23.aspx

¹³⁷³ APRA releases final package to implement Basel III capital reforms, Australian Prudential Regulation Authority (Sydney), 13 November 2012. Date of Access: 22 February 2013.

http://www.apra.gov.au/mediareleases/pages/12_29.aspx

¹³⁷⁴ APRA releases second consultation package on Basel III liquidity reforms, Australian Prudential Regulation Authority (Sydney), 6 May 2013. Date of Access: 21 July 2013.

http://www.apra.gov.au/MediaReleases/Pages/13_10.aspx

¹³⁷⁵ APRA releases final package on disclosure of composition of capital and remuneration, Australian Prudential Regulation Authority (Sydney), 26 June 2013. Date of Access: 21 July 2013.

http://www.apra.gov.au/MediaReleases/Pages/13_20.aspx

Brazil: 0

Brazil has partially complied with its commitment to take action to implement the new bank capital and liquidity requirements set in the Basel III framework.

At the G-20 Conference on Financial Systemic Risk held in Istanbul in September 2012, Luiz Awazu Pereira da Silva, Deputy Governor of Central Bank of Brazil, presented findings from the most recent IMF Financial Sector Assessment Program (FSAP) for Brazil.¹³⁷⁶ Published in July 2012, the report stated that both micro and macro-prudential oversight was considered to be strong within the financial sector while stress tests suggested that the banking system was resilient to a variety of shocks. It went on further to say that progress had been made in implementing the recommendations of the initial FSAP from 2002 to “strengthen supervision and regulation, and compliance with international standards is high, especially in banking supervision.”¹³⁷⁷ It acknowledged the Brazilian Central Bank’s wide-ranging powers and well-developed banking supervision, which reflects very high compliance with the Basel Core Principles.¹³⁷⁸ Moreover, Mr. Pereira da Silva added that Brazilian banks’ capital adequacy ratio of 11 per cent was above the Basel minimum of 8 per cent for risk weighted assets.

At end-May 2012, the Basel Committee on Banking Supervision awarded Brazil a score of 2 out of 4 for publishing draft regulations.¹³⁷⁹ In addition, at a meeting held on 13-14 December, 2012, the Basel Committee indicated that Brazil was working as quickly as possible to present final versions of Basel III regulations.¹³⁸⁰ On 14 December 2012 however, Reuters reported that Brazil’s central bank and the country’s banking federation, Febraban, were discussing the possibility of delaying implementation of tighter capital rules for banks due to the fact that state-controlled banks may require funds from the treasury to meet Basel III regulatory standards, which could potentially undermine economic recovery.¹³⁸¹

On 1 March 2013, Banco Central do Brasil, the Central Bank of Brazil, released four resolutions issued by the National Monetary Council and pertaining to the adjustment of Brazil’s regulations

¹³⁷⁶G-20 Conference on Financial Systemic Risk, Istanbul: Financial Stability & Systemic Risk in Brazil: Ensuring Stability in a “New Normal” Environment – Presentation by Luiz Awazu Pereira da Silva, Banco Central do Brasil, September 2012. Date of Access: 2 January 2013

http://www.bcb.gov.br/pec/apron/apres/Apresentacao_Luiz_Pereira_G-20_Conference_Istanbul.pdf

¹³⁷⁷IMF Country Report No. 12/206 – Brazil: Financial Assessment Stability Program, July 2012. Date of Access: 2 January 2013, Page 1

<http://www.imf.org/external/pubs/ft/scr/2012/cr12206.pdf>

¹³⁷⁸IMF Country Report No. 12/206 – Brazil: Financial Assessment Stability Program, July 2012. Date of Access: 2 January 2013, Page 29

<http://www.imf.org/external/pubs/ft/scr/2012/cr12206.pdf>

¹³⁷⁹Report to G20 Leaders on Basel III Implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) June 2012. Date of Access: 2 January 2013.

<http://www.bis.org/publ/bcbs220.pdf>

¹³⁸⁰Press Release, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) December 2012. Date of Access: 2 January 2013.

<http://www.bis.org/press/p121214a.htm>

¹³⁸¹Brazil may delay adoption of Basel III rules – report, Reuters (New York) 14 December 2012. Date of Access: 2 January 2013. <http://www.reuters.com/article/2012/12/14/brazil-economy-basel-idUSL1E8NE19G20121214>

on capital requirements for banks.^{1382,1383,1384,1385} On 12 March 2013, Walter Stubel Consultoria Juridica, a consultancy, published on Mondaq an analysis of these resolutions. Resolution 4.192 defines a “new regulatory capital calculation methodology.” Resolution 4.193 determines “new capital maintenance requirement calculation methodology, adopting minimum requirements” for Equity Reference, Equity Tier 1, and Common Equity, while introducing “Additional Common Equity.” Resolution 4.194 is defines an “optional new minimum capital requirements calculation methodology for credit unions [...] by determining the amount of risk-weighted assets (RWA) in simplified form, known as Simplified Prudential Regime.” Resolution 4.195 explains “the new way of preparation and remittance of aggregate information through the Analytical Trial Balance Sheet — Prudential Conglomerate [...]. Prudential conglomerate is a new type of consolidated financial statement which will be the basis for calculation of capital requirements and Additional Common Equity of financial groups.”¹³⁸⁶

Brazil has taken regulatory steps to translate the new bank capital and liquidity standards international laws and regulations, as per the Basel III accords. Banco Central do Brasil published several final rules that have yet to come into force. Brazil has thus been awarded a score of 0.

Analyst: Laila Kanji

Canada: +1

Canada has fully complied with its commitment to take action to implement the new bank capital and liquidity requirements set in the Basel III framework.

On 10 December 2012, the Office of the Superintendent of Financial Institutions (OSFI) has issued “the final version of the revised Capital Adequacy Requirements (CAR) Guideline” for implementation of Basel III capital rules in Canada which governs capital rules for banks, trust and loan companies and cooperative retail associations operating in Canada. The capital standards set out in this guideline provide the framework within which the OSFI assesses whether a bank or a trust or loan company maintains adequate capital pursuant to the Subsection 485(1) of the *Bank Act* (BA) and subsection 473(1) of the *Trust and Loan Companies Act*. For this purpose, the OSFI has established two minimum standards: the assets to capital multiple, and the risk-based capital

¹³⁸² RESOLUÇÃO Nº 4.192, DE 1º DE MARÇO DE 2013, Banco Central do Brasil (Brasilia), 1 March 2013. Date of Access: 21 July 2013.

http://www.bcb.gov.br/pre/normativos/res/2013/pdf/res_4192_v1_O.pdf

¹³⁸³ RESOLUÇÃO Nº 4.193, DE 1º DE MARÇO DE 2013, Banco Central do Brasil (Brasilia), 1 March 2013. Date of Access: 21 July 2013.

http://www.bcb.gov.br/pre/normativos/res/2013/pdf/res_4193_v1_o.pdf

¹³⁸⁴ RESOLUÇÃO Nº 4.194, DE 1º DE MARÇO DE 2013, Banco Central do Brasil (Brasilia), 1 March 2013. Date of Access: 21 July 2013.

http://www.bcb.gov.br/pre/normativos/res/2013/pdf/res_4194_v1_O.pdf

¹³⁸⁵ RESOLUÇÃO Nº 4.195, DE 1º DE MARÇO DE 2013, Banco Central do Brasil (Brasilia), 1 March 2013. Date of Access: 21 July 2013.

http://www.bcb.gov.br/pre/normativos/res/2013/pdf/res_4195_v1_O.pdf

¹³⁸⁶ The Brazilian Regulator Implements The Recommendations Of Basel III, Mondaq (London), 12 March 2013. Date of Access: 21 July 2013.

<http://www.mondaq.com/x/225910/Fund+Management+REITs/THE+BRAZILIAN+REGULATOR+IMPLEMENTATIONS+THE+RECOMMENDATIONS+OF+BASEL+III>

ratio. The first test provides an overall measure of the adequacy of an institution's capital. The second measure focuses on risk faced by the institution.¹³⁸⁷

In April 2013, the BCBS and the BIS published their updated report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform. The reports state that regarding Canada, the final rules are already applicable: "the domestic legal and regulatory framework is already applied to banks."¹³⁸⁸

Canada has been awarded a score of +1 for enactment of Basel III standards, for its inclusion of Basel III into its regulatory framework.

Analyst: Vitali Selivanov

China: +1

China continues its progress towards the implementation of the Basel III standards and has thus complied with its commitment.

On 07 June 2012, China Banking Regulatory Commission released the "Regulation Governing Capital of Commercial Banks (Provisional)." This provisional regulation lays out "general provisions on regulatory capital requirements, capital adequacy ratio calculation, definition of capital, calculation of credit risk, market risk, operational risk, ICAAP and Pillar II capital charge, as well as Pillar III requirement on information disclosure." More specifically, CBRC's proposed Capital regulatory framework is in line with Basel III recommendations, as it consists of "a minimum requirement (5% for CET1, 6% for T1 and 8% for total), a 2.5% capital conservation buffers and a counter-cyclical buffer between 0-2.5% as the second tier, and the 1% SIFI surcharge as the third tier."¹³⁸⁹

On 29 November 2012, Wang Zhaoxing, Vice Chairman of the China Banking Regulatory Commission (CBRC) made it clear that the Chinese financial regulatory authorities will unswervingly implement the new international capital regulatory standards, in face of the potential delay of implementation in the United States and European Union.¹³⁹⁰

On 7 December 2012 "[the] CBRC issued the Notice on the Transitional Arrangements for the Implementation of Capital Rules for Commercial Banks (Trial)" that aims to "clarify the supervisory requirements for the annual capital adequacy ratio (CAR) in transitional period, [...]"

¹³⁸⁷ Capital Adequacy Requirements (CAR) 2013, Office of the Superintendent of Financial Institutions Canada (Ottawa), 10 December 2012. Date of Access: 22 February 2013. www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=5050

¹³⁸⁸ Report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform, Bank of International Settlements and Basel Committee on Banking Supervision, April 2013. Date of Access: 21 June 2013. <http://www.bis.org/publ/bcbs249.pdf>

¹³⁸⁹ The CBRC issued the Regulation Governing Capital of Commercial Banks (Provisional), China Banking Regulatory Commission (Beijing), 07 June 2012. Date of Access: 22 February 2012. <http://www.cbrc.gov.cn/EngdocView.do?docID=AB70AFA9BF4D4E51BFA5D90734894692>

¹³⁹⁰ China's State Council has approved Basel III will be implemented on schedule, Sina Finance, 29 November 2012. Date of Access: 7 January 2013. http://finance.sina.com.cn/money/bank/bank_hydt/20121129/180713843935.shtml

raise differentiated requirements for different categories of banks, [...]” and “propose regulatory measures in the transitional period.”¹³⁹¹

On 7 December 2012 “The CBRC released Notification on implementation of Rules Governing Capital Management of Commercial Banks (Provisional) in [the] Transitional Period” that leads to 01 January 2019, at which date “the commercial banks should meet the capital adequacy ratio (CAR) requirements.” The notification asks commercial banks to meet the minimum capital requirements by 01 January 2013, and further requires “commercial banks [to] calculate the CAR on both non-consolidated and consolidated basis, and at the same time meet annual CAR requirements in the transition period.”¹³⁹²

In December 2012, CBRC announces its published timetable to Chinese banks on implementing Basel III, in which China’s large banks must reach a capital adequacy ratio of nine point five per cent by the end of 2013, and 11.5 per cent by the end of 2018. Specifically CBRC said it is a phased compliance to meet the two point five per cent of the counter-cyclical capital reserve requirements; banks need to reach zero point five per cent by the end of 2013, and the annual increase of zero point four per cent in the subsequent five years.¹³⁹³

In April 2013, the BCBS and the BIS published their updated report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform. The reports state that regarding China, the final rules are already applicable: “the domestic legal and regulatory framework is already applied to banks.”¹³⁹⁴

China has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework and thus been awarded the score of +1.

Analyst: Katherine Wang

France: +1

France, as a member of the European Union subject to the Union’s regulations and directives, has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio (EBA/CP/2012/06) and comments could be made on the consultation paper until 27 August

¹³⁹¹ The CBRC issued the Notice on the Transitional Arrangements for the Implementation of Capital Rules for Commercial Banks (Trial), China Banking Regulatory Commission (Beijing), 07 December 2012. Date of Access: 2 February 2012.

<http://www.cbrc.gov.cn/EngdocView.do?docID=A4F64D6FCE0D43C2B33A964435E6070D>

¹³⁹² The CBRC released Notification on implementation of Rules Governing Capital Management of Commercial Banks (Provisional) in Transitional Period, China Banking Regulatory Commission (Beijing), 07 December 2012. Date of Access: 2 February 2012.

<http://www.cbrc.gov.cn/EngdocView.do?docID=3542A20A85FF440EBFC93CEF67600C0B>

¹³⁹³ China Announces a Phased Implementation of Basel III, Financial Times (China), 10 December 2012. Date of Access: 6 January 2013. <http://www.ftchinese.com/story/001047934>

¹³⁹⁴ Report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform, Bank of International Settlements and Basel Committee on Banking Supervision, April 2013. Date of Access: 21 June 2013. <http://www.bis.org/publ/bcbs249.pdf>

2012. Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission.¹³⁹⁵

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions (EBA/CP/2012/04) and comments could be made on the consultation paper until 31 July 2012. Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission. Although the deadline set in the CRR for EBA to finalize these ITS is 31 December 2013, the EBA intends to submit them “within a shorter timeframe,” as the CRR disclosure requirements will be applicable from 1 January 2013.¹³⁹⁶

On 12 June 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context (EBA/CP/2012/07) and comments could be made on the consultation paper until 12 August 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take into account the final text of the CRR. The EBA’s intention is that these RTS will form part of the general RTS on own funds, which it consulted on in April 2012. These RTS must be submitted to the European Commission by 1 January 2013.¹³⁹⁷

On 21 June 2012, the European Parliament’s Economic and Monetary Affairs Committee (ECON) published the reports that it has adopted on the proposed CRD IV Directive (dated 30 May 2012) and the Capital Requirements Regulation (CRR) (dated 12 June 2012). ECON voted to adopt these reports on 14 May 2012. The reports contain draft legislative resolutions for the European Parliament with proposed amendments to the CRD IV Directive and the CRR. They will, among other things, implement the main Basel III reforms in the EU.^{1398,1399}

¹³⁹⁵ EBA consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP06/CP06-CP-on-ITS-Leverage-Ratio-Reporting.pdf>

¹³⁹⁶ EBA consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP04/EBA-CP-2012-04--CP-on-ITS-disclosure-for-own-funds-.pdf>

¹³⁹⁷ EBA consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP07/EBA-CP-2012-07--CP-on-RTS-Gain-on-Sale-on-securitisations-.pdf>

¹³⁹⁸ The European Parliament’s Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the proposed CRD IV Directive, European Parliament’s Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2012-0170+0+DOC+PDF+V0//EN>

The Parliament was scheduled to consider these resolutions at its plenary session to be held between 2 and 5 July 2012.

In its July 2011 legislative proposals, the Commission stated that the “CRR and the CRD IV Directive were intended to come into force on 1 January 2013, with full implementation of their requirements by 1 January 2019.” Member states were expected to transpose the CRD IV Directive into national law by 31 December 2012, which follows the timelines expected by the BCBS for Basel III implementation.

On 10 July 2012, the Council published a press release concerning a meeting of ECOFIN held on 10 July 2012. The press release stated that negotiations between the EU authorities on the CRD IV Directive are almost complete and that talks are now focused on the CRR. “The negotiations with the Parliament are aimed at adoption of the regulation and directive at first reading. Outstanding issues include a proposed flexibility package, bankers’ remuneration, crisis management, sanctions, the balance of power between the authorities of “home” and “host” countries, corporate governance, and powers to be given to the European Banking Authority (EBA).”¹⁴⁰⁰

On 11 July 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09) and comments could be made on the consultation paper until 15 September 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take the final text of the CRR into account. The RTS must be submitted to the European Commission by 1 January 2013.¹⁴⁰¹

On 17 July 2012, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/10) and comments could be made on the consultation paper by 30 September 2012. The consultation is based on the draft CRR as proposed by the European Commission in July 2011. Although the EBA has taken into account significant changes subsequently proposed during the legislative

¹³⁹⁹ The European Parliament's Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the Capital Requirements Regulation (CRR), European Parliament's Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONSGML%2bREPORT%2bA7-2012-0171%2b0%2bDOC%2bPDF%2bV0%2f%2fEN>

¹⁴⁰⁰ Press Release 12204/12, 3181st Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels), 10 July 2012. Date of Access: 6 January 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/131686.pdf

¹⁴⁰¹ EBA consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk, European Banking Authority (London) 11 July 2012. Date of Access: 6 January 2013.

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP09/EBA-CP-2012-09-CP-credit-valuation-risk.pdf>

procedure, the draft RTS may be amended after consultation to take into account the final CRR text. The RTS must be submitted to the Commission by 1 January 2013.¹⁴⁰²

On 31 July 2012, the European Banking Authority (EBA) has published a press release announcing a concerning the timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting.

In the press release, the EBA announces that the finalization of the ITS for supervisory reporting has been pushed back pending the adoption by the EU authorities of the CRR.

It suggests that the implementation date for the full ITS requirements relating to financial information (FINREP) should be set to 1 January 2014 and that further decisions on phasing in other data requirements may be taken once the CRR itself is finalised.¹⁴⁰³

On 2 August 2012, the European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process. The EBF stated that it has learned that the Council of the EU has suspended its work on CRD IV until September 2012 and that the European Parliament has decided to vote on the legislation “at the end of October.” In July 2012 the Parliament suggested that it would consider CRD IV at its 10 to 13 September 2012 plenary session. However, this indicative date has since been removed from the Parliament website and the draft agenda for the 10 to 13 September plenary session no longer referred to CRD IV.¹⁴⁰⁴

The European Banking Industry Committee (EBIC) sent (and published) a letter to the EU institutions, calling for a reasonable period of time between the final text and implementation to allow banks to put in place the necessary procedures to comply with the new rules since the implementation “cannot possibly be achieved within a timeframe of one or two months.”¹⁴⁰⁵

On 29 August 2012, the European Banking Authority (EBA) published a press release announcing revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation. The EBA has published these documents ahead of a workshop on 13 September 2012. The press release emphasises that these versions should not be considered as final products and that the EBA will

¹⁴⁰² EBA consultation paper on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR), European Banking Authority (London) 17 July 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP10/EBA-CP-2012-10-CP-on-RTS-on-SCRAs-and-GCRAs.pdf>

¹⁴⁰³ EBA Press Release announcing a concerning the timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting (London) 31 July 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-the-finalisation-and-implementation-of-t.aspx>

¹⁴⁰⁴ European Parliament website and the draft agenda (Brussels) 2 August 2012. Date of Access: 6 January 2013. <http://www.europarl.europa.eu/sides/indexPartSession.do?reference=2012-09&language=EN>

¹⁴⁰⁵ European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process (Brussels) 2 August 2012. Date of Access: 6 January 2013. [http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20\(2\).pdf](http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20(2).pdf)

deliver the final draft templates and DPM to the European Commission for endorsement once the final text of the CRD IV legislation has been agreed.¹⁴⁰⁶

On 31 August 2012, the Joint Committee of the European Supervisory Authorities (ESAs) (that is, EBA, EIOPA and ESMA) published a joint consultation paper (JP/CP/2012/02) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (FICOD). Comments could be made on the consultation paper by 5 October 2012. The draft RTS may be amended after consultation to take into account the final texts of the CRR and the CRD IV Directive. The RTS must be submitted to the Commission by 1 January 2013.¹⁴⁰⁷

On 18 September 2012, the European Banking Authority (EBA) published a list of responses it has received to its July 2012 consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09).¹⁴⁰⁸

On 22 October 2012, the European Banking Authority (EBA) published a report (dated September 2012) on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (CRR).¹⁴⁰⁹

On 9 November 2012, the European Banking Authority (EBA) published its second consultation on draft regulatory technical standards (RTS) on own funds under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/11). This consultation relates to the identification of mutuals, co-operatives and similar institutions. Comments can be made on the consultation paper by 21 December 2012. The July 2011 text of the CRR requires these RTS to be submitted to the Commission by 1 January 2013.

The consultation forms the second part of the EBA's consultation on RTS relating to own funds, the first part of which was published in April 2012. The EBA expects that the legal texts resulting from these consultations on own funds, and subsequent consultations to be published later in 2012, will be merged into a single act.¹⁴¹⁰

On 13 November 2012, the European Banking Authority (EBA) published a discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital

¹⁴⁰⁶ EBA Press Release announcing a revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation (London) 29 August 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/EBA-workshop-on-technical-standards-on-supervisory.aspx>

¹⁴⁰⁷ Joint consultation paper of the European Supervisory Authorities (ESAs) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (London, Frankfurt, Paris) 31 August 2012. Date of Access: 6 January 2013. <http://www.esma.europa.eu/system/files/jc-cp-2012-02-.pdf>

¹⁴⁰⁸ List of responses published by the European Banking Authority on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (London) 18 September 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/Publications/Consultation-Papers/All-consultations/2012/EBA-CP-2012-09/Responses-to-EBA-CP-2012-02.aspx>

¹⁴⁰⁹ EBA report on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (London) 22 October 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/EBA-SME-Report.pdf>

¹⁴¹⁰ EBA's second consultation on RTS relating to own funds (London) 9 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP11/EBA-BS-2012-211-final-for-publication--Consultation-paper-on-draft-RTS-on-Article-25-2--a-.pdf>

Requirements Regulation (CRR) (EBA/DP/2012/03). Comments can be made on the discussion paper by 13 January 2013. The EBA intends to publish a consultation paper on the draft RTS before submitting them to the Commission. The 11 May 2012 draft of the CRR requires these RTS to be submitted to the Commission by 31 December 2013.¹⁴¹¹

On 13 November 2012, the Council of the EU has published a press release concerning a meeting of the Council, in its configuration as the Economic and Financial Affairs Council (ECOFIN), where ECOFIN remains committed to reaching an agreement with the European Parliament before the end of 2012 on the CRD IV legislation. The press release states that ECOFIN's objectives include "maintaining the balance" achieved in its May 2012 general approach on CRD IV.¹⁴¹²

On 21 November 2012, the European Banking Federation (EBF) sent a letter to Michel Barnier, European Commissioner for Internal Market and Services, formally requesting "the postponement of the entry into force of the CRR/CRD IV until 1 January 2014," (which it considers would be a more reasonable timeframe) in the light of the announcement by US regulators that there would be an indefinite delay to their implementation of Basel III.¹⁴¹³ Similar letters have been addressed to the Presidency of the Council of the European Union and the European Parliament rapporteur.¹⁴¹⁴

On 24 November 2012, European banks have asked the European Commission to postpone the introduction of Basel III by a year to 2014 after U.S. regulators delayed application of the new requirements. Brussels is also worried that Washington's decision to ignore the deadline will put European banks at a disadvantage to U.S. rivals.¹⁴¹⁵

On 24 November 2012, a spokesman for Mr Barnier is quoted as saying that the CRD IV negotiations between the Council and the Parliament will be wrapped up in the coming weeks, and that Mr Barnier will seek clarity from the US and work for a co-ordinated US-EU approach.¹⁴¹⁶

¹⁴¹¹ EBA discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital Requirements Regulation (London) 13 November. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Discussion%20Papers/DP%202012%2003/EBA-DP-2012-03--RTS-on-Prudent-Valuation---Final.pdf>

¹⁴¹² Press Release 16051/12, 3198th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 13 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/133470.pdf

¹⁴¹³ European Banking Federation (EBF) letter to Member of the European Commission concerning entry into force of the CRR/CRD IV (Brussels) 21 November 2012. Date of Access: 6 January 2013. <http://www.ebf-fbe.eu/uploads/0374C-D2140A-2012-EBF%20President%20Draft%20letter%20to%20Barnier%20over%20US%20postpone....pdf>

¹⁴¹⁴ EBA letter to Member of the European Commission (London) 5 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-05--Letter-on-draft-CRR---EBA-Op-2012-03-.pdf>

¹⁴¹⁵ EU To Follow US In Delaying The Implementation Of Basel III, International Business Times (Washington, D.C.) 27 November 2012. Date of Access: 6 January 2013. <http://www.ibtimes.com/eu-follow-us-delaying-implementation-basel-iii-903024>

¹⁴¹⁶ European banks call for capital rule delay, The Telegraph (London) 24 November 2012. Date of Access: 6 January 2013. <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/9700443/European-banks-call-for-capital-rule-delay.html>

On 27 November 2012, the European Banking Authority (EBA) published a letter (dated 21 November 2012), sent to Michel Barnier, European Commissioner for Internal Market and Services, relating to the proposed Capital Requirements Regulation (CRR).¹⁴¹⁷

The Parliament is expected to consider CRD IV at its plenary session to be held between 10 and 13 December 2012.

A Council of the EU progress report dated 29 November 2012 stated that the Presidency still aimed to reach political agreement on CRD IV by the end of 2012.¹⁴¹⁸

A press release issued after the ECOFIN meeting on 4 December 2012 stated that the Council “confirmed its commitment to reach an agreement with the Parliament before the end of the year.” “Further political trilogues are scheduled for 11 and 13 December in Strasbourg.”¹⁴¹⁹

The Parliament is expected to consider the SSM proposals during its plenary session to be held between 10 and 13 December 2012.¹⁴²⁰

On 11 December 2012, the Director of International Affairs of the “Autorité de Contrôle Prudentiel” expressed his opinion that the entry into force would be pushed back between June and December 2013.¹⁴²¹

On 17 December 2012, the European Commission has published a speech given by Michel Barnier, European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (SSM).¹⁴²²

In the speech, Mr Barnier commented that the ongoing dialogues on CRD IV will result in political agreement “very soon.” He stressed, however, the need for a “co-ordinated approach” with the US on implementing Basel III.¹⁴²³

On 20 December 2012, the European Banking Authority (EBA) issued a press release providing an update on its work on supervisory reporting requirements required by the proposed Capital

¹⁴¹⁷ EBA letter to Member of the European Commission concerning the proposed Capital Requirements Regulation (CRR) (London) 21 November 2012. Date of Access: 6 January 2013. to <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-21--Letter-on-floors---EBA-Op-2012-04-.pdf>

¹⁴¹⁸ Council of the European Union progress report on CRD IV (Brussels) 29 November 2012. Date of Access: 6 January 2013. <http://register.consilium.europa.eu/pdf/en/12/st16/st16677.en12.pdf>

¹⁴¹⁹ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/134037.pdf

¹⁴²⁰ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/134037.pdf

¹⁴²¹ Les régulateurs attendent un report de Bâle 3 dans l'UE, Reuters France (Paris) 11 December 2012. Date of Access: 6 January 2013. <http://fr.reuters.com/article/businessNews/idFRPAE8BA0502012121111/12/2012>

¹⁴²² Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

¹⁴²³ Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

Requirements Regulation (CRR). The EBA describes the templates and instructions as “preliminary and informal in nature,” given the pending adoption of the final CRR text.

In the press release, the EBA stated that it intended to continue its existing work collecting and analysing information on the liquidity coverage ratio (LCR), which it started at the beginning of 2012. The EBA will continue this exercise on a quarterly basis and will expand its scope to include reporting on the net stable funding and leverage ratio and to increase the number of firms involved.

The EBA intends to launch a consultation on the data point model for leverage and liquidity reporting in the first quarter of 2013.

The EBA will publish a final draft ITS as soon as the CRR text is finalized, together with revised templates and instructions reflecting the final CRR text. The EBA expects that not more than one year will be needed to implement these new reporting provisions and it envisages that the first remittance dates will fall in the first quarter of 2014 for the full ITS requirements on liquidity and leverage.¹⁴²⁴

The next dialogues on the CRD IV package of reforms between the Council of the EU, the European Parliament and the Commission will be continuing in January, with an indicative plenary sitting date on 12 January 2012.¹⁴²⁵

On 21 February 2013, the EBA has published a discussion paper on defining liquid assets in the liquidity coverage ratio (LCR) under the draft CRR¹⁴²⁶. In a press release that accompanied the discussion paper, the EBA stated that the draft CRR text stipulates that the EU Commission will adopt a delegated act by 30 June 2014 to implement the LCR in EU regulation.¹⁴²⁷

On the same day, the EBA also published a discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR.¹⁴²⁸

On 27 February 2013, Council of the EU published a press release announcing that the Council has reached provisional political agreement at dialogue with the European Parliament on CRD

¹⁴²⁴ EBA Press Release providing an update on its work on supervisory reporting requirements required by the proposed Capital Requirements Regulation (London) 20 December 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-supervisory-reporting-requirements-for-1.aspx>

¹⁴²⁵ European Parliament website and the draft agenda (Brussels) 11 January 2013. Date of Access: 11 January 2013. <http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2011/0203%28COD%29&l=en#kEyEvents>

¹⁴²⁶ EBA discussion paper on defining liquid assets in the LCR under the draft CRR (London) 21 February 2013. Date of Access: June 26 2013. <http://www.eba.europa.eu/documents/10180/42030/DP-on-defining-liquid-assets-in-the-LCR.pdf/8d39f0bc-248e-4185-8cda-7f7ff153b644?version=1.0>

¹⁴²⁷ EBA Press Release on the process to define highly liquid assets in the Liquidity Coverage Ratio (LCR) (London) 21 February 2013. Date of Access: 26 June 2013. <http://www.eba.europa.eu/-/eba-consults-on-the-process-to-define-highly-liquid-assets-in-the-liquidity-coverage-ratio-lcr->

¹⁴²⁸ EBA discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR (London) 21 February 2013. Date of Access: 26 June 2013. <http://www.eba.europa.eu/-/discussion-paper-on-retail-deposits-subject-to-higher-outflows-for-the-purposes-of-liquidity-reporting-under-the-capital-requirements-regulation-crr->

IV.¹⁴²⁹ The provisional agreement needs to be formally endorsed by the Council and by the Parliament before it is final. There will also be significant further technical work to complete the details of the legislation.

The Council press release states that the agreement on CRD IV will be considered by the Council of the EU at its meeting on 5 March 2013 in its configuration as the Economic and Financial Affairs Council (ECOFIN).

On 28 February 2013, the Parliament published a press release on the provisional agreement and stated that member states will be required to transpose the CRD IV Directive by 1 January 2014.¹⁴³⁰ The Parliament press release states that it will vote on CRD IV in its 15 to 18 April plenary session. The Parliament had previously indicated the vote would take place at the 20 to 23 May 2013 session.

On 1 March 2013, the Council published a background note on the provisional agreement, and sets out the five major compromises that was reached between the Council and the Parliament on five key issues.¹⁴³¹

On 5 March 2013, the Council of the EU published a report from the Council Presidency to the Council on political agreement that was reached on CRD IV at a trialogue on 27 February 2013 which included a summary of the key issues that were reached.¹⁴³² The Presidency invites the Council to endorse the provisional agreement reached on 27 February 2013 and to continue negotiations with the European Parliament to reach agreement at first reading as soon as possible.

On 5 March 2013, the Council of the EU published a press release announcing, in its configuration as the Economic and Financial Affairs Council (ECOFIN), it had “broadly endorsed” the provisional political agreement reached on CRD IV in a trialogue on 27 February 2013.¹⁴³³ On that basis, the Council has mandated the Permanent Committee of Representatives (COREPER) to finalise negotiations with the European Parliament on outstanding technical issues with the aim of reaching a final deal in the second half of March 2013.

On 11 March 2013, the EBA published a consultation on draft regulatory technical standards (RTS) on the conditions for assessing the materiality of extensions and changes of internal

¹⁴²⁹ Council of the European Union press release on provisional political agreement at trialogue with the European Parliament on CRD IV (Brussels) 27 February 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/135718.pdf

¹⁴³⁰ The European Parliament's Economic and Monetary Affairs Committee (ECON) press release on provisional agreement reached (Brussels) 28 February 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/news/en/pressroom/content/20130225IPR06048/html/MEPs-cap-bankers'-bonuses-and-step-up-bank-capital-requirements>

¹⁴³¹ Council of the European Union background note on provisional political agreement which sets out the five major compromises (Brussels) 1 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressData/en/ecofin/135754.pdf

¹⁴³² Council of the European Union report on the first reading of the revised capital requirement rules (CRD IV) (Brussels) 2 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st06/st06947.en13.pdf>

¹⁴³³ Council of the European Union press release on endorsing agreement with EP (Brussels) 5 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/135823.pdf

approaches when calculating own funds requirements for credit, market and operational risk under the proposed CRR.¹⁴³⁴ The consultation ran until 11 June 2013.

On 15 March 2013, the European Banking Authority (EBA) published revised draft versions of its templates, instructions, validation rules and data point model (DPM) for implementing technical standards (ITS) on supervisory reporting under CRD IV.¹⁴³⁵

On 18 March 2013, the European Banking Authority (EBA) published two consultations on draft data point models (DPMs) based on its draft implementing technical standards (ITS) on supervisory reporting requirements for liquidity coverage and stable funding, and leverage ratio.¹⁴³⁶ Comments were invited by 13 May 2013.

On 19 March 2013, the European Banking Authority (EBA) published a report of the results of its third Basel III monitoring exercise on the European banking system.¹⁴³⁷

On 21 March 2013, the European Commission published a press release announcing agreement in trilogue on CRD IV.¹⁴³⁸

On 26 March 2013, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on the reporting format for asset encumbrance.¹⁴³⁹

On the same day, the European Banking Authority (EBA) also published a consultation paper on definitions of forbearance and non-performing exposures, and on associated reporting templates

¹⁴³⁴ EBA launches consultation on draft technical standards (RTS) aimed at specifying the conditions for assessing the materiality of extensions and changes to internal approaches when calculating own funds requirements for credit, market and operational risk (London) 11 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consults-on-the-conditions-for-assessing-the-materiality-of-extensions-and-changes-of-internal-approaches-for-credit-market-and-operational-risk>

¹⁴³⁵ EBA press release on update on the technical standards on supervisory reporting requirements Authority (London) 15 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/update-on-the-technical-standards-on-supervisory-reporting-requirements>

¹⁴³⁶ EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Liquidity Coverage and Stable Funding and EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Leverage Ratio (London) 18 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-liquidity-coverage-and-stable-fundin>

<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-leverage-ratio>

¹⁴³⁷ EBA report of the Basel III monitoring exercise on the European banking system (London) 19 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/documents/10180/16145/ISG-Basel-III-monitoring-exercise---Public-Report--Final-.pdf>

¹⁴³⁸ Statement by Commissioner Michel Barnier following the agreement in trilogue on new European rules to impose stronger prudential requirements on banks (Brussels) 21 March 2013. Date of Access: 26 June 2013.

http://europa.eu/rapid/press-release_MEMO-13-269_en.htm?locale=en

¹⁴³⁹ EBA Consultation Paper on Asset Encumbrance Reporting (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-asset-encumbrance-reporting>

to capture related data.¹⁴⁴⁰ The EBA expects to finalise these additional standards by Q3 2013. Comments on both consultation papers were invited by 24 June 2013.

On 27 March 2013, the Council of the European Union issued a press release announcing that the Permanent Committee of Representatives (COREPER) had approved compromise texts on CRD IV.¹⁴⁴¹ The Council explains in its press release that if the European Parliament approves the texts as agreed, the Council will also approve them without further discussion. It adds that the new rules will apply from 1 January 2014 if publication takes place in the Official Journal of the European Union (OJ) by 30 June 2013.

The Council reports that the compromise texts were acceptable to a qualified majority; the United Kingdom did not support them.

On the same day, the proposed CRD IV Directive text¹⁴⁴² and the proposed Capital Requirements Regulation (CRR) text¹⁴⁴³, as agreed in political dialogue, were published (dated 26 March 2013).

On 10 April 2013, the Secretariat of the Council of the EU published an addendum to the published text of the Capital Requirements Regulation (CRR) on which political agreement was reached in March 2013.¹⁴⁴⁴

On 12 April 2013, the European Parliament published revised versions of the proposed CRD IV Directive¹⁴⁴⁵ and the proposed Capital Requirements Regulation (CRR)¹⁴⁴⁶ for plenary vote.

On 16 April 2013, the European Parliament announced that it has adopted at first reading compromise texts for CRD IV on which political agreement was reached with the Council of the EU in March 2013.¹⁴⁴⁷ The texts were published on the same day.¹⁴⁴⁸

¹⁴⁴⁰ EBA Consultation Paper on definitions of forbearance and non-performing exposures, and on associated reporting templates to capture related data (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-supervisory-reporting-on-forbearance-and-non-performing-exposures>

¹⁴⁴¹ Council of the European Union press release on confirming agreement with EP (Brussels) 27 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/136581.pdf

¹⁴⁴² Council of the European Union publishes the proposed CRD IV Directive (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07746.en13.pdf>

¹⁴⁴³ Council of the European Union publishes the proposed Capital Requirements Regulation (CRR) text (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747.en13.pdf>

¹⁴⁴⁴ Council of the European Union addendum to the published text of the Capital Requirements Regulation (CRR) (Brussels) 9 April 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747-ad01.en13.pdf>

¹⁴⁴⁵ European Parliament publishes a revised text of the CRD IV Directive (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0170&format=PDF&language=EN&secondRef=002-002>

¹⁴⁴⁶ European Parliament publishes a revised text of the Capital Requirements Regulation (CRR) (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0171&format=PDF&language=EN&secondRef=002-002>

The Parliament and the Council are co-legislators and need to approve the same final text of the proposals.

On 17 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets.¹⁴⁴⁹

On 20 May 2013, the European Banking Authority (EBA) published a consultation on draft implementing technical standards (ITS) on joint decisions on institution-specific prudential requirements of the proposed CRD IV Directive.¹⁴⁵⁰

On 21 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.¹⁴⁵¹

On the same day, the European Banking Authority (EBA) published two consultations on passport notifications.¹⁴⁵² The consultation runs until 21 August 2013.

On 22 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory and implementing technical standards (RTS and ITS) on securitisation retention rules.¹⁴⁵³

¹⁴⁴⁷ European Parliament press release on adopting CRD IV on first reading (Brussels) 10 April 2013. Date of Access: 26 June 2013.

http://www.europarl.europa.eu/pdfs/news/expert/infopress/20130416IPR07333/20130416IPR07333_en.pdf

¹⁴⁴⁸ European Parliament publishes the adopted CRD IV Directive and Capital Requirements Regulation (Brussels) 16 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-02+DOC+WORD+V0//EN&language=EN>

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-03+DOC+WORD+V0//EN&language=EN>

¹⁴⁴⁹ EBA Consultation Paper on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets (London) 17 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-regulatory-technical-standards-on-the-determination-of-the-overall-exposure-to-a-client-or-a-group-of-connected-clients-in>

¹⁴⁵⁰ EBA Consultation Paper on draft Implementing Technical Standards (ITS) on institution-specific prudential requirements (London) 20 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-implementing-technical-standards-its-on-institution-specific-prudential-requirements>

¹⁴⁵¹ EBA Consultation Paper on draft Technical Standards for the definition of material risk takers for remuneration purposes (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-technical-standards-for-the-definition-of-material-risk-takers-for-remuneration-purposes>

¹⁴⁵² EBA Consultation Paper on draft ITS on Passport Notifications (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-its-on-passport-notifications>

¹⁴⁵³ EBA Consultation Paper on draft Technical Standards on securitisation retention rules (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-on-draft-technical-standards-on-securitisation-retention-rules>

On 23 May 2013, the European Banking Authority (EBA) published five consultation papers on draft regulatory and implementing technical standards under the proposed CRR.¹⁴⁵⁴ The consultation runs until 22 August 2013.

On 5 June 2013, the European Banking Authority (EBA) published near-final draft regulatory technical standards (RTS) on own funds under CRD IV.¹⁴⁵⁵

On 16 June 2013, the Council of the EU has published revised texts (dated 14 June 2013) of the Capital Requirements Regulation (CRR)¹⁴⁵⁶ and the CRD IV Directive.¹⁴⁵⁷

On 18 June 2013, the European Parliament published revised texts (dated 6 June 2013) of the Capital Requirements Regulation (CRR)¹⁴⁵⁸ and the CRD IV Directive.¹⁴⁵⁹

On 20 June 2013, the Council of the EU published a press release announcing that, in its configuration as the Employment, Social Policy, Health and Consumer Affairs Council, it has adopted without discussion the Capital Requirements Regulation (CRR) and the CRD IV Directive that were proposed and published on 16 June 2013.¹⁴⁶⁰ The decision was taken by a qualified majority of delegations, with the United Kingdom voting against. The press release states that the new rules will come into force on 1 January 2014.

On 27 June 2013, the document 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 (Capital Requirements Regulation or CRR)

¹⁴⁵⁴ EBA Consultation Papers on draft regulatory and implementing technical standards under the proposed CRR (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-guidelines-on-capital-measures-for-foreign-currency-lending>

<http://www.eba.europa.eu/-/consultation-on-draft-its-on-additional-liquidity-monitoring-metri-1>

<http://www.eba.europa.eu/-/consultation-on-draft-rts-on-additional-liquidity-outflows>

<http://www.eba.europa.eu/-/consultation-on-technical-standards-for-own-funds-part-iii>

¹⁴⁵⁵ EBA publishes near-final draft regulatory technical standards (London) 5 June 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-publishes-near-final-draft-regulatory-technical-standards-on-own-funds>

¹⁴⁵⁶ Council of the European Union publishes revised Capital Requirements Regulation (CRR) text (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00014.en13.pdf>

¹⁴⁵⁷ Council of the European Union publishes revised CRD IV Directive (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00015.en13.pdf>

¹⁴⁵⁸ European Parliament publishes revised Capital Requirements Regulation (CRR) text (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0115&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁴⁵⁹ European Parliament publishes revised CRD IV Directive (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0114&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁴⁶⁰ Council of the European Union press release on Council adopting new bank capital requirements (Brussels) 20 June 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/137544.pdf

was published in the Official Journal of the EU (OJ).¹⁴⁶¹ The CRR enters into force on 28 June 2013 and, with the exception of certain provisions specified in Article 521, will apply from 1 January 2014.

On 27 June 2013, the 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 (CRD IV Directive) was published in the Official Journal of the EU (OJ).¹⁴⁶² The Directive enters into force on the twentieth day following its publication in the OJ. With the exception of certain provisions specified in Article 162, 31 December 2013 is the deadline for member states to transpose the Directive and to apply its provisions.

The CRR and the CRD IV Directive, collectively referred to as CRD IV, implement the Basel III reforms in the EU, as well as introducing certain EU-specific reforms including imposing restrictions on bonuses. The CRD IV Directive repeals the Capital Requirements Directive (2006/48/EC and 2006/49/EC) with deadline of transposition no later than 31 December 2013 and with effect from 1 January 2014.

As the European Union's capital regulations have been agreed upon and have been scheduled for implementation, the EU and its member countries have fully complied with their commitment. France has thus been awarded a score of +1.

Analyst: Alexandra Popa

Germany: +1

Germany, as a member of the European Union subject to the Union's regulations and directives, has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio (EBA/CP/2012/06) and comments could be made on the consultation paper until 27 August 2012. Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission.¹⁴⁶³

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions (EBA/CP/2012/04) and comments could be made on the consultation paper until 31 July 2012.

¹⁴⁶¹ [Regulation \(EU\) No 575/2013](#)¹⁴⁶¹ of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (Brussels) 26 June 2013. Date of Access: 28 June 2013.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0001:0337:EN:PDF>

¹⁴⁶² [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 (Brussels) 26 June 2013. Date of Access: 28 June 2013.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0338:0436:EN:PDF>

¹⁴⁶³ EBA consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://www.eba.europa.eu/cpbs/media/Publications/Consultation%20Papers/2012/CP06/CP06-CP-on-ITS-Leverage-Ratio-Reporting.pdf>

Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission. Although the deadline set in the CRR for EBA to finalize these ITS is 31 December 2013, the EBA intends to submit them “within a shorter timeframe,” as the CRR disclosure requirements will be applicable from 1 January 2013.¹⁴⁶⁴

On 12 June 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context (EBA/CP/2012/07) and comments could be made on the consultation paper until 12 August 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take into account the final text of the CRR. The EBA’s intention is that these RTS will form part of the general RTS on own funds which it consulted on in April 2012. These RTS must be submitted to the European Commission by 1 January 2013.¹⁴⁶⁵

On 21 June 2012, the European Parliament’s Economic and Monetary Affairs Committee (ECON) published the reports that it has adopted on the proposed CRD IV Directive (dated 30 May 2012) and the Capital Requirements Regulation (CRR) (dated 12 June 2012). ECON voted to adopt these reports on 14 May 2012. The reports contain draft legislative resolutions for the European Parliament with proposed amendments to the CRD IV Directive and the CRR. They will, among other things, implement the main Basel III reforms in the EU.^{1466,1467}

The Parliament was scheduled to consider these resolutions at its plenary session to be held between 2 and 5 July 2012.

In its July 2011 legislative proposals, the Commission stated that the “CRR and the CRD IV Directive were intended to come into force on 1 January 2013, with full implementation of their requirements by 1 January 2019.” Member states were expected to transpose the CRD IV Directive into national law by 31 December 2012 which follows the timelines expected by the BCBS for Basel III implementation.

¹⁴⁶⁴ EBA consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP04/EBA-CP-2012-04--CP-on-ITS-disclosure-for-own-funds-.pdf>

¹⁴⁶⁵ EBA consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP07/EBA-CP-2012-07--CP-on-RTS-Gain-on-Sale-on-securitisations-.pdf>

¹⁴⁶⁶ The European Parliament’s Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the proposed CRD IV Directive, European Parliament’s Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2012-0170+0+DOC+PDF+V0//EN>

¹⁴⁶⁷ The European Parliament’s Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the Capital Requirements Regulation (CRR), European Parliament’s Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONSGML%2bREPORT%2bA7-2012-0171%2b0%2bDOC%2bPDF%2bV0%2f%2fEN>

On 10 July 2012, the Council published a press release concerning a meeting of ECOFIN held on 10 July 2012. The press release stated that negotiations between the EU authorities on the CRD IV Directive are almost complete and that talks are now focused on the CRR. “The negotiations with the Parliament are aimed at adoption of the regulation and directive at first reading. Outstanding issues include a proposed flexibility package, bankers’ remuneration, crisis management, sanctions, the balance of power between the authorities of “home” and “host” countries, corporate governance, and powers to be given to the European Banking Authority (EBA).”¹⁴⁶⁸

On 11 July 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09) and comments could be made on the consultation paper until 15 September 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take the final text of the CRR into account. The RTS must be submitted to the European Commission by 1 January 2013.¹⁴⁶⁹

On 17 July 2012, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/10) and comments could be made on the consultation paper by 30 September 2012. The consultation is based on the draft CRR as proposed by the European Commission in July 2011. Although the EBA has taken into account significant changes subsequently proposed during the legislative procedure, the draft RTS may be amended after consultation to take into account the final CRR text. The RTS must be submitted to the Commission by 1 January 2013.¹⁴⁷⁰

On 31 July 2012, the European Banking Authority (EBA) has published a press release announcing a timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting.

In the press release, the EBA announces that the finalization of the ITS for supervisory reporting has been pushed back pending the adoption by the EU authorities of the CRR.

¹⁴⁶⁸ Press Release 12204/12, 3181st Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels), 10 July 2012. Date of Access: 6 January 2013.
http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/131686.pdf

¹⁴⁶⁹ EBA consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk, European Banking Authority (London) 11 July 2012. Date of Access: 6 January 2013.
<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP09/EBA-CP-2012-09-CP-credit-valuation-risk.pdf>

¹⁴⁷⁰ EBA consultation paper on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR), European Banking Authority (London) 17 July 2012. Date of Access: 6 January 2013.
<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP10/EBA-CP-2012-10-CP-on-RTS-on-SCRAs-and-GCRAs.pdf>

It suggests that the implementation date for the full ITS requirements relating to financial information (FINREP) should be set to 1 January 2014 and that further decisions on phasing in other data requirements may be taken once the CRR itself is finalised.¹⁴⁷¹

On 2 August 2012, the European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process. The EBF stated that it has learned that the Council of the EU has suspended its work on CRD IV until September 2012 and that the European Parliament has decided to vote on the legislation “at the end of October.” In July 2012 the Parliament suggested that it would consider CRD IV at its 10 to 13 September 2012 plenary session. However, this indicative date has since been removed from the Parliament website and the draft agenda for the 10 to 13 September plenary session no longer referred to CRD IV.¹⁴⁷²

The European Banking Industry Committee (EBIC) sent (and published) a letter to the EU institutions, calling for a reasonable period of time between the final text and implementation to allow banks to put in place the necessary procedures to comply with the new rules since the implementation “cannot possibly be achieved within a timeframe of one or two months.”¹⁴⁷³

On August 22, 2012 German finance minister Wolfgang Schaeuble issued a statement indicating that the introduction of more stringent controls on capital requirements will result in tougher sanctions and controls for banks. “It is our firm conviction that the implementation of Basel III is a central part of bank regulation that we cannot subject to delay. I hope our partners in Brussels share this sense of urgency,” Mr. Schaeuble said.¹⁴⁷⁴ By taking the lead Germany is setting the example to other E.U. G20 member countries as Mr. Schaeuble continued: “I urgently appeal to the European Parliament, the Council and the European Commission to bring the trialog quickly to a successful conclusion.”¹⁴⁷⁵

On 29 August 2012, the European Banking Authority (EBA) published a press release announcing revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation. The EBA has published these documents ahead of a workshop on 13 September 2012. The press release emphasises that these versions should not be considered as final products and that the EBA will deliver the final draft templates and DPM to the European Commission for endorsement once the final text of the CRD IV legislation has been agreed.¹⁴⁷⁶

¹⁴⁷¹ EBA Press Release announcing a concerning the timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting (London) 31 July 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-the-finalisation-and-implementation-of-t.aspx>

¹⁴⁷² European Parliament website and the draft agenda (Brussels) 2 August 2012. Date of Access: 6 January 2013. <http://www.europarl.europa.eu/sides/indexPartSession.do?reference=2012-09&language=EN>

¹⁴⁷³ European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process (Brussels) 2 August 2012. Date of Access: 6 January 2013. [http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20\(2\).pdf](http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20(2).pdf)

¹⁴⁷⁴ To be completed <http://uk.reuters.com/article/2012/08/22/uk-germany-banks-basel-idUKBRE87L08O20120822>

¹⁴⁷⁵ To be completed <http://www.djnewsplus.com/rssarticle/SB134562555576485053.html>

¹⁴⁷⁶ EBA Press Release announcing a revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation (London) 29 August 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/EBA-workshop-on-technical-standards-on-supervisory.aspx>

On 31 August 2012, the Joint Committee of the European Supervisory Authorities (ESAs) (that is, EBA, EIOPA and ESMA) published a joint consultation paper (JP/CP/2012/02) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (FICOD). Comments could be made on the consultation paper by 5 October 2012. The draft RTS may be amended after consultation to take into account the final texts of the CRR and the CRD IV Directive. The RTS must be submitted to the Commission by 1 January 2013.¹⁴⁷⁷

The Bundesbank and Bafin announced in mid-September 2012 that they will give German banks until mid-2013, six months after the target starting date, to get reporting and controlling structures in place as well as adjust information technology systems in compliance with Basel III guidelines.

On 18 September 2012, the European Banking Authority (EBA) published a list of responses it has received to its July 2012 consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09).¹⁴⁷⁸

On 22 October 2012, the European Banking Authority (EBA) published a report (dated September 2012) on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (CRR).¹⁴⁷⁹

On 9 November 2012, the European Banking Authority (EBA) published its second consultation on draft regulatory technical standards (RTS) on own funds under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/11). This consultation relates to the identification of mutuals, co-operatives and similar institutions. Comments can be made on the consultation paper by 21 December 2012. The July 2011 text of the CRR requires these RTS to be submitted to the Commission by 1 January 2013.

The consultation forms the second part of the EBA's consultation on RTS relating to own funds, the first part of which was published in April 2012. The EBA expects that the legal texts resulting from these consultations on own funds, and subsequent consultations to be published later in 2012, will be merged into a single act.¹⁴⁸⁰

On 13 November 2012, the European Banking Authority (EBA) published a discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital Requirements Regulation (CRR) (EBA/DP/2012/03). Comments can be made on the discussion paper by 13 January 2013. The EBA intends to publish a consultation paper on the draft RTS

¹⁴⁷⁷ Joint consultation paper of the European Supervisory Authorities (ESAs) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (London, Frankfurt, Paris) 31 August 2012. Date of Access: 6 January 2013. <http://www.esma.europa.eu/system/files/jc-cp-2012-02-.pdf>

¹⁴⁷⁸ List of responses published by the European Banking Authority on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (London) 18 September 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/Publications/Consultation-Papers/All-consultations/2012/EBA-CP-2012-09/Responses-to-EBA-CP-2012-02.aspx>

¹⁴⁷⁹ EBA report on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (London) 22 October 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/EBA-SME-Report.pdf>

¹⁴⁸⁰ EBA's second consultation on RTS relating to own funds (London) 9 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP11/EBA-BS-2012-211-final-for-publication--Consultation-paper-on-draft-RTS-on-Article-25-2--a--.pdf>

before submitting them to the Commission. The 11 May 2012 draft of the CRR requires these RTS to be submitted to the Commission by 31 December 2013.¹⁴⁸¹

On 13 November 2012, the Council of the EU has published a press release concerning a meeting of the Council, in its configuration as the Economic and Financial Affairs Council (ECOFIN), where ECOFIN remains committed to reaching an agreement with the European Parliament before the end of 2012 on the CRD IV legislation. The press release states that ECOFIN's objectives include "maintaining the balance" achieved in its May 2012 general approach on CRD IV.¹⁴⁸²

On 21 November 2012, the European Banking Federation (EBF) sent a letter to Michel Barnier, European Commissioner for Internal Market and Services, formally requesting "the postponement of the entry into force of the CRR/CRD IV until 1 January 2014," (which it considers would be a more reasonable timeframe) in the light of the announcement by US regulators that there would be an indefinite delay to their implementation of Basel III.¹⁴⁸³ Similar letters have been addressed to the Presidency of the Council of the European Union and the European Parliament rapporteur.¹⁴⁸⁴

On November 24 2012, European banks have asked the European Commission to postpone the introduction of Basel III by a year to 2014 after U.S. regulators delayed application of the new requirements. Brussels is also worried that Washington's decision to ignore the deadline will put European banks at a disadvantage to U.S. rivals.¹⁴⁸⁵

On 24 November 2012, a spokesman for Mr Barnier is quoted as saying that the CRD IV negotiations between the Council and the Parliament will be wrapped up in the coming weeks, and that Mr Barnier will seek clarity from the US and work for a co-ordinated US-EU approach.¹⁴⁸⁶

¹⁴⁸¹ EBA discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital Requirements Regulation (London) 13 November. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Discussion%20Papers/DP%202012%2003/EBA-DP-2012-03--RTS-on-Prudent-Valuation---Final.pdf>

¹⁴⁸² Press Release 16051/12, 3198th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 13 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/133470.pdf

¹⁴⁸³ European Banking Federation (EBF) letter to Member of the European Commission concerning entry into force of the CRR/CRD IV (Brussels) 21 November 2012. Date of Access: 6 January 2013. <http://www.ebf-fbe.eu/uploads/0374C-D2140A-2012-EBF%20President%20Draft%20letter%20to%20Barnier%20over%20US%20postpone....pdf>

¹⁴⁸⁴ EBA letter to Member of the European Commission (London) 5 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-05--Letter-on-draft-CRR---EBA-Op-2012-03-.pdf>

¹⁴⁸⁵ EU To Follow US In Delaying The Implementation Of Basel III, International Business Times (Washington, D.C.) 27 November 2012. Date of Access: 6 January 2013. <http://www.ibtimes.com/eu-follow-us-delaying-implementation-basel-iii-903024>

¹⁴⁸⁶ European banks call for capital rule delay, The Telegraph (London) 24 November 2012. Date of Access: 6 January 2013. <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/9700443/European-banks-call-for-capital-rule-delay.html>

On 27 November 2012, the European Banking Authority (EBA) published a letter (dated 21 November 2012), sent to Michel Barnier, European Commissioner for Internal Market and Services, relating to the proposed Capital Requirements Regulation (CRR).¹⁴⁸⁷

The Parliament is expected to consider CRD IV at its plenary session to be held between 10 and 13 December 2012.

A Council of the EU progress report dated 29 November 2012 stated that the Presidency still aimed to reach political agreement on CRD IV by the end of 2012.¹⁴⁸⁸

A press release issued after the ECOFIN meeting on 4 December 2012 stated that the Council “confirmed its commitment to reach an agreement with the Parliament before the end of the year.” “Further political trilogues are scheduled for 11 and 13 December in Strasbourg.”¹⁴⁸⁹

The Parliament is expected to consider the SSM proposals during its plenary session to be held between 10 and 13 December 2012.¹⁴⁹⁰

On 17 December 2012, the European Commission has published a speech given by Michel Barnier, European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (SSM).¹⁴⁹¹

In the speech, Mr Barnier commented that the ongoing trilogues on CRD IV will result in political agreement “very soon.” He stressed, however, the need for a “co-ordinated approach” with the US on implementing Basel III.¹⁴⁹²

On 20 December 2012, the European Banking Authority (EBA) issued a press release providing an update on its work on supervisory reporting requirements required by the proposed Capital Requirements Regulation (CRR). The EBA describes the templates and instructions as “preliminary and informal in nature,” given the pending adoption of the final CRR text.

In the press release, the EBA stated that it intended to continue its existing work collecting and analysing information on the liquidity coverage ratio (LCR), which it started at the beginning of 2012. The EBA will continue this exercise on a quarterly basis and will expand its scope to

¹⁴⁸⁷ EBA letter to Member of the European Commission concerning the proposed Capital Requirements Regulation (CRR) (London) 21 November 2012. Date of Access: 6 January 2013. to <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-21--Letter-on-floors---EBA-Op-2012-04-.pdf>

¹⁴⁸⁸ Council of the European Union progress report on CRD IV (Brussels) 29 November 2012. Date of Access: 6 January 2013. <http://register.consilium.europa.eu/pdf/en/12/st16/st16677.en12.pdf>

¹⁴⁸⁹ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/134037.pdf

¹⁴⁹⁰ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/134037.pdf

¹⁴⁹¹ Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

¹⁴⁹² Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

include reporting on the net stable funding and leverage ratio and to increase the number of firms involved.

The EBA intends to launch a consultation on the data point model for leverage and liquidity reporting in the first quarter of 2013.

The EBA will publish a final draft ITS as soon as the CRR text is finalized, together with revised templates and instructions reflecting the final CRR text. The EBA expects that not more than one year will be needed to implement these new reporting provisions and it envisages that the first remittance dates will fall in the first quarter of 2014 for the full ITS requirements on liquidity and leverage.¹⁴⁹³

The next dialogues on the CRD IV package of reforms between the Council of the EU, the European Parliament and the Commission will be continuing in January, with an indicative plenary sitting date on 12 January 2012.¹⁴⁹⁴

On 21 February 2013, the EBA has published a discussion paper on defining liquid assets in the liquidity coverage ratio (LCR) under the draft CRR¹⁴⁹⁵. In a press release that accompanied the discussion paper, the EBA stated that the draft CRR text stipulates that the EU Commission will adopt a delegated act by 30 June 2014 to implement the LCR in EU regulation.¹⁴⁹⁶

On the same day, the EBA also published a discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR.¹⁴⁹⁷

On 27 February 2013, Council of the EU published a press release announcing that the Council has reached provisional political agreement at dialogue with the European Parliament on CRD IV.¹⁴⁹⁸ The provisional agreement needs to be formally endorsed by the Council and by the Parliament before it is final. There will also be significant further technical work to complete the details of the legislation.

¹⁴⁹³ EBA Press Release providing an update on its work on supervisory reporting requirements required by the proposed Capital Requirements Regulation (London) 20 December 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-supervisory-reporting-requirements-for-1.aspx>

¹⁴⁹⁴ European Parliament website and the draft agenda (Brussels) 11 January 2013. Date of Access: 11 January 2013. <http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2011/0203%28COD%29&l=en#keyEvents>

¹⁴⁹⁵ EBA discussion paper on defining liquid assets in the LCR under the draft CRR (London) 21 February 2013. Date of Access: June 26 2013. <http://www.eba.europa.eu/documents/10180/42030/DP-on-defining-liquid-assets-in-the-LCR.pdf/8d39f0bc-248e-4185-8cda-7f7ff153b644?version=1.0>

¹⁴⁹⁶ EBA Press Release on the process to define highly liquid assets in the Liquidity Coverage Ratio (LCR) (London) 21 February 2013. Date of Access: 26 June 2013. <http://www.eba.europa.eu/-/eba-consults-on-the-process-to-define-highly-liquid-assets-in-the-liquidity-coverage-ratio-lcr->

¹⁴⁹⁷ EBA discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR (London) 21 February 2013. Date of Access: 26 June 2013. <http://www.eba.europa.eu/-/discussion-paper-on-retail-deposits-subject-to-higher-outflows-for-the-purposes-of-liquidity-reporting-under-the-capital-requirements-regulation-crr->

¹⁴⁹⁸ Council of the European Union press release on provisional political agreement at dialogue with the European Parliament on CRD IV (Brussels) 27 February 2013. Date of Access: 26 June 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/135718.pdf

The Council press release states that the agreement on CRD IV will be considered by the Council of the EU at its meeting on 5 March 2013 in its configuration as the Economic and Financial Affairs Council (ECOFIN).

On 28 February 2013, the Parliament published a press release on the provisional agreement and stated that member states will be required to transpose the CRD IV Directive by 1 January 2014.¹⁴⁹⁹ The Parliament press release states that it will vote on CRD IV in its 15 to 18 April plenary session. The Parliament had previously indicated the vote would take place at the 20 to 23 May 2013 session.

On 1 March 2013, the Council published a background note on the provisional agreement, and sets out the five major compromises that was reached between the Council and the Parliament on five key issues.¹⁵⁰⁰

On 5 March 2013, the Council of the EU published a report from the Council Presidency to the Council on political agreement that was reached on CRD IV at a triologue on 27 February 2013 which included a summary of the key issues that were reached.¹⁵⁰¹ The Presidency invites the Council to endorse the provisional agreement reached on 27 February 2013 and to continue negotiations with the European Parliament to reach agreement at first reading as soon as possible.

On 5 March 2013, the Council of the EU published a press release announcing, in its configuration as the Economic and Financial Affairs Council (ECOFIN), it had “broadly endorsed” the provisional political agreement reached on CRD IV in a triologue on 27 February 2013.¹⁵⁰² On that basis, the Council has mandated the Permanent Committee of Representatives (COREPER) to finalise negotiations with the European Parliament on outstanding technical issues with the aim of reaching a final deal in the second half of March 2013.

On 11 March 2013, the EBA published a consultation on draft regulatory technical standards (RTS) on the conditions for assessing the materiality of extensions and changes of internal approaches when calculating own funds requirements for credit, market and operational risk under the proposed CRR.¹⁵⁰³ The consultation ran until 11 June 2013.

¹⁴⁹⁹ The European Parliament's Economic and Monetary Affairs Committee (ECON) press release on provisional agreement reached (Brussels) 28 February 2013. Date of Access: 26 June 2013. <http://www.europarl.europa.eu/news/en/pressroom/content/20130225IPR06048/html/MEPs-cap-bankers'-bonuses-and-step-up-bank-capital-requirements>

¹⁵⁰⁰ Council of the European Union background note on provisional political agreement which sets out the five majors comprises (Brussels) 1 March 2013. Date of Access: 26 June 2013. http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressData/en/ecofin/135754.pdf

¹⁵⁰¹ Council of the European Union report on the first reading of the revised capital requirement rules (CRD IV) (Brussels) 2 March 2013. Date of Access: 26 June 2013. <http://register.consilium.europa.eu/pdf/en/13/st06/st06947.en13.pdf>

¹⁵⁰² Council of the European Union press release on endorsing agreement with EP (Brussels) 5 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/135823.pdf

¹⁵⁰³ EBA launches consultation on draft technical standards (RTS) aimed at specifying the conditions for assessing the materiality of extensions and changes to internal approaches when calculating own funds requirements for credit, market and operational risk (London) 11 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consults-on-the-conditions-for-assessing-the-materiality-of-extensions-and-changes-of-internal-approaches-for-credit-market-and-operational-risk>

On 15 March 2013, the European Banking Authority (EBA) published revised draft versions of its templates, instructions, validation rules and data point model (DPM) for implementing technical standards (ITS) on supervisory reporting under CRD IV.¹⁵⁰⁴

On 18 March 2013, the European Banking Authority (EBA) published two consultations on draft data point models (DPMs) based on its draft implementing technical standards (ITS) on supervisory reporting requirements for liquidity coverage and stable funding, and leverage ratio.¹⁵⁰⁵ Comments were invited by 13 May 2013.

On 19 March 2013, the European Banking Authority (EBA) published a report of the results of its third Basel III monitoring exercise on the European banking system.¹⁵⁰⁶

On 21 March 2013, the European Commission published a press release announcing agreement in trilogue on CRD IV.¹⁵⁰⁷

On 26 March 2013, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on the reporting format for asset encumbrance.¹⁵⁰⁸

On the same day, the European Banking Authority (EBA) also published a consultation paper on definitions of forbearance and non-performing exposures, and on associated reporting templates to capture related data.¹⁵⁰⁹ The EBA expects to finalise these additional standards by Q3 2013. Comments on both consultation papers were invited by 24 June 2013.

On 27 March 2013, the Council of the European Union issued a press release announcing that the Permanent Committee of Representatives (COREPER) had approved compromise texts on CRD

¹⁵⁰⁴ EBA press release on update on the technical standards on supervisory reporting requirements Authority (London) 15 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/update-on-the-technical-standards-on-supervisory-reporting-requirements>

¹⁵⁰⁵ EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Liquidity Coverage and Stable Funding and EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Leverage Ratio (London) 18 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-liquidity-coverage-and-stable-fundin>

<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-leverage-ratio>

¹⁵⁰⁶ EBA report of the Basel III monitoring exercise on the European banking system (London) 19 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/documents/10180/16145/ISG-Basel-III-monitoring-exercise---Public-Report--Final-.pdf>

¹⁵⁰⁷ Statement by Commissioner Michel Barnier following the agreement in trilogue on new European rules to impose stronger prudential requirements on banks (Brussels) 21 March 2013. Date of Access: 26 June 2013.

http://europa.eu/rapid/press-release_MEMO-13-269_en.htm?locale=en

¹⁵⁰⁸ EBA Consultation Paper on Asset Encumbrance Reporting (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-asset-encumbrance-reporting>

¹⁵⁰⁹ EBA Consultation Paper on definitions of forbearance and non-performing exposures, and on associated reporting templates to capture related data (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-supervisory-reporting-on-forbearance-and-non-performing-exposures>

IV.¹⁵¹⁰ The Council explains in its press release that if the European Parliament approves the texts as agreed, the Council will also approve them without further discussion. It adds that the new rules will apply from 1 January 2014 if publication takes place in the Official Journal of the European Union (OJ) by 30 June 2013.

The Council reports that the compromise texts were acceptable to a qualified majority; the United Kingdom did not support them.

On the same day, the proposed CRD IV Directive text¹⁵¹¹ and the proposed Capital Requirements Regulation (CRR) text,¹⁵¹² as agreed in political dialogue, were published (dated 26 March 2013).

On 10 April 2013, the Secretariat of the Council of the EU published an addendum to the published text of the Capital Requirements Regulation (CRR) on which political agreement was reached in March 2013.¹⁵¹³

On 12 April 2013, the European Parliament published revised versions of the proposed CRD IV Directive¹⁵¹⁴ and the proposed Capital Requirements Regulation (CRR)¹⁵¹⁵ for plenary vote.

On 16 April 2013, the European Parliament announced that it has adopted at first reading compromise texts for CRD IV on which political agreement was reached with the Council of the EU in March 2013.¹⁵¹⁶ The texts were published on the same day.¹⁵¹⁷

¹⁵¹⁰ Council of the European Union press release on confirming agreement with EP (Brussels) 27 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/136581.pdf

¹⁵¹¹ Council of the European Union publishes the proposed CRD IV Directive (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07746.en13.pdf>

¹⁵¹² Council of the European Union publishes the proposed the proposed Capital Requirements Regulation (CRR) text (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747.en13.pdf>

¹⁵¹³ Council of the European Union addendum to the published text of the Capital Requirements Regulation (CRR) (Brussels) 9 April 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747-ad01.en13.pdf>

¹⁵¹⁴ European Parliament publishes a revised text of the CRD IV Directive (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0170&format=PDF&language=EN&secondRef=002-002>

¹⁵¹⁵ European Parliament publishes a revised text of the Capital Requirements Regulation (CRR) (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0171&format=PDF&language=EN&secondRef=002-002>

¹⁵¹⁶ European Parliament press release on adopting CRD IV on first reading (Brussels) 10 April 2013. Date of Access: 26 June 2013.

http://www.europarl.europa.eu/pdfs/news/expert/infopress/20130416IPR07333/20130416IPR07333_en.pdf

¹⁵¹⁷ European Parliament publishes the adopted CRD IV Directive and Capital Requirements Regulation (Brussels) 16 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-02+DOC+WORD+V0//EN&language=EN>

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-03+DOC+WORD+V0//EN&language=EN>

The Parliament and the Council are co-legislators and need to approve the same final text of the proposals.

On 17 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets.¹⁵¹⁸

On 20 May 2013, the European Banking Authority (EBA) published a consultation on draft implementing technical standards (ITS) on joint decisions on institution-specific prudential requirements of the proposed CRD IV Directive.¹⁵¹⁹

On 21 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.¹⁵²⁰

On the same day, the European Banking Authority (EBA) published two consultations on passport notifications.¹⁵²¹ The consultation runs until 21 August 2013.

On 22 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory and implementing technical standards (RTS and ITS) on securitisation retention rules.¹⁵²²

On 23 May 2013, the European Banking Authority (EBA) published five consultation papers on draft regulatory and implementing technical standards under the proposed CRR.¹⁵²³ The consultation runs until 22 August 2013.

¹⁵¹⁸ EBA Consultation Paper on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets (London) 17 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-regulatory-technical-standards-on-the-determination-of-the-overall-exposure-to-a-client-or-a-group-of-connected-clients-in>

¹⁵¹⁹ EBA Consultation Paper on draft Implementing Technical Standards (ITS) on institution-specific prudential requirements (London) 20 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-implementing-technical-standards-its-on-institution-specific-prudential-requirements>

¹⁵²⁰ EBA Consultation Paper on draft Technical Standards for the definition of material risk takers for remuneration purposes (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-technical-standards-for-the-definition-of-material-risk-takers-for-remuneration-purposes>

¹⁵²¹ EBA Consultation Paper on draft ITS on Passport Notifications (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-its-on-passport-notifications>

¹⁵²² EBA Consultation Paper on draft Technical Standards on securitisation retention rules (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-on-draft-technical-standards-on-securitisation-retention-rules>

¹⁵²³ EBA Consultation Papers on draft regulatory and implementing technical standards under the proposed CRR (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-guidelines-on-capital-measures-for-foreign-currency-lending>

<http://www.eba.europa.eu/-/consultation-on-draft-its-on-additional-liquidity-monitoring-metri-1>

<http://www.eba.europa.eu/-/consultation-on-draft-rts-on-additional-liquidity-outflows>

<http://www.eba.europa.eu/-/consultation-on-technical-standards-for-own-funds-part-iii>

On 5 June 2013, the European Banking Authority (EBA) published near-final draft regulatory technical standards (RTS) on own funds under CRD IV.¹⁵²⁴

On 16 June 2013, the Council of the EU has published revised texts (dated 14 June 2013) of the Capital Requirements Regulation (CRR)¹⁵²⁵ and the CRD IV Directive.¹⁵²⁶

On 18 June 2013, the European Parliament published revised texts (dated 6 June 2013) of the Capital Requirements Regulation (CRR)¹⁵²⁷ and the CRD IV Directive.¹⁵²⁸

On 20 June 2013, the Council of the EU published a press release announcing that, in its configuration as the Employment, Social Policy, Health and Consumer Affairs Council, it has adopted without discussion the Capital Requirements Regulation (CRR) and the CRD IV Directive that were proposed and published on 16 June 2013.¹⁵²⁹ The decision was taken by a qualified majority of delegations, with the United Kingdom voting against. The press release states that the new rules will come into force on 1 January 2014.

On 27 June 2013, the document 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 (Capital Requirements Regulation or CRR) was published in the Official Journal of the EU (OJ).¹⁵³⁰ The CRR enters into force on 28 June 2013 and, with the exception of certain provisions specified in Article 521, will apply from 1 January 2014.

On 27 June 2013, the 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 (CRD IV Directive) was published in the Official Journal of the EU

¹⁵²⁴ EBA publishes near-final draft regulatory technical standards (London) 5 June 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-publishes-near-final-draft-regulatory-technical-standards-on-own-funds>

¹⁵²⁵ Council of the European Union publishes revised Capital Requirements Regulation (CRR) text (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00014.en13.pdf>

¹⁵²⁶ Council of the European Union publishes revised CRD IV Directive (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00015.en13.pdf>

¹⁵²⁷ European Parliament publishes revised Capital Requirements Regulation (CRR) text (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0115&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁵²⁸ European Parliament publishes revised CRD IV Directive (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0114&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁵²⁹ Council of the European Union press release on Council adopting new bank capital requirements (Brussels) 20 June 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/137544.pdf

¹⁵³⁰ Regulation (EU) No 575/2013¹⁵³⁰ of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (Brussels) 26 June 2013. Date of Access: 28 June 2013.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0001:0337:EN:PDF>

(OJ).¹⁵³¹ The Directive enters into force on the twentieth day following its publication in the OJ. With the exception of certain provisions specified in Article 162, 31 December 2013 is the deadline for member states to transpose the Directive and to apply its provisions.

The CRR and the CRD IV Directive, collectively referred to as CRD IV, implement the Basel III reforms in the EU, as well as introducing certain EU-specific reforms including imposing restrictions on bonuses. The CRD IV Directive repeals the Capital Requirements Directive (2006/48/EC and 2006/49/EC) with deadline of transposition no later than 31 December 2013 and with effect from 1 January 2014.

As the European Union's capital regulations have been agreed upon and have been scheduled for implementation, the EU and its member countries have fully complied with their commitment. Germany has thus been awarded a score of +1.

Analysts: Vitali Selivanov and Alexandra Popa

India: +1

India has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

On 4 August 2012, Governor Duvvuri Subbarao of the Reserve Bank of India (RBI) said Indian banks would have to raise an additional capital of INR one point six trillion to INR one point seven five trillion by March 2018 to conform to the Basel-III capital adequacy norms.¹⁵³²

On 28 December 2012, RBI reminded that it “had issued guidelines on implementation of Basel III capital regulation in India on May 2, 2012. These guidelines were to be implemented as on January 1, 2013 in a phased manner and were to be fully implemented as on March 31, 2018.” However, the BCBS observed in a 14 December 2012 Press Release that “It is expected that as remaining jurisdictions finalise their domestic regulations during 2013, they will incorporate all the remaining transitional deadlines in line with the original global agreement, even where they have not been able to meet the January 1, 2013 start date.”¹⁵³³ As “the Indian Financial Year begins on April 1,” RBI decided to shift the start date for implementation of Basel III Capital Regulations in India from 1 January 2013 to 1 April 2013.¹⁵³⁴

On 10 January 2013, the Reserve Bank of India (RBI) released “Draft Guidelines on Composition of Capital Disclosure Requirements.” RBI explains that as the “Basel Committee on Banking Supervision (BCBS) has finalised proposals on disclosure requirements in respect of the composition of regulatory capital, aimed at improving transparency of regulatory capital reporting as well as market discipline [...] it was announced in the Second Quarter Review of Monetary

¹⁵³¹ [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 (Brussels) 26 June 2013. Date of Access: 28 June 2013.

¹⁵³² For Basel III, Banks may need RS.1.75 Lakh Crore, The Hindu, 4 August 2012. Date of Access: 6 January 2013. <http://www.thehindu.com/business/Industry/article3728133.ece>

¹⁵³³ Implementation of the Basel III Framework, Basel Committee on Banking Supervision (Basel), 14 December 2012. Date of Access: 22 February 2013. <http://www.bis.org/press/p121214a.htm>

¹⁵³⁴ RBI re-aligns Implementation Date for Basel III Capital regulations with Financial Year - Shifts from January 1, 2013 to April 1, 2013, Reserve Bank of India (Mumbai), 28 December 2012. Date of Access: 6 January 2013. http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=27862

Policy 2012-13 (paragraph 87) on October 30, 2012 that the Reserve Bank would issue the draft guidelines on composition of capital disclosure requirements by end-December 2012.¹⁵³⁵

India has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework and thus been awarded the score of +1.

Analysts: Katherine Wang, Alexandre de Palma

Indonesia: 0

Indonesia has partially complied with its commitment to take action to implement the new bank capital and liquidity requirements set in the Basel III framework.

At a Bankers' Dinner held on 23 November 2012, Dr. Darmin Nasution, Governor of Bank Indonesia, reiterated to government leaders, ministers, members of Parliament and heads of banking institutions of his support for banking sector reform within the context of Basel III standards. In this regard, he acknowledged the need to maintain macroeconomic and financial stability through macro-prudential tools and monetary policy.¹⁵³⁶ Dr. Nasution stated that Bank Indonesia would soon revise regulations on Minimum Capital Adequacy Requirements of Commercial Banks, whereby banks would have to provide capital adequacy ratios ranging from 8 to 14 per cent, depending on risk profiles. He further added that this would also apply for foreign banks operating in the country through the Capital Equivalency Maintained Assets (CEMA) fund. CEMA would take the form of "business capital deposited in certain amount of financial assets that should also meet certain requirements."¹⁵³⁷

At end-May 2012, the Basel Committee on Banking Supervision and Bank for International Settlements gave Indonesia score of 1 out of 4 for releasing a draft consultative paper to the banking industry for initial feedback.¹⁵³⁸

On 13-14 December, 2012, the Basel Committee stated that Indonesia had issued draft regulations and was working to present a final version as soon as possible.¹⁵³⁹

Indonesia has initiated work towards the translation of Basel III recommendations into national regulation and has thus been given score of 0.

¹⁵³⁵ RBI Releases Draft Guidelines on Composition of Capital Disclosure Requirements, reserve Bank of India (Mumbai), 10 January 2013. Date of Access: 2 February 2013.

http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=27937

¹⁵³⁶ Towards Sustainable and Inclusive Growth: Challenges amidst the Global Turbulence – Bankers' Dinner, Speech by Dr. Darmin Narsution, Bank Indonesia, 23 November 2012. Date of Access: 29 December 2012

<http://www.bi.go.id/NR/rdonlyres/DA9C604D-0338-4570-9D56-7935C931E941/27565/BD2012EnglishSpeechFINALupload.pdf>

¹⁵³⁷ Towards Sustainable and Inclusive Growth: Challenges amidst the Global Turbulence – Bankers' Dinner, Speech by Dr. Darmin Narsution, Bank Indonesia, 23 November 2012. Date of Access: 29 December 2012

<http://www.bi.go.id/NR/rdonlyres/DA9C604D-0338-4570-9D56-7935C931E941/27565/BD2012EnglishSpeechFINALupload.pdf>

¹⁵³⁸ Report to G20 Leaders on Basel III Implementation, Bank of International Settlements and Basel, Committee on Banking Supervision (Basel) June 2012. Date of Access: 2 January 2013.

<http://www.bis.org/publ/bcbs220.pdf>

¹⁵³⁹ Press Release, Bank of International Settlements and Basel, Committee on Banking Supervision (Basel) December 2012. Date of Access: 2 January 2013. <http://www.bis.org/press/p121214a.htm>

Italy: +1

Italy, as a member of the European Union subject to the Union's regulations and directives, has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio (EBA/CP/2012/06) and comments could be made on the consultation paper until 27 August 2012. Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission.¹⁵⁴⁰

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions (EBA/CP/2012/04) and comments could be made on the consultation paper until 31 July 2012. Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission. Although the deadline set in the CRR for EBA to finalize these ITS is 31 December 2013, the EBA intends to submit them "within a shorter timeframe," as the CRR disclosure requirements will be applicable from 1 January 2013.¹⁵⁴¹

On 12 June 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context (EBA/CP/2012/07) and comments could be made on the consultation paper until 12 August 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take into account the final text of the CRR. The EBA's intention is that these RTS will form part of the general RTS on own funds which it consulted on in April 2012. These RTS must be submitted to the European Commission by 1 January 2013.¹⁵⁴²

On 21 June 2012, the European Parliament's Economic and Monetary Affairs Committee (ECON) published the reports that it has adopted on the proposed CRD IV Directive (dated 30 May 2012) and the Capital Requirements Regulation (CRR) (dated 12 June 2012). ECON voted to adopt these reports on 14 May 2012. The reports contain draft legislative resolutions for the

¹⁵⁴⁰ EBA consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP06/CP06-CP-on-ITS-Leverage-Ratio-Reporting.pdf>

¹⁵⁴¹ EBA consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP04/EBA-CP-2012-04--CP-on-ITS-disclosure-for-own-funds-.pdf>

¹⁵⁴² EBA consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP07/EBA-CP-2012-07--CP-on-RTS-Gain-on-Sale-on-securitisations-.pdf>

European Parliament with proposed amendments to the CRD IV Directive and the CRR. They will, among other things, implement the main Basel III reforms in the EU.^{1543,1544}

The Parliament was scheduled to consider these resolutions at its plenary session to be held between 2 and 5 July 2012.

In its July 2011 legislative proposals, the Commission stated that the “CRR and the CRD IV Directive were intended to come into force on 1 January 2013, with full implementation of their requirements by 1 January 2019.” Member states were expected to transpose the CRD IV Directive into national law by 31 December 2012 which follows the timelines expected by the BCBS for Basel III implementation.

On 10 July 2012, the Council published a press release concerning a meeting of ECOFIN held on 10 July 2012. The press release stated that negotiations between the EU authorities on the CRD IV Directive are almost complete and that talks are now focused on the CRR. “The negotiations with the Parliament are aimed at adoption of the regulation and directive at first reading. Outstanding issues include a proposed flexibility package, bankers’ remuneration, crisis management, sanctions, the balance of power between the authorities of “home” and “host” countries, corporate governance, and powers to be given to the European Banking Authority (EBA).”¹⁵⁴⁵

On 11 July 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09) and comments could be made on the consultation paper until 15 September 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take the final text of the CRR into account. The RTS must be submitted to the European Commission by 1 January 2013.¹⁵⁴⁶

On 17 July 2012, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/10) and comments could be made on the consultation paper by 30 September 2012. The consultation is based on the draft CRR as proposed by the European Commission in July 2011. Although the

¹⁵⁴³ The European Parliament's Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the proposed CRD IV Directive, European Parliament's Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2012-0170+0+DOC+PDF+V0//EN>

¹⁵⁴⁴ The European Parliament's Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the Capital Requirements Regulation (CRR), European Parliament's Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONSGML%2bREPORT%2bA7-2012-0171%2b0%2bDOC%2bPDF%2bV0%2f%2fEN>

¹⁵⁴⁵ Press Release 12204/12, 3181st Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels), 10 July 2012. Date of Access: 6 January 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/131686.pdf

¹⁵⁴⁶ EBA consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk, European Banking Authority (London) 11 July 2012. Date of Access: 6 January 2013.

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP09/EBA-CP-2012-09-CP-credit-valuation-risk.pdf>

EBA has taken into account significant changes subsequently proposed during the legislative procedure, the draft RTS may be amended after consultation to take into account the final CRR text. The RTS must be submitted to the Commission by 1 January 2013.¹⁵⁴⁷

On 31 July 2012, the European Banking Authority (EBA) has published a press release announcing a timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting.

In the press release, the EBA announces that the finalization of the ITS for supervisory reporting has been pushed back pending the adoption by the EU authorities of the CRR.

It suggests that the implementation date for the full ITS requirements relating to financial information (FINREP) should be set to 1 January 2014 and that further decisions on phasing in other data requirements may be taken once the CRR itself is finalised.¹⁵⁴⁸

On 2 August 2012, the European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process. The EBF stated that it has learned that the Council of the EU has suspended its work on CRD IV until September 2012 and that the European Parliament has decided to vote on the legislation “at the end of October.” In July 2012 the Parliament suggested that it would consider CRD IV at its 10 to 13 September 2012 plenary session. However, this indicative date has since been removed from the Parliament website and the draft agenda for the 10 to 13 September plenary session no longer referred to CRD IV.¹⁵⁴⁹

The European Banking Industry Committee (EBIC) sent (and published) a letter to the EU institutions, calling for a reasonable period of time between the final text and implementation to allow banks to put in place the necessary procedures to comply with the new rules since the implementation “cannot possibly be achieved within a timeframe of one or two months.”¹⁵⁵⁰

On 29 August 2012, the European Banking Authority (EBA) published a press release announcing revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation. The EBA has published these documents ahead of a workshop on 13 September 2012. The press release emphasises that these versions should not be considered as final products and that the EBA will

¹⁵⁴⁷ EBA consultation paper on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR), European Banking Authority (London) 17 July 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP10/EBA-CP-2012-10-CP-on-RTS-on-SCRAs-and-GCRAs.pdf>

¹⁵⁴⁸ EBA Press Release announcing a timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting (London) 31 July 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-the-finalisation-and-implementation-of-t.aspx>

¹⁵⁴⁹ European Parliament website and the draft agenda (Brussels) 2 August 2012. Date of Access: 6 January 2013. <http://www.europarl.europa.eu/sides/indexPartSession.do?reference=2012-09&language=EN>

¹⁵⁵⁰ European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process (Brussels) 2 August 2012. Date of Access: 6 January 2013. [http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20\(2\).pdf](http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20(2).pdf)

deliver the final draft templates and DPM to the European Commission for endorsement once the final text of the CRD IV legislation has been agreed.¹⁵⁵¹

On 31 August 2012, the Joint Committee of the European Supervisory Authorities (ESAs) (that is, EBA, EIOPA and ESMA) published a joint consultation paper (JP/CP/2012/02) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (FICOD). Comments could be made on the consultation paper by 5 October 2012. The draft RTS may be amended after consultation to take into account the final texts of the CRR and the CRD IV Directive. The RTS must be submitted to the Commission by 1 January 2013.¹⁵⁵²

On 18 September 2012, the European Banking Authority (EBA) published a list of responses it has received to its July 2012 consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09).¹⁵⁵³

On 22 October 2012, the European Banking Authority (EBA) published a report (dated September 2012) on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (CRR).¹⁵⁵⁴

On 9 November 2012, the European Banking Authority (EBA) published its second consultation on draft regulatory technical standards (RTS) on own funds under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/11). This consultation relates to the identification of mutuals, co-operatives and similar institutions. Comments can be made on the consultation paper by 21 December 2012. The July 2011 text of the CRR requires these RTS to be submitted to the Commission by 1 January 2013.

The consultation forms the second part of the EBA's consultation on RTS relating to own funds, the first part of which was published in April 2012. The EBA expects that the legal texts resulting from these consultations on own funds, and subsequent consultations to be published later in 2012, will be merged into a single act.¹⁵⁵⁵

On 13 November 2012, the European Banking Authority (EBA) published a discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital

¹⁵⁵¹ EBA Press Release announcing a revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation (London) 29 August 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/EBA-workshop-on-technical-standards-on-supervisory.aspx>

¹⁵⁵² Joint consultation paper of the European Supervisory Authorities (ESAs) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (London, Frankfurt, Paris) 31 August 2012. Date of Access: 6 January 2013. <http://www.esma.europa.eu/system/files/jc-cp-2012-02-.pdf>

¹⁵⁵³ List of responses published by the European Banking Authority on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (London) 18 September 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/Publications/Consultation-Papers/All-consultations/2012/EBA-CP-2012-09/Responses-to-EBA-CP-2012-02.aspx>

¹⁵⁵⁴ EBA report on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (London) 22 October 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/EBA-SME-Report.pdf>

¹⁵⁵⁵ EBA's second consultation on RTS relating to own funds (London) 9 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP11/EBA-BS-2012-211-final-for-publication--Consultation-paper-on-draft-RTS-on-Article-25-2--a-.pdf>

Requirements Regulation (CRR) (EBA/DP/2012/03). Comments can be made on the discussion paper by 13 January 2013. The EBA intends to publish a consultation paper on the draft RTS before submitting them to the Commission. The 11 May 2012 draft of the CRR requires these RTS to be submitted to the Commission by 31 December 2013.¹⁵⁵⁶

On 13 November 2012, the Council of the EU has published a press release concerning a meeting of the Council, in its configuration as the Economic and Financial Affairs Council (ECOFIN), where ECOFIN remains committed to reaching an agreement with the European Parliament before the end of 2012 on the CRD IV legislation. The press release states that ECOFIN's objectives include "maintaining the balance" achieved in its May 2012 general approach on CRD IV.¹⁵⁵⁷

On 21 November 2012, the European Banking Federation (EBF) sent a letter to Michel Barnier, European Commissioner for Internal Market and Services, formally requesting "the postponement of the entry into force of the CRR/CRD IV until 1 January 2014," (which it considers would be a more reasonable timeframe) in the light of the announcement by US regulators that there would be an indefinite delay to their implementation of Basel III.¹⁵⁵⁸ Similar letters have been addressed to the Presidency of the Council of the European Union and the European Parliament rapporteur.¹⁵⁵⁹

On November 24 2012, European banks have asked the European Commission to postpone the introduction of Basel III by a year to 2014 after U.S. regulators delayed application of the new requirements. Brussels is also worried that Washington's decision to ignore the deadline will put European banks at a disadvantage to U.S. rivals.¹⁵⁶⁰

On 24 November 2012, a spokesman for Mr Barnier is quoted as saying that the CRD IV negotiations between the Council and the Parliament will be wrapped up in the coming weeks, and that Mr Barnier will seek clarity from the US and work for a co-ordinated US-EU approach.¹⁵⁶¹

¹⁵⁵⁶ EBA discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital Requirements Regulation (London) 13 November. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Discussion%20Papers/DP%202012%2003/EBA-DP-2012-03--RTS-on-Prudent-Valuation---Final.pdf>

¹⁵⁵⁷ Press Release 16051/12, 3198th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 13 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/133470.pdf

¹⁵⁵⁸ European Banking Federation (EBF) letter to Member of the European Commission concerning entry into force of the CRR/CRD IV (Brussels) 21 November 2012. Date of Access: 6 January 2013. <http://www.ebf-fbe.eu/uploads/0374C-D2140A-2012-EBF%20President%20Draft%20letter%20to%20Barnier%20over%20US%20postpone....pdf>

¹⁵⁵⁹ EBA letter to Member of the European Commission (London) 5 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-05--Letter-on-draft-CRR---EBA-Op-2012-03-.pdf>

¹⁵⁶⁰ EU To Follow US In Delaying The Implementation Of Basel III, International Business Times (Washington, D.C.) 27 November 2012. Date of Access: 6 January 2013. <http://www.ibtimes.com/eu-follow-us-delaying-implementation-basel-iii-903024>

¹⁵⁶¹ European banks call for capital rule delay, The Telegraph (London) 24 November 2012. Date of Access: 6 January 2013. <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/9700443/European-banks-call-for-capital-rule-delay.html>

On 26 November 2012 Giuseppe Mussari, head of the Italian Banking Association, declared that “Basel III should be postponed, period. Not everyone in the world agrees and not everyone is starting with it at the same time.”¹⁵⁶²

On 27 November 2012, the European Banking Authority (EBA) published a letter (dated 21 November 2012), sent to Michel Barnier, European Commissioner for Internal Market and Services, relating to the proposed Capital Requirements Regulation (CRR).¹⁵⁶³

The Parliament is expected to consider CRD IV at its plenary session to be held between 10 and 13 December 2012.

A Council of the EU progress report dated 29 November 2012 stated that the Presidency still aimed to reach political agreement on CRD IV by the end of 2012.¹⁵⁶⁴

A press release issued after the ECOFIN meeting on 4 December 2012 stated that the Council “confirmed its commitment to reach an agreement with the Parliament before the end of the year.” “Further political trilogues are scheduled for 11 and 13 December in Strasbourg.”¹⁵⁶⁵

The Parliament is expected to consider the SSM proposals during its plenary session to be held between 10 and 13 December 2012.¹⁵⁶⁶

On 11 December 2012 Fabrizio Saccomanni, Director General of Bank of Italy, concurred by stating that “we are going towards a postponement of Basel III to the end of 2013, January 2014 at the latest.”¹⁵⁶⁷

On 17 December 2012, the European Commission has published a speech given by Michel Barnier, European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (SSM).¹⁵⁶⁸

In the speech, Mr Barnier commented that the ongoing trialogues on CRD IV will result in political agreement “very soon.” He stressed, however, the need for a “co-ordinated approach” with the US on implementing Basel III.¹⁵⁶⁹

¹⁵⁶² To be completed <http://online.wsj.com/article/BT-CO-20121126-702073.html>

¹⁵⁶³ EBA letter to Member of the European Commission concerning the proposed Capital Requirements Regulation (CRR) (London) 21 November 2012. Date of Access: 6 January 2013. to <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-21--Letter-on-floors---EBA-Op-2012-04-.pdf>

¹⁵⁶⁴ Council of the European Union progress report on CRD IV (Brussels) 29 November 2012. Date of Access: 6 January 2013. <http://register.consilium.europa.eu/pdf/en/12/st16/st16677.en12.pdf>

¹⁵⁶⁵ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/134037.pdf

¹⁵⁶⁶ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/134037.pdf

¹⁵⁶⁷ Basel III rules set to be delayed by up to a year – BoI, Reuters (Rome) 11 December 2012. Date of Access: 17 May 2012. <http://www.reuters.com/article/2012/12/11/europe-banks-baseliii-idUSI6E8MC01N20121211>

¹⁵⁶⁸ Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

On 20 December 2012, the European Banking Authority (EBA) issued a press release providing an update on its work on supervisory reporting requirements required by the proposed Capital Requirements Regulation (CRR). The EBA describes the templates and instructions as “preliminary and informal in nature,” given the pending adoption of the final CRR text.

In the press release, the EBA stated that it intended to continue its existing work collecting and analyzing information on the liquidity coverage ratio (LCR), which it started at the beginning of 2012. The EBA will continue this exercise on a quarterly basis and will expand its scope to include reporting on the net stable funding and leverage ratio and to increase the number of firms involved.

The EBA intends to launch a consultation on the data point model for leverage and liquidity reporting in the first quarter of 2013.

The EBA will publish a final draft ITS as soon as the CRR text is finalized, together with revised templates and instructions reflecting the final CRR text. The EBA expects that not more than one year will be needed to implement these new reporting provisions and it envisages that the first remittance dates will fall in the first quarter of 2014 for the full ITS requirements on liquidity and leverage.¹⁵⁷⁰

The next trilogues on the CRD IV package of reforms between the Council of the EU, the European Parliament and the Commission will be continuing in January, with an indicative plenary sitting date on 12 January 2012.¹⁵⁷¹

On 21 February 2013, the EBA has published a discussion paper on defining liquid assets in the liquidity coverage ratio (LCR) under the draft CRR.¹⁵⁷² In a press release that accompanied the discussion paper, the EBA stated that the draft CRR text stipulates that the EU Commission will adopt a delegated act by 30 June 2014 to implement the LCR in EU regulation.¹⁵⁷³

¹⁵⁶⁹ Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

¹⁵⁷⁰ EBA Press Release providing an update on its work on supervisory reporting requirements required by the proposed Capital Requirements Regulation (London) 20 December 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-supervisory-reporting-requirements-for-l.aspx>

¹⁵⁷¹ European Parliament website and the draft agenda (Brussels) 11 January 2013. Date of Access: 11 January 2013. <http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2011/0203%28COD%29&l=en#keyEvents>

¹⁵⁷² EBA discussion paper on defining liquid assets in the LCR under the draft CRR (London) 21 February 2013. Date of Access: June 26 2013. <http://www.eba.europa.eu/documents/10180/42030/DP-on-defining-liquid-assets-in-the-LCR.pdf/8d39f0bc-248e-4185-8cda-7f7ff153b644?version=1.0>

¹⁵⁷³ EBA Press Release on the process to define highly liquid assets in the Liquidity Coverage Ratio (LCR) (London) 21 February 2013. Date of Access: 26 June 2013. <http://www.eba.europa.eu/-/eba-consults-on-the-process-to-define-highly-liquid-assets-in-the-liquidity-coverage-ratio-lcr->

On the same day, the EBA also published a discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR.¹⁵⁷⁴

On 27 February 2013, Council of the EU published a press release announcing that the Council has reached provisional political agreement at trialogue with the European Parliament on CRD IV.¹⁵⁷⁵ The provisional agreement needs to be formally endorsed by the Council and by the Parliament before it is final. There will also be significant further technical work to complete the details of the legislation.

The Council press release states that the agreement on CRD IV will be considered by the Council of the EU at its meeting on 5 March 2013 in its configuration as the Economic and Financial Affairs Council (ECOFIN).

On 28 February 2013, the Parliament published a press release on the provisional agreement and stated that member states will be required to transpose the CRD IV Directive by 1 January 2014.¹⁵⁷⁶ The Parliament press release states that it will vote on CRD IV in its 15 to 18 April plenary session. The Parliament had previously indicated the vote would take place at the 20 to 23 May 2013 session.

On 1 March 2013, the Council published a background note on the provisional agreement, and sets out the five major compromises that was reached between the Council and the Parliament on five key issues.¹⁵⁷⁷

On 5 March 2013, the Council of the EU published a report from the Council Presidency to the Council on political agreement that was reached on CRD IV at a trialogue on 27 February 2013 which included a summary of the key issues that were reached.¹⁵⁷⁸ The Presidency invites the Council to endorse the provisional agreement reached on 27 February 2013 and to continue negotiations with the European Parliament to reach agreement at first reading as soon as possible.

On 5 March 2013, the Council of the EU published a press release announcing, in its configuration as the Economic and Financial Affairs Council (ECOFIN), it had “broadly endorsed” the provisional political agreement reached on CRD IV in a trialogue on 27 February

¹⁵⁷⁴ EBA discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR (London) 21 February 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/discussion-paper-on-retail-deposits-subject-to-higher-outflows-for-the-purposes-of-liquidity-reporting-under-the-capital-requirements-regulation-crr->

¹⁵⁷⁵ Council of the European Union press release on provisional political agreement at trialogue with the European Parliament on CRD IV (Brussels) 27 February 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/135718.pdf

¹⁵⁷⁶ The European Parliament's Economic and Monetary Affairs Committee (ECON) press release on provisional agreement reached (Brussels) 28 February 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/news/en/pressroom/content/20130225IPR06048/html/MEPs-cap-bankers'-bonuses-and-step-up-bank-capital-requirements>

¹⁵⁷⁷ Council of the European Union background note on provisional political agreement which sets out the five major comprises (Brussels) 1 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/135754.pdf

¹⁵⁷⁸ Council of the European Union report on the first reading of the revised capital requirement rules (CRD IV) (Brussels) 2 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st06/st06947.en13.pdf>

2013.¹⁵⁷⁹ On that basis, the Council has mandated the Permanent Committee of Representatives (COREPER) to finalise negotiations with the European Parliament on outstanding technical issues with the aim of reaching a final deal in the second half of March 2013.

On 11 March 2013, the EBA published a consultation on draft regulatory technical standards (RTS) on the conditions for assessing the materiality of extensions and changes of internal approaches when calculating own funds requirements for credit, market and operational risk under the proposed CRR.¹⁵⁸⁰ The consultation ran until 11 June 2013.

On 15 March 2013, the European Banking Authority (EBA) published revised draft versions of its templates, instructions, validation rules and data point model (DPM) for implementing technical standards (ITS) on supervisory reporting under CRD IV.¹⁵⁸¹

On 18 March 2013, the European Banking Authority (EBA) published two consultations on draft data point models (DPMs) based on its draft implementing technical standards (ITS) on supervisory reporting requirements for liquidity coverage and stable funding, and leverage ratio.¹⁵⁸² Comments were invited by 13 May 2013.

On 19 March 2013, the European Banking Authority (EBA) published a report of the results of its third Basel III monitoring exercise on the European banking system.¹⁵⁸³

On 21 March 2013, the European Commission published a press release announcing agreement in trilogue on CRD IV.¹⁵⁸⁴

¹⁵⁷⁹ Council of the European Union press release on endorsing agreement with EP (Brussels) 5 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/135823.pdf

¹⁵⁸⁰ EBA launches consultation on draft technical standards (RTS) aimed at specifying the conditions for assessing the materiality of extensions and changes to internal approaches when calculating own funds requirements for credit, market and operational risk (London) 11 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consults-on-the-conditions-for-assessing-the-materiality-of-extensions-and-changes-of-internal-approaches-for-credit-market-and-operational-risk>

¹⁵⁸¹ EBA press release on update on the technical standards on supervisory reporting requirements Authority (London) 15 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/update-on-the-technical-standards-on-supervisory-reporting-requirements>

¹⁵⁸² EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Liquidity Coverage and Stable Funding and EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Leverage Ratio (London) 18 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-liquidity-coverage-and-stable-fundin>

<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-leverage-ratio>

¹⁵⁸³ EBA report of the Basel III monitoring exercise on the European banking system (London) 19 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/documents/10180/16145/ISG-Basel-III-monitoring-exercise---Public-Report--Final-.pdf>

¹⁵⁸⁴ Statement by Commissioner Michel Barnier following the agreement in trilogue on new European rules to impose stronger prudential requirements on banks (Brussels) 21 March 2013. Date of Access: 26 June 2013.

http://europa.eu/rapid/press-release_MEMO-13-269_en.htm?locale=en

On 26 March 2013, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on the reporting format for asset encumbrance.¹⁵⁸⁵

On the same day, the European Banking Authority (EBA) also published a consultation paper on definitions of forbearance and non-performing exposures, and on associated reporting templates to capture related data.¹⁵⁸⁶ The EBA expects to finalise these additional standards by Q3 2013. Comments on both consultation papers were invited by 24 June 2013.

On 27 March 2013, the Council of the European Union issued a press release announcing that the Permanent Committee of Representatives (COREPER) had approved compromise texts on CRD IV.¹⁵⁸⁷ The Council explains in its press release that if the European Parliament approves the texts as agreed, the Council will also approve them without further discussion. It adds that the new rules will apply from 1 January 2014 if publication takes place in the Official Journal of the European Union (OJ) by 30 June 2013.

The Council reports that the compromise texts were acceptable to a qualified majority; the United Kingdom did not support them.

On the same day, the proposed CRD IV Directive text¹⁵⁸⁸ and the proposed Capital Requirements Regulation (CRR) text¹⁵⁸⁹, as agreed in political dialogue, were published (dated 26 March 2013).

On 10 April 2013, the Secretariat of the Council of the EU published an addendum to the published text of the Capital Requirements Regulation (CRR) on which political agreement was reached in March 2013.¹⁵⁹⁰

On 12 April 2013, the European Parliament published revised versions of the proposed CRD IV Directive¹⁵⁹¹ and the proposed Capital Requirements Regulation (CRR)¹⁵⁹² for plenary vote.

¹⁵⁸⁵ EBA Consultation Paper on Asset Encumbrance Reporting (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-asset-encumbrance-reporting>

¹⁵⁸⁶ EBA Consultation Paper on definitions of forbearance and non-performing exposures, and on associated reporting templates to capture related data (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-supervisory-reporting-on-forbearance-and-non-performing-exposures>

¹⁵⁸⁷ Council of the European Union press release on confirming agreement with EP (Brussels) 27 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/136581.pdf

¹⁵⁸⁸ Council of the European Union publishes the proposed CRD IV Directive (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07746.en13.pdf>

¹⁵⁸⁹ Council of the European Union publishes the proposed the proposed Capital Requirements Regulation (CRR) text (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747.en13.pdf>

¹⁵⁹⁰ Council of the European Union addendum to the published text of the Capital Requirements Regulation (CRR) (Brussels) 9 April 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747-ad01.en13.pdf>

¹⁵⁹¹ European Parliament publishes a revised text of the CRD IV Directive (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0170&format=PDF&language=EN&secondRef=002-002>

On 16 April 2013, the European Parliament announced that it has adopted at first reading compromise texts for CRD IV on which political agreement was reached with the Council of the EU in March 2013.¹⁵⁹³ The texts were published on the same day.¹⁵⁹⁴

The Parliament and the Council are co-legislators and need to approve the same final text of the proposals.

On 17 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets.¹⁵⁹⁵

On 20 May 2013, the European Banking Authority (EBA) published a consultation on draft implementing technical standards (ITS) on joint decisions on institution-specific prudential requirements of the proposed CRD IV Directive.¹⁵⁹⁶

On 21 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.¹⁵⁹⁷

On the same day, the European Banking Authority (EBA) published two consultations on passport notifications.¹⁵⁹⁸ The consultation runs until 21 August 2013.

¹⁵⁹² European Parliament publishes a revised text of the Capital Requirements Regulation (CRR) (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0171&format=PDF&language=EN&secondRef=002-002>

¹⁵⁹³ European Parliament press release on adopting CRD IV on first reading (Brussels) 10 April 2013. Date of Access: 26 June 2013.

http://www.europarl.europa.eu/pdfs/news/expert/infopress/20130416IPR07333/20130416IPR07333_en.pdf

¹⁵⁹⁴ European Parliament publishes the adopted CRD IV Directive and Capital Requirements Regulation (Brussels) 16 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-02+DOC+WORD+V0//EN&language=EN>

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-03+DOC+WORD+V0//EN&language=EN>

¹⁵⁹⁵ EBA Consultation Paper on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets (London) 17 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-regulatory-technical-standards-on-the-determination-of-the-overall-exposure-to-a-client-or-a-group-of-connected-clients-in>

¹⁵⁹⁶ EBA Consultation Paper on draft Implementing Technical Standards (ITS) on institution-specific prudential requirements (London) 20 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-implementing-technical-standards-its-on-institution-specific-prudential-requirements>

¹⁵⁹⁷ EBA Consultation Paper on draft Technical Standards for the definition of material risk takers for remuneration purposes (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-technical-standards-for-the-definition-of-material-risk-takers-for-remuneration-purposes>

¹⁵⁹⁸ EBA Consultation Paper on draft on draft ITS on Passport Notifications (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-its-on-passport-notifications>

On 22 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory and implementing technical standards (RTS and ITS) on securitisation retention rules.¹⁵⁹⁹

On 23 May 2013, the European Banking Authority (EBA) published five consultation papers on draft regulatory and implementing technical standards under the proposed CRR.¹⁶⁰⁰ The consultation runs until 22 August 2013.

On 5 June 2013, the European Banking Authority (EBA) published near-final draft regulatory technical standards (RTS) on own funds under CRD IV.¹⁶⁰¹

On 16 June 2013, the Council of the EU has published revised texts (dated 14 June 2013) of the Capital Requirements Regulation (CRR)¹⁶⁰² and the CRD IV Directive.¹⁶⁰³

On 18 June 2013, the European Parliament published revised texts (dated 6 June 2013) of the Capital Requirements Regulation (CRR)¹⁶⁰⁴ and the CRD IV Directive.¹⁶⁰⁵

On 20 June 2013, the Council of the EU published a press release announcing that, in its configuration as the Employment, Social Policy, Health and Consumer Affairs Council, it has adopted without discussion the Capital Requirements Regulation (CRR) and the CRD IV Directive that were proposed and published on 16 June 2013.¹⁶⁰⁶ The decision was taken by a

¹⁵⁹⁹ EBA Consultation Paper on draft Technical Standards on securitisation retention rules (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-on-draft-technical-standards-on-securitisation-retention-rules>

¹⁶⁰⁰ EBA Consultation Papers on draft regulatory and implementing technical standards under the proposed CRR (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-guidelines-on-capital-measures-for-foreign-currency-lending>

<http://www.eba.europa.eu/-/consultation-on-draft-its-on-additional-liquidity-monitoring-metri-1>

<http://www.eba.europa.eu/-/consultation-on-draft-rts-on-additional-liquidity-outflows>

<http://www.eba.europa.eu/-/consultation-on-technical-standards-for-own-funds-part-iii>

¹⁶⁰¹ EBA publishes near-final draft regulatory technical standards (London) 5 June 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-publishes-near-final-draft-regulatory-technical-standards-on-own-funds>

¹⁶⁰² Council of the European Union publishes revised Capital Requirements Regulation (CRR) text (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00014.en13.pdf>

¹⁶⁰³ Council of the European Union publishes revised CRD IV Directive (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00015.en13.pdf>

¹⁶⁰⁴ European Parliament publishes revised Capital Requirements Regulation (CRR) text (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0115&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁶⁰⁵ European Parliament publishes revised CRD IV Directive (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0114&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁶⁰⁶ Council of the European Union press release on Council adopting new bank capital requirements (Brussels) 20 June 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/137544.pdf

qualified majority of delegations, with the United Kingdom voting against. The press release states that the new rules will come into force on 1 January 2014.

On 27 June 2013, the document 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 (Capital Requirements Regulation or CRR) was published in the Official Journal of the EU (OJ).¹⁶⁰⁷ The CRR enters into force on 28 June 2013 and, with the exception of certain provisions specified in Article 521, will apply from 1 January 2014.

On 27 June 2013, the 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 (CRD IV Directive) was published in the Official Journal of the EU (OJ).¹⁶⁰⁸ The Directive enters into force on the twentieth day following its publication in the OJ. With the exception of certain provisions specified in Article 162, 31 December 2013 is the deadline for member states to transpose the Directive and to apply its provisions.

The CRR and the CRD IV Directive, collectively referred to as CRD IV, implement the Basel III reforms in the EU, as well as introducing certain EU-specific reforms including imposing restrictions on bonuses. The CRD IV Directive repeals the Capital Requirements Directive (2006/48/EC and 2006/49/EC) with deadline of transposition no later than 31 December 2013 and with effect from 1 January 2014.

As the European Union's capital regulations have been agreed upon and have been scheduled for implementation, the EU and its member countries have fully complied with their commitment. Italy has thus been awarded a score of +1.

Analysts: Vitali Selivanov, Alexandra Popa

Japan: +1

Japan has fully complied with its commitment to translate Basel III recommendations in national regulatory standards.

On 30 March 2012, Japan's Financial Services Agency published an amendment to administrative notice on capital adequacy rules for internationally active banks based on Basel III. The new rules will be implemented on 31 March 2013.¹⁶⁰⁹ Since the FSA published its final rules in March 2012, no further information pertaining to Basel III implementation has been published by the Agency.

¹⁶⁰⁷ Regulation (EU) No 575/2013¹⁶⁰⁷ of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (Brussels) 26 June 2013. Date of Access: 28 June 2013.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0001:0337:EN:PDF>

¹⁶⁰⁸ 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 (Brussels) 26 June 2013. Date of Access: 28 June 2013.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0338:0436:EN:PDF>

¹⁶⁰⁹ Publication of amendment to administrative notice on capital adequacy rules for internationally active banks based on Basel III, Financial Services Agency (Tokyo), 30 March 2012. Date of Access: 17 May 2012.

<http://www.fsa.go.jp/en/news/2012/20120330-1.html>

Japan has fully complied with its commitment to translate Basel III recommendations in national regulatory standards and has thus been awarded a score of +1.

Compliance Co-director : Alexandre de Palma

Korea: 0

Korea has partially complied with its commitment to take action to translate new bank capital and liquidity standards set in the Basel III framework into national laws and regulations.

In October 2012, the BCBS and the BIS released their updated progress report on Basel III implementation. According to the report, Korea received classification 2 (of 4) for publishing draft regulation towards implementing Basel III.¹⁶¹⁰

On 28 November 2012, the Financial Supervisory Service (FSS) stated the domestic bank's BIS capital adequacy ratio and tier 1 capital ratio under Basel II was on average 14.09 per cent and 11.15 per cent at the end of September 2012. Both ratios increased by 0.26 per cent and 0.12 per cent accordingly from the end of the previous quarter, June 2012. The FSS further notes that FSS "will continue to encourage domestic banks to hold sufficient high quality of capital" under Basel III implementation.¹⁶¹¹

On 6 December 2012, the FSS reported that the consolidated BIS ratio and the consolidated Tier 1 ratio of bank holding companies averaged 13.07 per cent and 10.49 per cent at the end of September 2012. Both ratio increased by 0.15 per cent and 0.05 percent accordingly from the end of the previous quarter, June 2012. The FSS states the bank holding companies "are getting ready for the Basel implementation in 2013 by building up additional capital by issuing subordinated debt."¹⁶¹²

On 21 December 2012, the Financial Services Commission (FSC) announced that "FSC will set a specific timeline for domestic implementation after closely monitoring progress on Basel III implementation in other countries, while maintaining our basic principle to apply Basel II to domestic banks and Bank holding companies."¹⁶¹³

In April 2013, the BCBS and the BIS published their updated report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform. According to the report, Korea received classification 2 (of 4) for their draft regulation on 27 September

¹⁶¹⁰ Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on banking Supervision (Basel) October 2012. Date of Access: 3 January 2013.

<http://www.bis.org/publ/bcbs232.pdf>

¹⁶¹¹ Press Release: Domestic Banks' BIS Capital Ratios as of end-September 2012, Financial Supervisory Service, 28 November 2012. Date of Access: 3 January 2013.

<http://english.fss.or.kr/fss/en/media/release/view.jsp?bbsid=1289277491315&category=null&idx=1354147377807&num=709&color=green>

¹⁶¹² Press Release: Bank Holding Companies' Capital Ratios as of end-September 2012, Financial Supervisory Service, 6 December 2012. Date of Access: 3 January 2013.

<http://english.fss.or.kr/fss/en/media/release/view.jsp?bbsid=1289277491315&category=null&idx=1354768959200&num=9&color=green>

¹⁶¹³ Press Release: Implementation Plan for Basel III, Financial Services Commission, 21 December 2012. Date of Access: 3 January 2013. <http://www.fsc.go.kr/downManager?bbsid=BBS0048&no=82647>

2012, and the report further mentions that the final regulations are ready and at an adequate time it will be executed.¹⁶¹⁴

On 20 May 2013, the Financial Supervisory Service (FSS) stated the domestic banks' BIS capital adequacy ratio and tier 1 capital ratio under Basel II was on average 14.00 per cent and 10.99 percent at the end of March 2013. Both figures meet the standards of minimum capital requirements with BIS ratio higher than 10 per cent and Tier 1 ratios higher than 7 percent. The FSS notes that they will “urge domestic banks to hold sufficient high quality of capital as domestic banks will continue to face tougher rules under Basel III implementation.”¹⁶¹⁵

On 7 June 2013, Financial Supervisory Service (FSS) announced that “the FSS will encourage bank holding companies to strengthen capital adequacy management as they will face strengthened capital regulations including Basel II and III amid global uncertainties arising from the low-growth, low-interest rate environment.”¹⁶¹⁶

Korea declares intent to take regulatory action towards implementation of Basel III framework and has thus been awarded a score of 0.

Analyst: Jeonggyu Han

Mexico: +1

Mexico has fully complied with its commitment to translate Basel III recommendations in national regulations.

In a 21 August 2012 conference, Dr. Guillermo Babatz, president of Mexico's National Banking and Securities Commission, announced, “Mexico will be the first country to implement the new capital requirements under the Basel III framework.”¹⁶¹⁷

On 14 December 2012, the Basel Committee on Banking Supervision indicated that “The number of member jurisdictions that have published the final set of Basel III regulations effective from the start date of 1 January 2013 is 11. These include [...] Mexico [...]”¹⁶¹⁸

In April 2013, the BCBS and the BIS published their updated report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform. The reports

¹⁶¹⁴ Report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform, Bank of International Settlements and Basel Committee on Banking Supervision, April 2013. Date of Access: 21 June 2013. <http://www.bis.org/publ/bcbs249.pdf>

¹⁶¹⁵ Press Release: Domestic Banks' BIS Capital Ratios: March 2013, Financial Supervisory Service, 5 May 2013. Date of Access: 23 June 2013. <http://english.fss.or.kr/fss/en/media/release/view.jsp?bbsid=1289277491315&category=null&idx=1354147377807&num=709&color=green>

¹⁶¹⁶ Press Release: Bank Holding Companies' Capital Ratios: March 2013, Financial Supervisory Service, 7 June 2013. Date of Access: 23 June 2013. <http://english.fss.or.kr/fss/en/media/release/view.jsp?bbsid=1289277491315&category=null&idx=1370575889465&num=18&color=green>

¹⁶¹⁷ Conferencia de Prensa del Dr. Guillermo Babatz, sobre la implementación de Basilea III en México, Comisión Nacional Bancaria y de Valores (Mexico City), 21 August 2012. Date of Access : 22 February 2013. http://www.cnbv.gob.mx/Prensa/Presentaciones%20y%20Discursos/Basilea%203%20en%20M%C3%A9xico_presentacion.pdf

¹⁶¹⁸ Press Release, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) December 2012. Date of Access: 2 January 2013. <http://www.bis.org/press/p121214a.htm>

state that regarding Mexico, the final rules are already applicable: “the domestic legal and regulatory framework is already applied to banks.”¹⁶¹⁹

Mexico has fully complied with its commitment to translate Basel III recommendations in national regulatory standards and has thus been awarded a score of +1.

Analysts: Laila Kanji, Alexandre de Palma

Russia: +1

Russia has fully complied with its commitment to adopt regulations in accordance with the Basel capital and liquidity framework.

On 1 November 2012, the Russian Central Bank Board of Directors approved Guidelines for the Single State Monetary Policy in 2013 and for 2014 and 2015. According to the Guidelines, in 2013 Russian Central Bank will issue a number of regulations on calculating capital and its adequacy in accordance with the Basel III framework. It will also organize accumulation and analysis of information on leverage and liquidity ratios of Russian banks in 2013-2014.¹⁶²⁰

On 28 December 2012, Russian Central Bank published the regulation for capital definition and capital adequacy ratios assessment in accordance with the Basel III framework. Most provisions of this regulation entered into force on 1 March 2013.¹⁶²¹

On 15 January 2013, Deputy Chairman of the Bank of Russia Mikhail Sukhov announced that along with capital definition and capital adequacy ratios assessment procedures, Russian Central Bank in 2013 would adopt the principles of leverage and liquidity ratios calculation in accordance with the Basel III framework.¹⁶²²

On 5 March 2013, Russian Central Bank issued instructive regulation, providing for the new forms of reporting on capital definition and capital adequacy ratios calculation in accordance with Basel III.¹⁶²³

Russia has taken action to translate the new bank capital and liquidity standards into national laws and regulations, as per the Basel III accords, and declared intent to continue this work. Thus, it receives a score of +1.

Analyst: Andrey Shelepov

¹⁶¹⁹ Report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform, Bank of International Settlements and Basel Committee on Banking Supervision, April 2013. Date of Access: 21 June 2013. <http://www.bis.org/publ/bcbs249.pdf>

¹⁶²⁰ Guidelines for the Single State Monetary Policy in 2013 and for 2014 and 2015, Bank of Russia 7 November 2012. Date of Access: 22 March 2013. [http://cbr.ru/today/publications_reports/on_2013\(2014-2015\).pdf](http://cbr.ru/today/publications_reports/on_2013(2014-2015).pdf).

¹⁶²¹ Information, the Central Bank of the Russian Federation 27 February 2013. Date of Access: 22 March 2013. http://www.cbr.ru/pw.aspx?file=press/VBR/130227_104513vbr.htm.

¹⁶²² Liabilities Miss the Point, Rossijskaya Gazeta 15 January 2013. Date of Access: 22 March 2013. <http://www.rg.ru/2013/01/15/banki.html>.

¹⁶²³ Instructive Regulation No. 2977-U of 5 March 2013, the Central Bank of the Russian Federation 5 March 2013. Date of Access: 22 March 2013. http://www.cbr.ru/analytics/standart_acts/reports/2977-u.pdf.

Saudi Arabia: +1

Saudi Arabia has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

On 22 November 2012, the Saudi Arabia's regulator declared "it will allow Tier 1 and Tier 2 instruments that no longer qualify under Basel III to be phased out over a 10-year period beginning in 2013,"¹⁶²⁴ following their published final regulation.

In October 2012, the BCBS and the BIS released their updated progress report on Basel III implementation. According to the report, Saudi Arabia received classification 3 (of 4) for issuing final regulation to banks.¹⁶²⁵

In April 2013, the BCBS and the BIS published their updated report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform. The reports state that regarding Saudi Arabia, the final rules are already applicable: "the domestic legal and regulatory framework is already applied to banks."¹⁶²⁶

Thus, Saudi Arabia is awarded a score of +1.

Analyst: Jeonggyu Han

South Africa: +1

South Africa has fully complied with its commitment to take action to translate the new bank capital and liquidity standards into national laws and regulations, as per the Basel III accords.

On 27 May 2013, the South African Reserve Bank published an annual report on banking supervision that stated that South Africa is among the first ten regulatory authorities to have implemented the Basel III framework on schedule.¹⁶²⁷

On 21 November 2012 Pravin Gordhan, Minister of Finance of South Africa, approved banking regulations based on the Basel III framework. The regulations took effect on 1 January 2013 and will follow a phased-in approach that will continue to 2018, observing the timelines determined by the Basel Committee.¹⁶²⁸

¹⁶²⁴ MIDEAST DEBT- Sukuk become tool in Basel III capital-raising, Reuters, 22 November 2012. Date of Access: 3 January 2013. <http://www.reuters.com/article/2012/11/22/islamic-finance-hybrids-idUSL5E8LGUAQ20121122>

¹⁶²⁵ Progress report on Basel III implementation, Bank of International Settlements and Basel Committee on Banking Supervision (Basel) October 2012. Date of Access: 3 January 2013. <http://www.bis.org/publ/bcbs232.pdf>

¹⁶²⁶ Report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform, Bank of International Settlements and Basel Committee on Banking Supervision, April 2013. Date of Access: 21 June 2013. <http://www.bis.org/publ/bcbs249.pdf>

¹⁶²⁷ Media Release: Bank Supervision Annual Report for 2012, South African Reserve Bank (Pretoria) 27 May 2013. Date of Access: 1 July 2013. <http://www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblast=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5734>.

¹⁶²⁸ Amended Regulations (Basel III), South African Reserve Bank (Pretoria) 13 December 2012. Date of Access: 4 January 2013. <http://www.resbank.co.za/Publications/Detail-Item-View/Pages/Publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblast=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5007>.

On 15 October 2012, the Office of the Registrar of Banks of the South African Reserve Bank issued a guidance note to all banks, controlling companies, branches of foreign institutions, eligible institutions, and auditors of banks or controlling companies notifying them of the new capital framework. The guidance note informed the relevant institutions that the prescribed minimum required capital ratios would be implemented on 1 January 2013 and detailed the capital framework's phase-in requirements. The Office of the Registrar of Banks noted that it will provide guidance on specific aspects of the new capital framework if necessary and required acknowledgement of receipt of the guidance note.¹⁶²⁹

To prepare banks for the official submission of reports as per Basel III requirements, the Office of the Registrar of Banks issued a parallel test run that commenced on 12 November 2012. All banks registered in the Republic of South Africa were required to submit data to the Office pertaining to the reporting months of September 2012 through December 2012.¹⁶³⁰

In addition, the South African Reserve Bank conducted industry training sessions in October 2012 in order to assist banking institutions with the transition. The South African Reserve Bank offered training in the following topics: balance sheets, off-balance sheet activities, and income statements; central counterparties; counterparty credit risk; credit risk; total risk weighted exposure; daily returns; liquidity risk; operational risk; securitisation schemes and related exposure; capital adequacy and consolidated supervision; information required by the Registrar and the Research Department of the South African Reserve Bank; and disclosures.¹⁶³¹

In April 2013, the BCBS and the BIS published their updated report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform. The reports state that regarding South Africa, the final rules are already applicable: "the domestic legal and regulatory framework is already applied to banks."¹⁶³²

For its actions implementing of the Basel III framework on bank capital and liquidity standards, South Africa has been awarded a score of +1.

Analyst: Katherine DeMallie

Turkey: 0

Turkey has declared intent to take action to translate new bank capital and liquidity standards into national laws and regulations and has thus partially complied with its commitment to complete the work required to implement Basel III.

¹⁶²⁹ Guidance Note 9/2012 issued in terms of section 6(5) of the Banks Act, 1990, Office of the Registrar of Banks of the South African Reserve Bank (Pretoria) 16 October 2012. Date of Access: 4 January 2013. <http://www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblast=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5154>.

¹⁶³⁰ Guidance Note 6/2012 issued in terms of section 6(5) of the Banks Act, 1990, Office of the Registrar of Banks of the South African Reserve Bank (Pretoria) 10 July 2012. Date of Access: 4 January 2013. <http://www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblast=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5085>.

¹⁶³¹ South Africa's Implementation of Basel II and Basel III, South African Reserve Bank (Pretoria) December 2012. Date of Access: 4 January 2013. <http://www.resbank.co.za/RegulationAndSupervision/BankSupervision/TheBaselCapitalAccord%28Basel%20II%29/Pages/AccordImplementationForum%28AIF%29.aspx>.

¹⁶³² Report to G20 finance ministers and central bank governors on monitoring implementation of Basel III regulatory reform, Bank of International Settlements and Basel Committee on Banking Supervision, April 2013. Date of Access: 21 June 2013. <http://www.bis.org/publ/bcbs249.pdf>

In February 2013, the Banking Regulation and Supervision Agency of Turkey (BRSA) issued two sets of draft regulations related to the capital requirements of Basel III.¹⁶³³ “Draft Regulation on the Own Funds of Banks” and “Draft Regulation on the Measurement and Evaluation of Capital Adequacy of Banks” were released and opened to public opinion on 4 February 2013. “Draft Regulation on Capital Protection and Cyclic Capital Buffers” was released and opened to public opinion on 13 February 2013.¹⁶³⁴

The Central Bank of the Republic of Turkey published a report in November 2012 in which it stated that “the preliminary studies for Basel III implementation have started in Turkey and it is planned to be incorporated into the national legislation and applied by the BRSA in concordance with the timetable set by the Basel Committee.” The report noted that Turkey has been implementing Basel II regulations since the beginning of July 2012 and that Turkey has “initiated the preparation process for Basel III, covering liquidity and leverage regulations in addition to capital adequacy as well.”¹⁶³⁵

The same report indicated that by June 2012, the Turkish banking sector maintained a leverage ratio of 7.6 per cent, which the Central Bank considered to be “a positive indicator according to Basel III criteria.”¹⁶³⁶ The report also noted that the total liquidity adequacy ratios of the banking sector have stood above the legal ratio of 100 per cent.

In a press release dated 14 December 2012, the Bank for International Settlements (BIS) did not include Turkey in its list of member jurisdictions that issued Basel III regulations effective from the start date of 1 January 2013. However, the BIS noted that Turkey “will issue draft regulations early in 2013.”¹⁶³⁷

In October 2012, the Basel Committee on Banking Supervision (BCBS) and the Bank for International Settlements (BIS) published an updated progress report on Basel III implementation. The report gave Turkey a score of 1 out of 4 for not having published draft regulation as of September 2012. However, Turkey received scores of 4 for completing implementation of Basel II and 2.5 regulations.¹⁶³⁸

¹⁶³³ Report to G20 Finance Ministers and Central Bank Governors on Monitoring Implementation of Basel III Regulatory Reform, Basel Committee on Banking Supervision (Basel) April 2013. Date of Access: 2 July 2013. <http://www.bis.org/publ/bcbs249.pdf>.

¹⁶³⁴ Press Release Concerning the Draft Regulation Prepared Within the Scope of Basel III, Banking Regulation and Supervision Agency of Turkey (Ankara) 7 March 2013. Date of Access: 2 July 2013. http://www.bddk.org.tr/websitesi/english/Announcements/Press_Releases/11840pressrelease_leverageratio.pdf.

¹⁶³⁵ Financial Stability Report - Volume 15, Central Bank of the Republic of Turkey (Ankara) November 2012. Date of Access: 6 January 2013. <http://www.tcmb.gov.tr/yeni/eng/>.

¹⁶³⁶ Financial Stability Report - Volume 15, Central Bank of the Republic of Turkey (Ankara) November 2012. Date of Access: 6 January 2013. <http://www.tcmb.gov.tr/yeni/eng/>.

¹⁶³⁷ Implementation of the Basel III Framework, Bank for International Settlements (Hong Kong) 14 December 2012. Date of Access: 4 January 2013. <http://www.bis.org/press/p121214a.htm>.

¹⁶³⁸ Progress Report on Basel III Implementation, Basel Committee on Banking Supervision (Basel) October 2012. Date of Access: 4 January 2013. <http://www.bis.org/publ/bcbs232.htm>.

Six Turkish banks participated in the quantitative impact study launched by the Basel Committee in 2010 to assess the effect of Basel III. The capital adequacy ratio of these banks was 14.3 per cent, which is well above the Basel III requirements, according to the Central Bank of the Republic of Turkey's November 2012 report. The Central Bank therefore concluded that "the Turkish banking sector will unlikely have any problems in harmonizing with the Basel III principles in the criteria of capital adequacy."¹⁶³⁹

Because Turkey has declared intent to translate the Basel III framework into its national laws and regulations, it has been awarded a score of 0.

Analyst: Katherine DeMallie

United Kingdom: +1

The United Kingdom, as a member of the European Union subject to the Union's regulations and directives, has fully complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

The FSA announced in its June 2012 policy development update (PDU148) that it would publish a consultation paper "Strengthening Capital Standards 4" on the implementation of CRD IV in the UK in the third quarter of 2012. However, in its frequently asked questions on supervisory reporting under CRD IV published on 7 August 2012, the FSA stated that it would not publish a consultation on CRD IV before the final text of the legislation had been agreed.¹⁶⁴⁰

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio (EBA/CP/2012/06) and comments could be made on the consultation paper until 27 August 2012. Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission.¹⁶⁴¹

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions (EBA/CP/2012/04) and comments could be made on the consultation paper until 31 July 2012. Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission. Although the deadline set in the CRR for EBA to finalize these ITS is 31 December 2013, the EBA intends to submit them

¹⁶³⁹ Financial Stability Report - Volume 15, Central Bank of the Republic of Turkey (Ankara) November 2012. Date of Access: 6 January 2013.

<http://www.tcmb.gov.tr/yeni/eng/>.

¹⁶⁴⁰ FSA's newsletter on publishing a consultation paper "Strengthening Capital Standards 4" on the implementation of CRD IV in the UK (London) June 2012. Date of Access: 6 January 2013.

<http://www.fsa.gov.uk/static/pubs/newsletters/pdu-newsletter-june12.pdf>

¹⁶⁴¹ EBA consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://www.eba.europa.eu/cpbs/media/Publications/Consultation%20Papers/2012/CP06/CP06-CP-on-ITS-Leverage-Ratio-Reporting.pdf>

“within a shorter timeframe,” as the CRR disclosure requirements will be applicable from 1 January 2013.¹⁶⁴²

On 12 June 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context (EBA/CP/2012/07) and comments could be made on the consultation paper until 12 August 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take into account the final text of the CRR. The EBA’s intention is that these RTS will form part of the general RTS on own funds which it consulted on in April 2012. These RTS must be submitted to the European Commission by 1 January 2013.¹⁶⁴³

On 21 June 2012, the European Parliament’s Economic and Monetary Affairs Committee (ECON) published the reports that it has adopted on the proposed CRD IV Directive (dated 30 May 2012) and the Capital Requirements Regulation (CRR) (dated 12 June 2012). ECON voted to adopt these reports on 14 May 2012. The reports contain draft legislative resolutions for the European Parliament with proposed amendments to the CRD IV Directive and the CRR. They will, among other things, implement the main Basel III reforms in the EU.^{1644,1645}

The Parliament was scheduled to consider these resolutions at its plenary session to be held between 2 and 5 July 2012.

On 26 June 2012, HMRC published a note (updated in September 2012) updating its views on the tax treatment of CRD IV-compliant regulatory capital instruments.¹⁶⁴⁶

In its July 2011 legislative proposals, the Commission stated that the “CRR and the CRD IV Directive were intended to come into force on 1 January 2013, with full implementation of their requirements by 1 January 2019.” Member states were expected to transpose the CRD IV

¹⁶⁴² EBA consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP04/EBA-CP-2012-04--CP-on-ITS-disclosure-for-own-funds-.pdf>

¹⁶⁴³ EBA consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP07/EBA-CP-2012-07--CP-on-RTS-Gain-on-Sale-on-securitisations-.pdf>

¹⁶⁴⁴ The European Parliament’s Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the proposed CRD IV Directive, European Parliament’s Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2012-0170+0+DOC+PDF+V0//EN>

¹⁶⁴⁵ The European Parliament’s Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the Capital Requirements Regulation (CRR), European Parliament’s Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONSGML%2bREPORT%2bA7-2012-0171%2b0%2bDOC%2bPDF%2bV0%2f%2fEN>

¹⁶⁴⁶ The Government publishes a note on tax treatment of CRD IV-compliant regulatory capital instruments, HM Treasury (London) 26 June 2012. Date of Access: 6 January 2013. <http://www.hmrc.gov.uk/basel3/reg-capital-paper.pdf>

Directive into national law by 31 December 2012 which follows the timelines expected by the BCBS for Basel III implementation.

On 10 July 2012, the Council published a press release concerning a meeting of ECOFIN held on 10 July 2012. The press release stated that negotiations between the EU authorities on the CRD IV Directive are almost complete and that talks are now focused on the CRR. “The negotiations with the Parliament are aimed at adoption of the regulation and directive at first reading. Outstanding issues include a proposed flexibility package, bankers’ remuneration, crisis management, sanctions, the balance of power between the authorities of “home” and “host” countries, corporate governance, and powers to be given to the European Banking Authority (EBA).”¹⁶⁴⁷

On 11 July 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09) and comments could be made on the consultation paper until 15 September 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take the final text of the CRR into account. The RTS must be submitted to the European Commission by 1 January 2013.¹⁶⁴⁸

On 17 July 2012, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/10) and comments could be made on the consultation paper by 30 September 2012. The consultation is based on the draft CRR as proposed by the European Commission in July 2011. Although the EBA has taken into account significant changes subsequently proposed during the legislative procedure, the draft RTS may be amended after consultation to take into account the final CRR text. The RTS must be submitted to the Commission by 1 January 2013.¹⁶⁴⁹

On 25 July 2012, the FSA published a statement on its approach to the use of eXtensible Business Reporting Language (XBRL) for quantitative reporting under CRD IV and Solvency II.¹⁶⁵⁰

On 31 July 2012, the European Banking Authority (EBA) has published a press release announcing a timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting.

In the press release, the EBA announces that the finalization of the ITS for supervisory reporting has been pushed back pending the adoption by the EU authorities of the CRR.

¹⁶⁴⁷ Press Release 12204/12, 3181st Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels), 10 July 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/131686.pdf

¹⁶⁴⁸ EBA consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk, European Banking Authority (London) 11 July 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP09/EBA-CP-2012-09-CP-credit-valuation-risk.pdf>

¹⁶⁴⁹ EBA consultation paper on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR), European Banking Authority (London) 17 July 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP10/EBA-CP-2012-10-CP-on-RTS-on-SCRAs-and-GCRAs.pdf>

¹⁶⁵⁰ FSA statement on quantitative reporting under CRD IV (London) 25 July 2012. Date of Access: 6 January 2013. <http://www.fsa.gov.uk/library/communication/statements/2012/xbrl.shtml>

It suggests that the implementation date for the full ITS requirements relating to financial information (FINREP) should be set to 1 January 2014 and that further decisions on phasing in other data requirements may be taken once the CRR itself is finalised.¹⁶⁵¹

On 1 August 2012, the FSA published a statement on its expectations on the implementation of CRD IV. The FSA stated that “it is clear the [CRD IV] legislation will not be adopted earlier than autumn 2012. Following adoption it is necessary for verification, translation and signature of the EU legislation to take place before it can be published in the Official Journal of the European Union. Publication in the Official Journal is a necessary pre-cursor of EU legislation entering into force. On this basis it does not appear feasible that the legislation can enter into force in line with the implementation date of 1 January 2013 as included in the original European Commission proposal of July 2011.” The FSA stated that it will continue to undertake all preparatory work that is possible in the absence of a finalized text, in the expectation that CRD IV, once finalized, will follow the Basel III implementation timetable. It expects firms within the scope of the CRD to take the same approach.¹⁶⁵²

In the August 2012 policy development update (PDU 150), the timing of the consultation paper was changed from the third quarter of 2012 to “TBC.”¹⁶⁵³

In its August 2012 statement, the FSA stated that it was proceeding with necessary preparatory work to be ready to begin data collection under COREP for the period beginning 1 July 2013, provided that the legislation and the relevant European Banking Authority (EBA) implementing technical standards (ITS) are finalized by that date. The FSA will take account of any phase-in plans included in the EBA’s ITS following an announcement made by EBA on 31 July 2012 on the implementation of the ITS.¹⁶⁵⁴

On 2 August 2012, the European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process. The EBF stated that it has learned that the Council of the EU has suspended its work on CRD IV until September 2012 and that the European Parliament has decided to vote on the legislation “at the end of October.” In July 2012 the Parliament suggested that it would consider CRD IV at its 10 to 13 September 2012 plenary session. However, this indicative date has since been removed from the Parliament website and the draft agenda for the 10 to 13 September plenary session no longer referred to CRD IV.¹⁶⁵⁵

The European Banking Industry Committee (EBIC) sent (and published) a letter to the EU institutions, calling for a reasonable period of time between the final text and implementation to

¹⁶⁵¹ EBA Press Release announcing a concerning the timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting (London) 31 July 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-the-finalisation-and-implementation-of-t.aspx>

¹⁶⁵² FSA published a statement on its expectations on the implementation of CRD IV (London) 1 August 2012. Date of Access: 6 January 2013. <http://www.fsa.gov.uk/library/communication/statements/2012/crd-iv.shtml>

¹⁶⁵³ FSA’s newsletter on timing of the consultation paper (London) August 2012. Date of Access: 6 January 2013. <http://www.fsa.gov.uk/static/pubs/newsletters/pdu-newsletter-aug12.pdf>

¹⁶⁵⁴ FSA statement on data collection under COREP (London) August 2012. Date of Access: 6 January 2013. <http://www.fsa.gov.uk/library/communication/statements/2012/crd-iv.shtml>

¹⁶⁵⁵ European Parliament website and the draft agenda (Brussels) 2 August 2012. Date of Access: 6 January 2013. <http://www.europarl.europa.eu/sides/indexPartSession.do?reference=2012-09&language=EN>

allow banks to put in place the necessary procedures to comply with the new rules since the implementation “cannot possibly be achieved within a timeframe of one or two months.”¹⁶⁵⁶

On 7 August 2012, the FSA published an updated version of its webpage on the CRD IV harmonized reporting framework. The webpage has been updated to take account of uncertainty concerning the implementation of CRD IV, following delays in the EU legislative process.¹⁶⁵⁷

On 29 August 2012, the European Banking Authority (EBA) published a press release announcing revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation.

The EBA has published these documents ahead of a workshop on 13 September 2012. The press release emphasises that these versions should not be considered as final products and that the EBA will deliver the final draft templates and DPM to the European Commission for endorsement once the final text of the CRD IV legislation has been agreed.¹⁶⁵⁸

On 31 August 2012, the Joint Committee of the European Supervisory Authorities (ESAs) (that is, EBA, EIOPA and ESMA) published a joint consultation paper (JP/CP/2012/02) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (FICOD). Comments could be made on the consultation paper by 5 October 2012. The draft RTS may be amended after consultation to take into account the final texts of the CRR and the CRD IV Directive. The RTS must be submitted to the Commission by 1 January 2013.¹⁶⁵⁹

The UK implementation of CRD IV will affect the Capital Requirements Regulations 2006 (SI 2006/ 3221), which implemented certain provisions in the CRD. HM Treasury has not indicated when it intends to consult on amendments to the Capital Requirements Regulations, or regulations that will replace the Capital Requirements Regulations.

On 18 September 2012, HM Treasury published a consultation paper on the macro-prudential tools available to the Financial Policy Committee (FPC) to help it to ensure financial stability (introduced by CRD IV) and comments were invited until 11 December 2012.¹⁶⁶⁰

¹⁶⁵⁶ European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process (Brussels) 2 August 2012. Date of Access: 6 January 2013. [http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20\(2\).pdf](http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20(2).pdf)

¹⁶⁵⁷ FSA's webpage on the implementation of CRD IV (London) 7 August 2012. Date of Access: 6 January 2013. <http://www.fsa.gov.uk/about/what/international/crd-iv>

¹⁶⁵⁸ EBA Press Release announcing a revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation (London) 29 August 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/EBA-workshop-on-technical-standards-on-supervisory.aspx>

¹⁶⁵⁹ Joint consultation paper of the European Supervisory Authorities (ESAs) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (London, Frankfurt, Paris) 31 August 2012. Date of Access: 6 January 2013. <http://www.esma.europa.eu/system/files/jc-cp-2012-02-.pdf>

¹⁶⁶⁰ The Government publishes a consultation paper on the macro-prudential tools available to the Financial Policy Committee (FPC) to help it to ensure financial stability, HM Treasury (London) 18 September 2012. Date of Access: 6 January 2013. http://www.hm-treasury.gov.uk/d/condoc_fpc_tools_180912.pdf

On 18 September 2012, the European Banking Authority (EBA) published a list of responses it has received to its July 2012 consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09).¹⁶⁶¹

On 25 September 2012, HMRC updated its June 2012 note on its views on the tax treatment, under current law, of Capital Requirements Directive IV (CRD IV)-compliant regulatory capital instruments.

In a consultation paper published in September 2012 on the macro-prudential toolkit of the statutory Financial Policy Committee (FPC), the government stated that it intended to implement the countercyclical capital buffer introduced by CRD IV through a statutory instrument made under the European Communities Act 1972 (ECA 1972).¹⁶⁶²

On 22 October 2012, the European Banking Authority (EBA) published a report (dated September 2012) on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (CRR).¹⁶⁶³

On 26 October 2012, the government published for comment draft legislation (for the Finance Bill 2013) ensuring the corporation tax deductibility of the coupon on banks' Capital Requirements Directive IV (CRD IV)-compliant tier 2 capital instruments.¹⁶⁶⁴

On 30 October 2012, the FSA published a webpage (dated 26 October 2012) on its approach to implementing transitional provisions in the CRR on own funds requirements, the grandfathering of capital instruments, and the application of regulatory adjustments to own funds. The FSA decided to give advance notice of its approach to implementing these transitional provisions, given the importance of these measures for firms' capital planning.

The FSA has decided not to accelerate the minimum pace of transition set out in the CRR except where applying the minimum transitional provisions would have the effect of weakening standards relative to the standards in force in the UK (that is, in the FSA Handbook) prior to the implementation of CRD IV. The FSA will apply this approach to calculate the binding Pillar 1 capital requirement for all firms subject to the CRD IV capital regime without exception.

The FSA intends to consult on these proposals once the CRD IV legislation has been finalized.¹⁶⁶⁵

¹⁶⁶¹ List of responses published by the European Banking Authority on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (London) 18 September 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/Publications/Consultation-Papers/All-consultations/2012/EBA-CP-2012-09/Responses-to-EBA-CP-2012-02.aspx>

¹⁶⁶² The Government states it intends to implement the countercyclical capital buffer introduced by CRD IV, HM Treasury (London) September 2012. Date of Access: 6 January 2013. http://www.hm-treasury.gov.uk/d/condoc_fpc_tools_180912.pdf

¹⁶⁶³ EBA report on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (London) 22 October 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/EBA-SME-Report.pdf>

¹⁶⁶⁴ The Government publishes a comment draft legislation (for the Finance Bill 2013), HM Treasury (London) 26 June 2012. Date of Access: 26 October 2013. <http://www.hmrc.gov.uk/basel3/ct-banks-tier2-reg.pdf>

¹⁶⁶⁵ SA's webpage on its approach to implementing transitional provisions (London) 26 October 2012. Date of Access: 6 January 2013. http://www.fsa.gov.uk/about/what/international/basel/crd/ccr_crd/transitional-provisions

On 9 November 2012, the European Banking Authority (EBA) published its second consultation on draft regulatory technical standards (RTS) on own funds under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/11). This consultation relates to the identification of mutuals, co-operatives and similar institutions. Comments can be made on the consultation paper by 21 December 2012. The July 2011 text of the CRR requires these RTS to be submitted to the Commission by 1 January 2013.

The consultation forms the second part of the EBA's consultation on RTS relating to own funds, the first part of which was published in April 2012. The EBA expects that the legal texts resulting from these consultations on own funds, and subsequent consultations to be published later in 2012, will be merged into a single act.¹⁶⁶⁶

On 13 November 2012, the European Banking Authority (EBA) published a discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital Requirements Regulation (CRR) (EBA/DP/2012/03). Comments can be made on the discussion paper by 13 January 2013. The EBA intends to publish a consultation paper on the draft RTS before submitting them to the Commission. The 11 May 2012 draft of the CRR requires these RTS to be submitted to the Commission by 31 December 2013.¹⁶⁶⁷

On 13 November 2012, the Council of the EU has published a press release concerning a meeting of the Council, in its configuration as the Economic and Financial Affairs Council (ECOFIN), where ECOFIN remains committed to reaching an agreement with the European Parliament before the end of 2012 on the CRD IV legislation. The press release states that ECOFIN's objectives include "maintaining the balance" achieved in its May 2012 general approach on CRD IV.¹⁶⁶⁸

On 21 November 2012, the European Banking Federation (EBF) sent a letter to Michel Barnier, European Commissioner for Internal Market and Services, formally requesting "the postponement of the entry into force of the CRR/CRD IV until 1 January 2014," (which it considers would be a more reasonable timeframe) in the light of the announcement by US regulators that there would be an indefinite delay to their implementation of Basel III.¹⁶⁶⁹

¹⁶⁶⁶ EBA's second consultation on RTS relating to own funds (London) 9 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP11/EBA-BS-2012-211-final-for-publication--Consultation-paper-on-draft-RTS-on-Article-25-2--a--.pdf>

¹⁶⁶⁷ EBA discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital Requirements Regulation (London) 13 November. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Discussion%20Papers/DP%202012%2003/EBA-DP-2012-03--RTS-on-Prudent-Valuation---Final.pdf>

¹⁶⁶⁸ Press Release 16051/12, 3198th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 13 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/133470.pdf

¹⁶⁶⁹ European Banking Federation (EBF) letter to Member of the European Commission concerning entry into force of the CRR/CRD IV (Brussels) 21 November 2012. Date of Access: 6 January 2013. <http://www.ebf-fbe.eu/uploads/0374C-D2140A-2012-EBF%20President%20Draft%20letter%20to%20Barnier%20over%20US%20postpone....pdf>

Similar letters have been addressed to the Presidency of the Council of the European Union and the European Parliament rapporteur.¹⁶⁷⁰

On November 24 2012, European banks have asked the European Commission to postpone the introduction of Basel III by a year to 2014 after U.S. regulators delayed application of the new requirements. Brussels is also worried that Washington's decision to ignore the deadline will put European banks at a disadvantage to U.S. rivals.¹⁶⁷¹

On 24 November 2012, a spokesman for Mr Barnier is quoted as saying that the CRD IV negotiations between the Council and the Parliament will be wrapped up in the coming weeks, and that Mr Barnier will seek clarity from the US and work for a co-ordinated US-EU approach.¹⁶⁷²

On 27 November 2012, the European Banking Authority (EBA) published a letter (dated 21 November 2012), sent to Michel Barnier, European Commissioner for Internal Market and Services, relating to the proposed Capital Requirements Regulation (CRR).¹⁶⁷³

The Parliament is expected to consider CRD IV at its plenary session to be held between 10 and 13 December 2012.

A Council of the EU progress report dated 29 November 2012 stated that the Presidency still aimed to reach political agreement on CRD IV by the end of 2012.¹⁶⁷⁴

A press release issued after the ECOFIN meeting on 4 December 2012 stated that the Council "confirmed its commitment to reach an agreement with the Parliament before the end of the year." "Further political trilogues are scheduled for 11 and 13 December in Strasbourg."¹⁶⁷⁵

The Parliament is expected to consider the SSM proposals during its plenary session to be held between 10 and 13 December 2012.¹⁶⁷⁶

¹⁶⁷⁰ EBA letter to Member of the European Commission (London) 5 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-05--Letter-on-draft-CRR---EBA-Op-2012-03-.pdf>

¹⁶⁷¹ EU To Follow US In Delaying The Implementation Of Basel III, International Business Times (Washington, D.C.) 27 November 2012. Date of Access: 6 January 2013. <http://www.ibtimes.com/eu-follow-us-delaying-implementation-basel-iii-903024>

¹⁶⁷² European banks call for capital rule delay, The Telegraph (London) 24 November 2012. Date of Access: 6 January 2013. <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/9700443/European-banks-call-for-capital-rule-delay.html>

¹⁶⁷³ EBA letter to Member of the European Commission concerning the proposed Capital Requirements Regulation (CRR) (London) 21 November 2012. Date of Access: 6 January 2013. to <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-21--Letter-on-floors---EBA-Op-2012-04-.pdf>

¹⁶⁷⁴ Council of the European Union progress report on CRD IV (Brussels) 29 November 2012. Date of Access: 6 January 2013. <http://register.consilium.europa.eu/pdf/en/12/st16/st16677.en12.pdf>

¹⁶⁷⁵ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/134037.pdf

¹⁶⁷⁶ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/134037.pdf

On 17 December 2012, the European Commission has published a speech given by Michel Barnier, European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (SSM).¹⁶⁷⁷

In the speech, Mr Barnier commented that the ongoing dialogues on CRD IV will result in political agreement “very soon.” He stressed, however, the need for a “co-ordinated approach” with the US on implementing Basel III.¹⁶⁷⁸

On 20 December 2012, the European Banking Authority (EBA) issued a press release providing an update on its work on supervisory reporting requirements required by the proposed Capital Requirements Regulation (CRR). The EBA describes the templates and instructions as “preliminary and informal in nature,” given the pending adoption of the final CRR text.

In the press release, the EBA stated that it intended to continue its existing work collecting and analysing information on the liquidity coverage ratio (LCR), which it started at the beginning of 2012. The EBA will continue this exercise on a quarterly basis and will expand its scope to include reporting on the net stable funding and leverage ratio and to increase the number of firms involved.

The EBA intends to launch a consultation on the data point model for leverage and liquidity reporting in the first quarter of 2013.

The EBA will publish a final draft ITS as soon as the CRR text is finalised, together with revised templates and instructions reflecting the final CRR text. The EBA expects that not more than one year will be needed to implement these new reporting provisions and it envisages that the first remittance dates will fall in the first quarter of 2014 for the full ITS requirements on liquidity and leverage.¹⁶⁷⁹

On its webpage on the implementation of CRD IV, the FSA has stated that the proposed CRR will not be transposed through the FSA Handbook, as it will be directly applicable to member states. However, the CRD IV Directive will be transposed through “a mixture of Treasury regulations and FSA Handbook.”¹⁶⁸⁰

¹⁶⁷⁷ Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

¹⁶⁷⁸ Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

¹⁶⁷⁹ EBA Press Release providing an update on its work on supervisory reporting requirements required by the proposed Capital Requirements Regulation (London) 20 December 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-supervisory-reporting-requirements-for-l.aspx>

¹⁶⁸⁰ FSA’s webpage on the implementation of CRD IV (London) 6 January 2013. Date of Access: 6 January 2013. <http://www.fsa.gov.uk/Pages/About/What/International/basel/crd/index.shtml>

The next trilogues on the CRD IV package of reforms between the Council of the EU, the European Parliament and the Commission will be continuing in January, with an indicative plenary sitting date on 12 January 2012.¹⁶⁸¹

On 21 February 2013, the EBA has published a discussion paper on defining liquid assets in the liquidity coverage ratio (LCR) under the draft CRR¹⁶⁸². In a press release that accompanied the discussion paper, the EBA stated that the draft CRR text stipulates that the EU Commission will adopt a delegated act by 30 June 2014 to implement the LCR in EU regulation.¹⁶⁸³

On the same day, the EBA also published a discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR.¹⁶⁸⁴

On 22 February 2013, the FSA published a statement on its expectations on the implementation of CRD IV, in the light of ongoing negotiations between the European Parliament, the European Commission and the Council of Ministers to finalise the text of the CRD IV legislation.¹⁶⁸⁵ This statement follows the statement issued by the FSA on 1 August 2012 and confirms that the FSA continues to take all action it can to prepare for the implementation of CRD IV.

On 27 February 2013, Council of the EU published a press release announcing that the Council has reached provisional political agreement at triadogue with the European Parliament on CRD IV.¹⁶⁸⁶ The provisional agreement needs to be formally endorsed by the Council and by the Parliament before it is final. There will also be significant further technical work to complete the details of the legislation.

The Council press release states that the agreement on CRD IV will be considered by the Council of the EU at its meeting on 5 March 2013 in its configuration as the Economic and Financial Affairs Council (ECOFIN).

On 28 February 2013, the Parliament published a press release on the provisional agreement and stated that member states will be required to transpose the CRD IV Directive by 1 January

¹⁶⁸¹ European Parliament website and the draft agenda (Brussels) 11 January 2013. Date of Access: 11 January 2013.
<http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2011/0203%28COD%29&l=en#keyEvents>

¹⁶⁸² EBA discussion paper on defining liquid assets in the LCR under the draft CRR (London) 21 February 2013. Date of Access: June 26 2013.

<http://www.eba.europa.eu/documents/10180/42030/DP-on-defining-liquid-assets-in-the-LCR.pdf/8d39f0bc-248e-4185-8cda-7f7ff153b644?version=1.0>

¹⁶⁸³ EBA Press Release on the process to define highly liquid assets in the Liquidity Coverage Ratio (LCR) (London) 21 February 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consults-on-the-process-to-define-highly-liquid-assets-in-the-liquidity-coverage-ratio-lcr->

¹⁶⁸⁴ EBA discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR (London) 21 February 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/discussion-paper-on-retail-deposits-subject-to-higher-outflows-for-the-purposes-of-liquidity-reporting-under-the-capital-requirements-regulation-crr->

¹⁶⁸⁵ <http://www.fsa.gov.uk/library/communication/statements/2013/crd-iv-implementation>

¹⁶⁸⁶ Council of the European Union press release on provisional political agreement at triadogue with the European Parliament on CRD IV (Brussels) 27 February 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/135718.pdf

2014.¹⁶⁸⁷ The Parliament press release states that it will vote on CRD IV in its 15 to 18 April plenary session. The Parliament had previously indicated the vote would take place at the 20 to 23 May 2013 session.

On 1 March 2013, the Council published a background note on the provisional agreement, and sets out the five major compromises that was reached between the Council and the Parliament on five key issues.¹⁶⁸⁸

On 5 March 2013, the Council of the EU published a report from the Council Presidency to the Council on political agreement that was reached on CRD IV at a triologue on 27 February 2013 which included a summary of the key issues that were reached.¹⁶⁸⁹ The Presidency invites the Council to endorse the provisional agreement reached on 27 February 2013 and to continue negotiations with the European Parliament to reach agreement at first reading as soon as possible.

On 5 March 2013, the Council of the EU published a press release announcing, in its configuration as the Economic and Financial Affairs Council (ECOFIN), it had “broadly endorsed” the provisional political agreement reached on CRD IV in a triologue on 27 February 2013.¹⁶⁹⁰ On that basis, the Council has mandated the Permanent Committee of Representatives (COREPER) to finalise negotiations with the European Parliament on outstanding technical issues with the aim of reaching a final deal in the second half of March 2013.

On 11 March 2013, the EBA published a consultation on draft regulatory technical standards (RTS) on the conditions for assessing the materiality of extensions and changes of internal approaches when calculating own funds requirements for credit, market and operational risk under the proposed CRR.¹⁶⁹¹ The consultation ran until 11 June 2013.

On 15 March 2013, the European Banking Authority (EBA) published revised draft versions of its templates, instructions, validation rules and data point model (DPM) for implementing technical standards (ITS) on supervisory reporting under CRD IV.¹⁶⁹²

¹⁶⁸⁷ The European Parliament's Economic and Monetary Affairs Committee (ECON) press release on provisional agreement reached (Brussels) 28 February 2013. Date of Access: 26 June 2013. <http://www.europarl.europa.eu/news/en/pressroom/content/20130225IPR06048/html/MEPs-cap-bankers'-bonuses-and-step-up-bank-capital-requirements>

¹⁶⁸⁸ Council of the European Union background note on provisional political agreement which sets out the five major compromises (Brussels) 1 March 2013. Date of Access: 26 June 2013. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/135754.pdf

¹⁶⁸⁹ Council of the European Union report on the first reading of the revised capital requirement rules (CRD IV) (Brussels) 2 March 2013. Date of Access: 26 June 2013. <http://register.consilium.europa.eu/pdf/en/13/st06/st06947.en13.pdf>

¹⁶⁹⁰ Council of the European Union press release on endorsing agreement with EP (Brussels) 5 March 2013. Date of Access: 26 June 2013. http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/135823.pdf

¹⁶⁹¹ EBA launches consultation on draft technical standards (RTS) aimed at specifying the conditions for assessing the materiality of extensions and changes to internal approaches when calculating own funds requirements for credit, market and operational risk (London) 11 March 2013. Date of Access: 26 June 2013. <http://www.eba.europa.eu/-/eba-consults-on-the-conditions-for-assessing-the-materiality-of-extensions-and-changes-of-internal-approaches-for-credit-market-and-operational-risk>

¹⁶⁹² EBA press release on update on the technical standards on supervisory reporting requirements Authority (London) 15 March 2013. Date of Access: 26 June 2013. <http://www.eba.europa.eu/-/update-on-the-technical-standards-on-supervisory-reporting-requirements>

On 18 March 2013, the European Banking Authority (EBA) published two consultations on draft data point models (DPMs) based on its draft implementing technical standards (ITS) on supervisory reporting requirements for liquidity coverage and stable funding, and leverage ratio.¹⁶⁹³ Comments were invited by 13 May 2013.

On 19 March 2013, the European Banking Authority (EBA) published a report of the results of its third Basel III monitoring exercise on the European banking system.¹⁶⁹⁴

On 21 March 2013, the European Commission published a press release announcing agreement in trilogue on CRD IV.¹⁶⁹⁵

On 26 March 2013, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on the reporting format for asset encumbrance.¹⁶⁹⁶

On the same day, the European Banking Authority (EBA) also published a consultation paper on definitions of forbearance and non-performing exposures, and on associated reporting templates to capture related data.¹⁶⁹⁷ The EBA expects to finalise these additional standards by Q3 2013. Comments on both consultation papers were invited by 24 June 2013.

On 27 March 2013, the Council of the European Union issued a press release announcing that the Permanent Committee of Representatives (COREPER) had approved compromise texts on CRD IV.¹⁶⁹⁸ The Council explains in its press release that if the European Parliament approves the texts as agreed, the Council will also approve them without further discussion. It adds that the new rules will apply from 1 January 2014 if publication takes place in the Official Journal of the European Union (OJ) by 30 June 2013.

¹⁶⁹³ EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Liquidity Coverage and Stable Funding and EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Leverage Ratio (London) 18 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-liquidity-coverage-and-stable-fundin>
<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-leverage-ratio>

¹⁶⁹⁴ EBA report of the Basel III monitoring exercise on the European banking system (London) 19 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/documents/10180/16145/ISG-Basel-III-monitoring-exercise---Public-Report--Final-.pdf>

¹⁶⁹⁵ Statement by Commissioner Michel Barnier following the agreement in trilogue on new European rules to impose stronger prudential requirements on banks (Brussels) 21 March 2013. Date of Access: 26 June 2013.

http://europa.eu/rapid/press-release_MEMO-13-269_en.htm?locale=en

¹⁶⁹⁶ EBA Consultation Paper on Asset Encumbrance Reporting (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-asset-encumbrance-reporting>

¹⁶⁹⁷ EBA Consultation Paper on definitions of forbearance and non-performing exposures, and on associated reporting templates to capture related data (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-supervisory-reporting-on-forbearance-and-non-performing-exposures>

¹⁶⁹⁸ Council of the European Union press release on confirming agreement with EP (Brussels) 27 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/136581.pdf

The Council reports that the compromise texts were acceptable to a qualified majority; the United Kingdom did not support them.

On the same day, the proposed CRD IV Directive text¹⁶⁹⁹ and the proposed Capital Requirements Regulation (CRR) text¹⁷⁰⁰, as agreed in political dialogue, were published (dated 26 March 2013).

On 10 April 2013, the Secretariat of the Council of the EU published an addendum to the published text of the Capital Requirements Regulation (CRR) on which political agreement was reached in March 2013.¹⁷⁰¹

On 12 April 2013, the European Parliament published revised versions of the proposed CRD IV Directive¹⁷⁰² and the proposed Capital Requirements Regulation (CRR)¹⁷⁰³ for plenary vote.

On 16 April 2013, the European Parliament announced that it has adopted at first reading compromise texts for CRD IV on which political agreement was reached with the Council of the EU in March 2013.¹⁷⁰⁴ The texts were published on the same day.¹⁷⁰⁵

The Parliament and the Council are co-legislators and need to approve the same final text of the proposals.

On 17 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets.¹⁷⁰⁶

¹⁶⁹⁹ Council of the European Union publishes the proposed CRD IV Directive (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07746.en13.pdf>

¹⁷⁰⁰ Council of the European Union publishes the proposed the proposed Capital Requirements Regulation (CRR) text (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747.en13.pdf>

¹⁷⁰¹ Council of the European Union addendum to the published text of the Capital Requirements Regulation (CRR) (Brussels) 9 April 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747-ad01.en13.pdf>

¹⁷⁰² European Parliament publishes a revised text of the CRD IV Directive (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0170&format=PDF&language=EN&secondRef=002-002>

¹⁷⁰³ European Parliament publishes a revised text of the Capital Requirements Regulation (CRR) (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0171&format=PDF&language=EN&secondRef=002-002>

¹⁷⁰⁴ European Parliament press release on adopting CRD IV on first reading (Brussels) 10 April 2013. Date of Access: 26 June 2013.

http://www.europarl.europa.eu/pdfs/news/expert/infopress/20130416IPR07333/20130416IPR07333_en.pdf

¹⁷⁰⁵ European Parliament publishes the adopted CRD IV Directive and Capital Requirements Regulation (Brussels) 16 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-02+DOC+WORD+V0//EN&language=EN>

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-03+DOC+WORD+V0//EN&language=EN>

On 20 May 2013, the European Banking Authority (EBA) published a consultation on draft implementing technical standards (ITS) on joint decisions on institution-specific prudential requirements of the proposed CRD IV Directive.¹⁷⁰⁷

On 21 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.¹⁷⁰⁸

On the same day, the European Banking Authority (EBA) published two consultations on passport notifications.¹⁷⁰⁹ The consultation runs until 21 August 2013.

On 22 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory and implementing technical standards (RTS and ITS) on securitisation retention rules.¹⁷¹⁰

On 23 May 2013, the European Banking Authority (EBA) published five consultation papers on draft regulatory and implementing technical standards under the proposed CRR.¹⁷¹¹ The consultation runs until 22 August 2013.

On 5 June 2013, the European Banking Authority (EBA) published near-final draft regulatory technical standards (RTS) on own funds under CRD IV.¹⁷¹²

¹⁷⁰⁶ EBA Consultation Paper on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets (London) 17 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-regulatory-technical-standards-on-the-determination-of-the-overall-exposure-to-a-client-or-a-group-of-connected-clients-in>

¹⁷⁰⁷ EBA Consultation Paper on draft Implementing Technical Standards (ITS) on institution-specific prudential requirements (London) 20 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-implementing-technical-standards-its-on-institution-specific-prudential-requirements>

¹⁷⁰⁸ EBA Consultation Paper on draft Technical Standards for the definition of material risk takers for remuneration purposes (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-technical-standards-for-the-definition-of-material-risk-takers-for-remuneration-purposes>

¹⁷⁰⁹ EBA Consultation Paper on draft ITS on Passport Notifications (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-its-on-passport-notifications>

¹⁷¹⁰ EBA Consultation Paper on draft Technical Standards on securitisation retention rules (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-on-draft-technical-standards-on-securitisation-retention-rules>

¹⁷¹¹ EBA Consultation Papers on draft regulatory and implementing technical standards under the proposed CRR (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-guidelines-on-capital-measures-for-foreign-currency-lending>

<http://www.eba.europa.eu/-/consultation-on-draft-its-on-additional-liquidity-monitoring-metri-1>

<http://www.eba.europa.eu/-/consultation-on-draft-rts-on-additional-liquidity-outflows>

<http://www.eba.europa.eu/-/consultation-on-technical-standards-for-own-funds-part-iii>

¹⁷¹² EBA publishes near-final draft regulatory technical standards (London) 5 June 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-publishes-near-final-draft-regulatory-technical-standards-on-own-funds>

On 16 June 2013, the Council of the EU has published revised texts (dated 14 June 2013) of the Capital Requirements Regulation (CRR)¹⁷¹³ and the CRD IV Directive¹⁷¹⁴.

On 18 June 2013, the European Parliament published revised texts (dated 6 June 2013) of the Capital Requirements Regulation (CRR)¹⁷¹⁵ and the CRD IV Directive¹⁷¹⁶.

On 20 June 2013, the Council of the EU published a press release announcing that, in its configuration as the Employment, Social Policy, Health and Consumer Affairs Council, it has adopted without discussion the Capital Requirements Regulation (CRR) and the CRD IV Directive that were proposed and published on 16 June 2013.¹⁷¹⁷ The decision was taken by a qualified majority of delegations, with the United Kingdom voting against. The press release states that the new rules will come into force on 1 January 2014.

On 27 June 2013, the document 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 (Capital Requirements Regulation or CRR) was published in the Official Journal of the EU (OJ).¹⁷¹⁸ The CRR enters into force on 28 June 2013 and, with the exception of certain provisions specified in Article 521, will apply from 1 January 2014.

On 27 June 2013, the 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 (CRD IV Directive) was published in the Official Journal of the EU (OJ).¹⁷¹⁹ The Directive enters into force on the twentieth day following its publication in the OJ.

¹⁷¹³ Council of the European Union publishes revised Capital Requirements Regulation (CRR) text (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00014.en13.pdf>

¹⁷¹⁴ Council of the European Union publishes revised CRD IV Directive (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00015.en13.pdf>

¹⁷¹⁵ European Parliament publishes revised Capital Requirements Regulation (CRR) text (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0115&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁷¹⁶ European Parliament publishes revised CRD IV Directive (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0114&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁷¹⁷ Council of the European Union press release on Council adopting new bank capital requirements (Brussels) 20 June 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/137544.pdf

¹⁷¹⁸ Regulation (EU) No 575/2013¹⁷¹⁸ of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (Brussels) 26 June 2013. Date of Access: 28 June 2013.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0001:0337:EN:PDF>

¹⁷¹⁹ 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 (Brussels) 26 June 2013. Date of Access: 28 June 2013.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0338:0436:EN:PDF>

With the exception of certain provisions specified in Article 162, 31 December 2013 is the deadline for member states to transpose the Directive and to apply its provisions.

Later on the same day, the Prudential Regulation Authority (PRA) issued a statement setting out its planned next steps for implementation of the CRD IV package of reforms.¹⁷²⁰ On the same day, the Financial Conduct Authority (FCA) published a similar statement on its website setting out its planned timetable for implementation of the CRD IV package of reforms.¹⁷²¹

The FCA and the PRA will each play a role in the implementation of CRD IV and the supervision of firms in accordance with its requirements: the PRA will be the lead regulator for banks, building societies and certain high-risk investment firms while the FCA will be the sole regulator for the majority of investment firms.

The CRR and the CRD IV Directive, collectively referred to as CRD IV, implement the Basel III reforms in the EU, as well as introducing certain EU-specific reforms including imposing restrictions on bonuses. The CRD IV Directive repeals the Capital Requirements Directive (2006/48/EC and 2006/49/EC) with deadline of transposition no later than 31 December 2013 and with effect from 1 January 2014.

As the European Union's capital regulations have been agreed upon and have been scheduled for implementation, the EU and its member countries have fully complied with their commitment. The United Kingdom has thus been awarded a score of +1.

Analyst: Alexandra Popa

United States: +1

The United States has complied with its commitment to take action to implement the new bank capital and liquidity standards set in the Basel III framework.

The June 2012 interagency proposal to amend the bank regulatory capital framework applies the lessons of the crisis, in part, by increasing the quantity and quality of capital held by banks.

With this proposal, U.S. bank capital requirements would reflect international Basel III agreements reached by the Basel Committee on Banking Supervision as well as relevant domestic legislative provisions, including sections 171 and 939A of the Dodd-Frank Act.

“The Federal Reserve believes that the benefits of the proposed changes, in terms of the reduction of risk to the U.S. financial system and to the broader economy, outweigh the compliance costs to the financial industry and any costs to the macroeconomy.”¹⁷²²

On 7 June 2012, the Board of Governors of the Federal Reserve System (FRB) approved a comprehensive set of three regulatory capital proposals (Proposals). The proposed rulemaking “is

¹⁷²⁰ PRA statement on CRD IV implementation timetable (London) 27 June 2013. Date of Access: 28 June 2013.

<http://www.bankofengland.co.uk/pr/Pages/crdiv/default.aspx>

¹⁷²¹ FCA statement on CRD IV implementation timetable (London) 27 June 2013. Date of Access: 28 June 2013.

<http://www.fca.org.uk/news/firms/fca-statement-on-crd-iv>

¹⁷²² Testimony of Michael S. Gibson, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System (Washington, D.C.) 14 November 2012. Date of Access: 6 January 2012. <http://www.federalreserve.gov/newsevents/testimony/gibson20121114a.htm>

a further step toward putting in place the integrated and comprehensive regulatory capital framework, known as Basel III, that the Board has been developing for some time in consultation with our domestic and international colleagues. Critically, this framework would require banking organizations to hold more and higher quality capital.”¹⁷²³

On 12 June 2012, the FRB, the Board of Governors of the Federal Reserve System (FDIC) and the Office of the Comptroller of the Currency (OCC) (together, Agencies) jointly published the Proposals, with a public comment period until September 7, 2012. Given the fundamental importance of capital to all activities and investments of a banking organization, the banking industry and their trade groups can expect to be heavily engaged throughout this process. The Proposals largely “implement and seek to harmonize, notably, the regulatory capital standards promulgated by the Basel Committee on Banking Supervision (BCBS) in Basel III: A global regulatory framework for more resilient banks and banking systems (Basel III).”

The Proposals consist of three Regulatory Capital Rules including the Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and transition Provisions.

The U.S. federal banking agencies issued three notices of proposed rulemaking in June that would revise and replace the current regulatory capital rules. The proposals suggested “an effective date of January 1, 2013.”¹⁷²⁴

On 9 November 2012, the US federal banking agencies released a joint press release indefinitely delaying the January 1, 2013 implementation date for their proposed rules that would revise and replace the current regulatory capital rules according to Basel III and certain provisions of Dodd-Frank.

“As members of the Basel Committee on Banking Supervision, the U.S. agencies take seriously our internationally agreed timing commitments regarding the implementation of Basel III and are working as expeditiously as possible to complete the rulemaking process. As with any rule, the agencies will take operational and other considerations into account when determining appropriate implementation dates and associated transition periods.”¹⁷²⁵

More interestingly, they did not provide a substitute effective date for the rules, arguing that they are “working as expeditiously as possible to complete” them.¹⁷²⁶

¹⁷²³ Statement by Chairman Ben S. Bernanke, Board of Governors of the Federal Reserve System (Washington, D.C.) 7 June 2012. Date of Access: 6 January 2012. <http://www.federalreserve.gov/newsevents/press/bcreg/bernanke20120607a.htm>

¹⁷²⁴ Joint Press Release between the FRB, the Board of Governors of the Federal Reserve System (FDIC) and the Office of the Comptroller of the Currency on Regulatory Capital Rules and Finalize Market Risk Rule (Washington, D.C.) 12 June 2012. Date of Access: 6 January 2012. <http://www.federalreserve.gov/newsevents/press/bcreg/20120612a.htm>

¹⁷²⁵ Joint Press Release between the FRB, the Board of Governors of the Federal Reserve System (FDIC) and the Office of the Comptroller of the Currency on Provide Guidance on Regulatory Capital Rulemakings (Washington, D.C.) 9 November 2012. Date of Access: 6 January 2012. <http://www.federalreserve.gov/newsevents/press/bcreg/20121109a.htm>

¹⁷²⁶ EU To Follow US In Delaying The Implementation Of Basel III, International Business Times (Washington, D.C.) 27 November 2012. Date of Access: 6 January 2013. <http://www.ibtimes.com/eu-follow-us-delaying-implementation-basel-iii-903024>

Also, in a Senate hearing on 14 November 2012, agency representatives summarized key banking industry concerns over the proposed rules.¹⁷²⁷

On March 21, 2013, the Board of Governors of the Federal Reserve System announced¹⁷²⁸ that it had begun issuing examination guidance relating to the implementation of the advanced approaches risk-based capital rule under Basel III and issued two Basel Coordination Committee Bulletins.¹⁷²⁹

On July 2, 2013, the Federal Reserve Board (FRB) published a final rule implementing the enhanced capital and related requirements under Basel III, and the Dodd-Frank Act.¹⁷³⁰ The final rule consolidates three separate notices of proposed rulemaking that the OCC, Board, and FDIC published in the Federal Register on August 30, 2012¹⁷³¹, with selected changes. The OCC and the FDIC are expected to approve the final rule in their meetings scheduled for 9 July 2013.

On the same day, Frank Keating, president and CEO of the American Banker's Association (ABA) issued a statement of support of legislation introduced in the US House and Senate that would require a comprehensive economic analysis of the rule's impact before it goes into effect.¹⁷³² "Today's rule is the latest — but not the final — step in an ongoing process to find the optimal capital regime for the U.S. economy. During Basel III's implementation period, the door is open for regulators to make the necessary adjustments to ensure the rule works for banks of all sizes and doesn't impede economic growth."

The United States has now implemented the enhanced capital and related requirements under Basel III and has thus been awarded a score of +1.

Analyst: Alexandra Popa

¹⁷²⁷ Senate hearing on OVERSIGHT OF BASEL III: IMPACT OF PROPOSED CAPITAL RULES (Washington, D.C.) 14 November 2012. Date of Access: 6 January 2013.
http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=9415a6b1-5316-4954-bbb6-c1fd467e34d5

¹⁷²⁸ Board of Governors of the Federal Reserve System letter on Advanced Approaches Risk-Based Capital Rule Examination Guidance on the Board's Public Website (Washington) 21 March 2013 Date of Access: 26 June 2013.
<http://www.federalreserve.gov/bankinforeg/srletters/sr1304.htm>

¹⁷²⁹ Basel Coordination Committee Bulletins on the "exclusion treatment" and on the definition of "traditional securitization" (Washington) 21 March 2013 Date of Access: 26 June 2013.
<http://www.federalreserve.gov/bankinforeg/basel/files/bcc1301.pdf>
<http://www.federalreserve.gov/bankinforeg/basel/files/bcc1302.pdf>

¹⁷³⁰ Federal Reserve Banks adopts final rule on Basel III bank capital (Washington) 2 July 2013. Date of Access: 3 July 2013.
<http://federalreserve.gov/bcreg20130702a.pdf>

¹⁷³¹ Notices of proposed rulemaking that the OCC, Board, and FDIC (Washington) 30 August 2012. Date of Access: 26 June 2013.
<https://www.federalregister.gov/articles/2012/08/30/2012-16761/regulatory-capital-rules-advanced-approaches-risk-based-capital-rule-market-risk-capital-rule>
<https://www.federalregister.gov/articles/2012/08/30/2012-16757/regulatory-capital-rules-regulatory-capital-implementation-of-basel-iii-minimum-regulatory-capital>
<https://www.federalregister.gov/articles/2012/08/30/2012-17010/regulatory-capital-rules-standardized-approach-for-risk-weighted-assets-market-discipline-and>

¹⁷³² ABA Statement on BASEL III Final Rule (Washington) 2 July 2013. Date of Access: 3 July 2013.
<http://www.aba.com/Press/Pages/ABA-Statement-on-BASEL-III-Final-Rule.aspx>

European Union: +1

The European Union has fully complied with its commitment to translate Basel III standards into laws and regulations applicable in its jurisdiction.

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio (EBA/CP/2012/06) and comments could be made on the consultation paper until 27 August 2012. Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission.¹⁷³³

On 7 June 2012, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions (EBA/CP/2012/04) and comments could be made on the consultation paper until 31 July 2012. Once the text of the CRR is finalized, the EBA will adapt the draft ITS to reflect the final version of the CRR before submitting them to the European Commission. Although the deadline set in the CRR for EBA to finalize these ITS is 31 December 2013, the EBA intends to submit them “within a shorter timeframe,” as the CRR disclosure requirements will be applicable from 1 January 2013.¹⁷³⁴

On 12 June 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context (EBA/CP/2012/07) and comments could be made on the consultation paper until 12 August 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take into account the final text of the CRR. The EBA’s intention is that these RTS will form part of the general RTS on own funds which it consulted on in April 2012. These RTS must be submitted to the European Commission by 1 January 2013.¹⁷³⁵

On 21 June 2012, the European Parliament’s Economic and Monetary Affairs Committee (ECON) published the reports that it has adopted on the proposed CRD IV Directive (dated 30 May 2012) and the Capital Requirements Regulation (CRR) (dated 12 June 2012). ECON voted to adopt these reports on 14 May 2012. The reports contain draft legislative resolutions for the

¹⁷³³ EBA consultation paper on draft implementing technical standards (ITS) on supervisory reporting requirements for the leverage ratio, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://www.eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP06/CP06-CP-on-ITS-Leverage-Ratio-Reporting.pdf>

¹⁷³⁴ EBA consultation paper on draft implementing technical standards (ITS) on disclosure for own funds by institutions, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP04/EBA-CP-2012-04--CP-on-ITS-disclosure-for-own-funds-.pdf>

¹⁷³⁵ EBA consultation paper on draft regulatory technical standards (RTS) on the concept of gain on sale associated with future margin income in a securitization context, European Banking Authority (London) 7 June 2012. Date of Access: 6 January 2013.

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP07/EBA-CP-2012-07--CP-on-RTS-Gain-on-Sale-on-securitisations-.pdf>

European Parliament with proposed amendments to the CRD IV Directive and the CRR. They will, among other things, implement the main Basel III reforms in the EU.^{1736,1737}

The Parliament was scheduled to consider these resolutions at its plenary session to be held between 2 and 5 July 2012.

In its July 2011 legislative proposals, the Commission stated that the “CRR and the CRD IV Directive were intended to come into force on 1 January 2013, with full implementation of their requirements by 1 January 2019.” Member states were expected to transpose the CRD IV Directive into national law by 31 December 2012 which follows the timelines expected by the BCBS for Basel III implementation.

On 10 July 2012, the Council published a press release concerning a meeting of ECOFIN held on 10 July 2012. The press release stated that negotiations between the EU authorities on the CRD IV Directive are almost complete and that talks are now focused on the CRR. “The negotiations with the Parliament are aimed at adoption of the regulation and directive at first reading. Outstanding issues include a proposed flexibility package, bankers’ remuneration, crisis management, sanctions, the balance of power between the authorities of “home” and “host” countries, corporate governance, and powers to be given to the European Banking Authority (EBA).”¹⁷³⁸

On 11 July 2012, the European Banking Authority (EBA) published a consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09) and comments could be made on the consultation paper until 15 September 2012. As the CRR is still being discussed by the European Parliament and Council, the draft RTS may be amended after consultation to take the final text of the CRR into account. The RTS must be submitted to the European Commission by 1 January 2013.¹⁷³⁹

On 17 July 2012, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/10) and comments could be made on the consultation paper by 30 September 2012. The consultation is based on the draft CRR as proposed by the European Commission in July 2011. Although the

¹⁷³⁶ The European Parliament's Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the proposed CRD IV Directive, European Parliament's Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2012-0170+0+DOC+PDF+V0//EN>

¹⁷³⁷ The European Parliament's Economic and Monetary Affairs Committee (ECON) publishes the reports that it has adopted the Capital Requirements Regulation (CRR), European Parliament's Economic and Monetary Affairs Committee (Bruxelles) 21 June 2012. Date of Access: 6 January 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONSGML%2bREPORT%2bA7-2012-0171%2b0%2bDOC%2bPDF%2bV0%2f%2fEN>

¹⁷³⁸ Press Release 12204/12, 3181st Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels), 10 July 2012. Date of Access: 6 January 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/131686.pdf

¹⁷³⁹ EBA consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk, European Banking Authority (London) 11 July 2012. Date of Access: 6 January 2013.

<http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP09/EBA-CP-2012-09-CP-credit-valuation-risk.pdf>

EBA has taken into account significant changes subsequently proposed during the legislative procedure, the draft RTS may be amended after consultation to take into account the final CRR text. The RTS must be submitted to the Commission by 1 January 2013.¹⁷⁴⁰

On 31 July 2012, the European Banking Authority (EBA) has published a press release announcing a timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting.

In the press release, the EBA announces that the finalization of the ITS for supervisory reporting has been pushed back pending the adoption by the EU authorities of the CRR.

It suggests that the implementation date for the full ITS requirements relating to financial information (FINREP) should be set to 1 January 2014 and that further decisions on phasing in other data requirements may be taken once the CRR itself is finalised.¹⁷⁴¹

On 2 August 2012, the European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process. The EBF stated that it has learned that the Council of the EU has suspended its work on CRD IV until September 2012 and that the European Parliament has decided to vote on the legislation “at the end of October.” In July 2012 the Parliament suggested that it would consider CRD IV at its 10 to 13 September 2012 plenary session. However, this indicative date has since been removed from the Parliament website and the draft agenda for the 10 to 13 September plenary session no longer referred to CRD IV.¹⁷⁴²

The European Banking Industry Committee (EBIC) sent (and published) a letter to the EU institutions, calling for a reasonable period of time between the final text and implementation to allow banks to put in place the necessary procedures to comply with the new rules since the implementation “cannot possibly be achieved within a timeframe of one or two months.”¹⁷⁴³

On 29 August 2012, the European Banking Authority (EBA) published a press release announcing revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation. The EBA has published these documents ahead of a workshop on 13 September 2012. The press release emphasises that these versions should not be considered as final products and that the EBA will

¹⁷⁴⁰ EBA consultation paper on draft regulatory technical standards (RTS) on the calculation of specific and general credit risk adjustments under the proposed Capital Requirements Regulation (CRR), European Banking Authority (London) 17 July 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP10/EBA-CP-2012-10-CP-on-RTS-on-SCRAs-and-GCRAs.pdf>

¹⁷⁴¹ EBA Press Release announcing a timetable for the implementing technical standards (ITS) required under the proposed Capital Requirements Regulation (CRR) concerning supervisory reporting (London) 31 July 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-the-finalisation-and-implementation-of-t.aspx>

¹⁷⁴² European Parliament website and the draft agenda (Brussels) 2 August 2012. Date of Access: 6 January 2013. <http://www.europarl.europa.eu/sides/indexPartSession.do?reference=2012-09&language=EN>

¹⁷⁴³ European Banking Federation (EBF) published a statement on the delays in the CRD IV legislative process (Brussels) 2 August 2012. Date of Access: 6 January 2013. [http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20\(2\).pdf](http://www.ebf-fbe.eu/uploads/D1462A-2%20august%202012-EBIC%20statement%20(2).pdf)

deliver the final draft templates and DPM to the European Commission for endorsement once the final text of the CRD IV legislation has been agreed.¹⁷⁴⁴

On 31 August 2012, the Joint Committee of the European Supervisory Authorities (ESAs) (that is, EBA, EIOPA and ESMA) published a joint consultation paper (JP/CP/2012/02) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (FICOD). Comments could be made on the consultation paper by 5 October 2012. The draft RTS may be amended after consultation to take into account the final texts of the CRR and the CRD IV Directive. The RTS must be submitted to the Commission by 1 January 2013.¹⁷⁴⁵

On 18 September 2012, the European Banking Authority (EBA) published a list of responses it has received to its July 2012 consultation paper on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (EBA/CP/2012/09).¹⁷⁴⁶

On 22 October 2012, the European Banking Authority (EBA) published a report (dated September 2012) on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (CRR).¹⁷⁴⁷

On 9 November 2012, the European Banking Authority (EBA) published its second consultation on draft regulatory technical standards (RTS) on own funds under the proposed Capital Requirements Regulation (CRR) (EBA/CP/2012/11). This consultation relates to the identification of mutuals, co-operatives and similar institutions. Comments can be made on the consultation paper by 21 December 2012. The July 2011 text of the CRR requires these RTS to be submitted to the Commission by 1 January 2013.

The consultation forms the second part of the EBA's consultation on RTS relating to own funds, the first part of which was published in April 2012. The EBA expects that the legal texts resulting from these consultations on own funds, and subsequent consultations to be published later in 2012, will be merged into a single act.¹⁷⁴⁸

On 13 November 2012, the European Banking Authority (EBA) published a discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital

¹⁷⁴⁴ EBA Press Release announcing a revised draft versions of its templates relating to implementing technical standards (ITS) for CRD IV supervisory reporting and data point model (DPM) documentation (London) 29 August 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/EBA-workshop-on-technical-standards-on-supervisory.aspx>

¹⁷⁴⁵ Joint consultation paper of the European Supervisory Authorities (ESAs) on draft regulatory technical standards (RTS) on the uniform conditions of application of the calculation methods under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC) (London, Frankfurt, Paris) 31 August 2012. Date of Access: 6 January 2013. <http://www.esma.europa.eu/system/files/jc-cp-2012-02-.pdf>

¹⁷⁴⁶ List of responses published by the European Banking Authority on draft regulatory technical standards (RTS) on credit valuation adjustment (CVA) risk (London) 18 September 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/Publications/Consultation-Papers/All-consultations/2012/EBA-CP-2012-09/Responses-to-EBA-CP-2012-02.aspx>

¹⁷⁴⁷ EBA report on the impact on small and medium sized enterprises (SMEs) of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (London) 22 October 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/EBA-SME-Report.pdf>

¹⁷⁴⁸ EBA's second consultation on RTS relating to own funds (London) 9 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Consultation%20Papers/2012/CP11/EBA-BS-2012-211-final-for-publication--Consultation-paper-on-draft-RTS-on-Article-25-2--a-.pdf>

Requirements Regulation (CRR) (EBA/DP/2012/03). Comments can be made on the discussion paper by 13 January 2013. The EBA intends to publish a consultation paper on the draft RTS before submitting them to the Commission. The 11 May 2012 draft of the CRR requires these RTS to be submitted to the Commission by 31 December 2013.¹⁷⁴⁹

On 13 November 2012, the Council of the EU has published a press release concerning a meeting of the Council, in its configuration as the Economic and Financial Affairs Council (ECOFIN), where ECOFIN remains committed to reaching an agreement with the European Parliament before the end of 2012 on the CRD IV legislation. The press release states that ECOFIN's objectives include "maintaining the balance" achieved in its May 2012 general approach on CRD IV.¹⁷⁵⁰

On 21 November 2012, the European Banking Federation (EBF) sent a letter to Michel Barnier, European Commissioner for Internal Market and Services, formally requesting "the postponement of the entry into force of the CRR/CRD IV until 1 January 2014," (which it considers would be a more reasonable timeframe) in the light of the announcement by US regulators that there would be an indefinite delay to their implementation of Basel III.¹⁷⁵¹ Similar letters have been addressed to the Presidency of the Council of the European Union and the European Parliament rapporteur.¹⁷⁵²

On November 24 2012, European banks have asked the European Commission to postpone the introduction of Basel III by a year to 2014 after U.S. regulators delayed application of the new requirements. Brussels is also worried that Washington's decision to ignore the deadline will put European banks at a disadvantage to U.S. rivals.¹⁷⁵³

On 24 November 2012, a spokesman for Mr Barnier is quoted as saying that the CRD IV negotiations between the Council and the Parliament will be wrapped up in the coming weeks, and that Mr Barnier will seek clarity from the US and work for a co-ordinated US-EU approach.¹⁷⁵⁴

¹⁷⁴⁹ EBA discussion paper on draft regulatory technical standards (RTS) on prudent valuation under the proposed Capital Requirements Regulation (London) 13 November. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Discussion%20Papers/DP%202012%2003/EBA-DP-2012-03--RTS-on-Prudent-Valuation---Final.pdf>

¹⁷⁵⁰ Press Release 16051/12, 3198th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 13 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/133470.pdf

¹⁷⁵¹ European Banking Federation (EBF) letter to Member of the European Commission concerning entry into force of the CRR/CRD IV (Brussels) 21 November 2012. Date of Access: 6 January 2013. <http://www.ebf-fbe.eu/uploads/0374C-D2140A-2012-EBF%20President%20Draft%20letter%20to%20Barnier%20over%20US%20postpone....pdf>

¹⁷⁵² EBA letter to Member of the European Commission (London) 5 November 2012. Date of Access: 6 January 2013. <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-05--Letter-on-draft-CRR---EBA-Op-2012-03-.pdf>

¹⁷⁵³ EU To Follow US In Delaying The Implementation Of Basel III, International Business Times (Washington, D.C.) 27 November 2012. Date of Access: 6 January 2013. <http://www.ibtimes.com/eu-follow-us-delaying-implementation-basel-iii-903024>

¹⁷⁵⁴ European banks call for capital rule delay, The Telegraph (London) 24 November 2012. Date of Access: 6 January 2013. <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/9700443/European-banks-call-for-capital-rule-delay.html>

On 27 November 2012, the European Banking Authority (EBA) published a letter (dated 21 November 2012), sent to Michel Barnier, European Commissioner for Internal Market and Services, relating to the proposed Capital Requirements Regulation (CRR).¹⁷⁵⁵

The Parliament is expected to consider CRD IV at its plenary session to be held between 10 and 13 December 2012.

A Council of the EU progress report dated 29 November 2012 stated that the Presidency still aimed to reach political agreement on CRD IV by the end of 2012.¹⁷⁵⁶

A press release issued after the ECOFIN meeting on 4 December 2012 stated that the Council “confirmed its commitment to reach an agreement with the Parliament before the end of the year.” “Further political trilogues are scheduled for 11 and 13 December in Strasbourg.”¹⁷⁵⁷

The Parliament is expected to consider the SSM proposals during its plenary session to be held between 10 and 13 December 2012.¹⁷⁵⁸

On 17 December 2012, the European Commission has published a speech given by Michel Barnier, European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (SSM).¹⁷⁵⁹

In the speech, Mr Barnier commented that the ongoing trilogues on CRD IV will result in political agreement “very soon.” He stressed, however, the need for a “co-ordinated approach” with the US on implementing Basel III.¹⁷⁶⁰

On 20 December 2012, the European Banking Authority (EBA) issued a press release providing an update on its work on supervisory reporting requirements required by the proposed Capital Requirements Regulation (CRR). The EBA describes the templates and instructions as “preliminary and informal in nature,” given the pending adoption of the final CRR text.

In the press release, the EBA stated that it intended to continue its existing work collecting and analysing information on the liquidity coverage ratio (LCR), which it started at the beginning of 2012. The EBA will continue this exercise on a quarterly basis and will expand its scope to

¹⁷⁵⁵ EBA letter to Member of the European Commission concerning the proposed Capital Requirements Regulation (CRR) (London) 21 November 2012. Date of Access: 6 January 2013. to <http://eba.europa.eu/cebs/media/Publications/Other%20Publications/Opinions/2012-11-21--Letter-on-floors---EBA-Op-2012-04-.pdf>

¹⁷⁵⁶ Council of the European Union progress report on CRD IV (Brussels) 29 November 2012. Date of Access: 6 January 2013. <http://register.consilium.europa.eu/pdf/en/12/st16/st16677.en12.pdf>

¹⁷⁵⁷ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/134037.pdf

¹⁷⁵⁸ Press Release 17131/1/12 REV 1, 3205th Council meeting, European Parliament's Economic and Monetary Affairs Committee (ECON) (Brussels) 29 November 2012. Date of Access: 6 January 2013. http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/134037.pdf

¹⁷⁵⁹ Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

¹⁷⁶⁰ Speech by the European Commissioner for Internal Market and Services, about the European banking union and the agreement reached on the single supervisory mechanism (Brussels) 17 December 2012. Date of Access: 6 January 2013. http://europa.eu/rapid/press-release_SPEECH-12-963_en.pdf

include reporting on the net stable funding and leverage ratio and to increase the number of firms involved.

The EBA intends to launch a consultation on the data point model for leverage and liquidity reporting in the first quarter of 2013.

The EBA will publish a final draft ITS as soon as the CRR text is finalized, together with revised templates and instructions reflecting the final CRR text. The EBA expects that not more than one year will be needed to implement these new reporting provisions and it envisages that the first remittance dates will fall in the first quarter of 2014 for the full ITS requirements on liquidity and leverage.¹⁷⁶¹

The next dialogues on the CRD IV package of reforms between the Council of the EU, the European Parliament and the Commission will be continuing in January, with an indicative plenary sitting date on 12 January 2012.¹⁷⁶²

The European Parliament, the Council of Ministers, and the European Commission are currently in discussions to agree on the text of a final rule regarding Basel III adoption.¹⁷⁶³ After EU talks stalled on 18 December 2012, Reuters reported that the EU would fail to meet the globally agreed 1 January 2013 deadline for implementing capital requirements and would be instead postponing the talks until members could reach an agreement.¹⁷⁶⁴

The European Banking Authority (EBA) published its second report of the Basel III monitoring exercise on 27 September 2012, which is based on data through 31 December 2011. The Basel III monitoring exercise used a sample of 156 banks to assess aggregate results on capital, risk-weighted assets, leverage, and liquidity ratios in nations within the EU. The report showed “an average increase in Group 1 banks’ CET1 ratio of 0.4 percentage points and a decrease in the corresponding capital shortfall, with respect to the 7 per cent target level, by EUR32.3 billion (i.e. 14 per cent),” in comparison to June 2011 data.¹⁷⁶⁵

Stemming from the EBA’s previous (8 December 2011) recommendation to create capital buffers to restore market confidence, European banks boosted their overall capital positions by more than

¹⁷⁶¹ EBA Press Release providing an update on its work on supervisory reporting requirements required by the proposed Capital Requirements Regulation (London) 20 December 2012. Date of Access: January 6 2012. <http://eba.europa.eu/News--Communications/Year/2012/Update-on-supervisory-reporting-requirements-for-1.aspx>

¹⁷⁶² European Parliament website and the draft agenda (Brussels) 11 January 2013. Date of Access: 11 January 2013. <http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2011/0203%28COD%29&l=en#kEyEvents>

¹⁷⁶³ Progress Report on Basel III Implementation, Basel Committee on Banking Supervision (Basel) October 2012. Date of Access: 5 January 2013. <http://www.bis.org/publ/bcbs232.htm>.

¹⁷⁶⁴ Europe to Miss Basel III Deadline After EU Talks Postponed, Reuters (Brussels), 18 December 2012. Date of Access: 5 January 2013. <http://www.banktech.com/regulation-compliance/europe-to-miss-basel-iii-deadline-after/240144587>.

¹⁷⁶⁵ EBA Publishes Results of the Basel III Monitoring Exercise as of 31 December 2011, European Banking Authority (London) 27 September 2012. Date of Access: 5 January 2013. <http://www.eba.europa.eu/News--Communications/Year/2012/EBA-publishes-results-of-the-Basel-III-monitoring-.aspx>.

EUR200 billion in 2012, according to the EBA's report issued on 3 October 2012.¹⁷⁶⁶ As a result, the EBA's Board of Supervisors underlined the importance of banks maintaining their capital levels on the path to implementing Basel III regulations.¹⁷⁶⁷

In a speech at the Third Pan-Asian Regulatory Summit on 28 November 2012, European Central Bank Board Member Benoît Cœuré, speaking on behalf of the European Central Bank, declared that "The EU...remains committed to promptly implementing Basel III, which I consider as a cornerstone of the G20 Reform Agenda."¹⁷⁶⁸

On 21 February 2013, the EBA has published a discussion paper on defining liquid assets in the liquidity coverage ratio (LCR) under the draft CRR¹⁷⁶⁹. In a press release that accompanied the discussion paper, the EBA stated that the draft CRR text stipulates that the EU Commission will adopt a delegated act by 30 June 2014 to implement the LCR in EU regulation.¹⁷⁷⁰

On the same day, the EBA also published a discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR.¹⁷⁷¹

On 27 February 2013, Council of the EU published a press release announcing that the Council has reached provisional political agreement at triologue with the European Parliament on CRD IV.¹⁷⁷² The provisional agreement needs to be formally endorsed by the Council and by the Parliament before it is final. There will also be significant further technical work to complete the details of the legislation.

The Council press release states that the agreement on CRD IV will be considered by the Council of the EU at its meeting on 5 March 2013 in its configuration as the Economic and Financial Affairs Council (ECOFIN).

¹⁷⁶⁶ EBA Publishes Final Report on the Recapitalisation of European Banks and Paves the Way for the Transition to the CRDIV Framework, European Banking Authority (London), 3 October 2012. Date of Access: 5 January 2013.
<http://www.eba.europa.eu/News--Communications/Year/2012/EBA-publishes-final-report-recapitalisation-banks.aspx>.

¹⁷⁶⁷ Speech by Benoît Cœuré, Member of the Executive Board of the ECB, Third Pan-Asian Regulatory Summit, European Central Bank (Hong Kong), 28 November 2012. Date of Access: 5 January 2013.
<http://www.ecb.int/press/key/date/2012/html/sp121128.en.html>.

¹⁷⁶⁸ Speech by Benoît Cœuré, Member of the Executive Board of the ECB, Third Pan-Asian Regulatory Summit, European Central Bank (Hong Kong), 28 November 2012. Date of Access: 5 January 2013.
<http://www.ecb.int/press/key/date/2012/html/sp121128.en.html>.

¹⁷⁶⁹ EBA discussion paper on defining liquid assets in the LCR under the draft CRR (London) 21 February 2013. Date of Access: June 26 2013.
<http://www.eba.europa.eu/documents/10180/42030/DP-on-defining-liquid-assets-in-the-LCR.pdf/8d39f0bc-248e-4185-8cda-7f7ff153b644?version=1.0>

¹⁷⁷⁰ EBA Press Release on the process to define highly liquid assets in the Liquidity Coverage Ratio (LCR) (London) 21 February 2013. Date of Access: 26 June 2013.
<http://www.eba.europa.eu/-/eba-consults-on-the-process-to-define-highly-liquid-assets-in-the-liquidity-coverage-ratio-lcr->

¹⁷⁷¹ EBA discussion paper on retail deposits subject to higher outflows for the purposes of liquidity reporting under the CRR (London) 21 February 2013. Date of Access: 26 June 2013.
<http://www.eba.europa.eu/-/discussion-paper-on-retail-deposits-subject-to-higher-outflows-for-the-purposes-of-liquidity-reporting-under-the-capital-requirements-regulation-crr->

¹⁷⁷² Council of the European Union press release on provisional political agreement at triologue with the European Parliament on CRD IV (Brussels) 27 February 2013. Date of Access: 26 June 2013.
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/135718.pdf

On 28 February 2013, the Parliament published a press release on the provisional agreement and stated that member states will be required to transpose the CRD IV Directive by 1 January 2014.¹⁷⁷³ The Parliament press release states that it will vote on CRD IV in its 15 to 18 April plenary session. The Parliament had previously indicated the vote would take place at the 20 to 23 May 2013 session.

On 1 March 2013, the Council published a background note on the provisional agreement, and sets out the five major compromises that was reached between the Council and the Parliament on five key issues.¹⁷⁷⁴

On 5 March 2013, the Council of the EU published a report from the Council Presidency to the Council on political agreement that was reached on CRD IV at a triilogue on 27 February 2013 which included a summary of the key issues that were reached.¹⁷⁷⁵ The Presidency invites the Council to endorse the provisional agreement reached on 27 February 2013 and to continue negotiations with the European Parliament to reach agreement at first reading as soon as possible.

On 5 March 2013, the Council of the EU published a press release announcing, in its configuration as the Economic and Financial Affairs Council (ECOFIN), it had “broadly endorsed” the provisional political agreement reached on CRD IV in a triilogue on 27 February 2013.¹⁷⁷⁶ On that basis, the Council has mandated the Permanent Committee of Representatives (COREPER) to finalise negotiations with the European Parliament on outstanding technical issues with the aim of reaching a final deal in the second half of March 2013.

On 11 March 2013, the EBA published a consultation on draft regulatory technical standards (RTS) on the conditions for assessing the materiality of extensions and changes of internal approaches when calculating own funds requirements for credit, market and operational risk under the proposed CRR.¹⁷⁷⁷ The consultation ran until 11 June 2013.

¹⁷⁷³ The European Parliament's Economic and Monetary Affairs Committee (ECON) press release on provisional agreement reached (Brussels) 28 February 2013. Date of Access: 26 June 2013.
<http://www.europarl.europa.eu/news/en/pressroom/content/20130225IPR06048/html/MEPs-cap-bankers'-bonuses-and-step-up-bank-capital-requirements>

¹⁷⁷⁴ Council of the European Union background note on provisional political agreement which sets out the five majors comprises (Brussels) 1 March 2013. Date of Access: 26 June 2013.
http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressData/en/ecofin/135754.pdf

¹⁷⁷⁵ Council of the European Union report on the first reading of the revised capital requirement rules (CRD IV) (Brussels) 2 March 2013. Date of Access: 26 June 2013.
<http://register.consilium.europa.eu/pdf/en/13/st06/st06947.en13.pdf>

¹⁷⁷⁶ Council of the European Union press release on endorsing agreement with EP (Brussels) 5 March 2013. Date of Access: 26 June 2013.
http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/135823.pdf

¹⁷⁷⁷ EBA launches consultation on draft technical standards (RTS) aimed at specifying the conditions for assessing the materiality of extensions and changes to internal approaches when calculating own funds requirements for credit, market and operational risk (London) 11 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consults-on-the-conditions-for-assessing-the-materiality-of-extensions-and-changes-of-internal-approaches-for-credit-market-and-operational-risk>

On 15 March 2013, the European Banking Authority (EBA) published revised draft versions of its templates, instructions, validation rules and data point model (DPM) for implementing technical standards (ITS) on supervisory reporting under CRD IV.¹⁷⁷⁸

On 18 March 2013, the European Banking Authority (EBA) published two consultations on draft data point models (DPMs) based on its draft implementing technical standards (ITS) on supervisory reporting requirements for liquidity coverage and stable funding, and leverage ratio.¹⁷⁷⁹ Comments were invited by 13 May 2013.

On 19 March 2013, the European Banking Authority (EBA) published a report of the results of its third Basel III monitoring exercise on the European banking system.¹⁷⁸⁰

On 21 March 2013, the European Commission published a press release announcing agreement in trilogue on CRD IV.¹⁷⁸¹

On 26 March 2013, the European Banking Authority (EBA) published a consultation paper on draft implementing technical standards (ITS) on the reporting format for asset encumbrance.¹⁷⁸²

On the same day, the European Banking Authority (EBA) also published a consultation paper on definitions of forbearance and non-performing exposures, and on associated reporting templates to capture related data.¹⁷⁸³ The EBA expects to finalise these additional standards by Q3 2013. Comments on both consultation papers were invited by 24 June 2013.

On 27 March 2013, the Council of the European Union issued a press release announcing that the Permanent Committee of Representatives (COREPER) had approved compromise texts on CRD

¹⁷⁷⁸ EBA press release on update on the technical standards on supervisory reporting requirements Authority (London) 15 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/update-on-the-technical-standards-on-supervisory-reporting-requirements>

¹⁷⁷⁹ EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Liquidity Coverage and Stable Funding and EBA consultation paper on the Data Point Model related to the Technical Standards on Supervisory Reporting Requirements for Leverage Ratio (London) 18 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-liquidity-coverage-and-stable-fundin>

<http://www.eba.europa.eu/-/consultation-on-the-data-point-model-related-to-the-technical-standards-on-supervisory-reporting-requirements-for-leverage-ratio>

¹⁷⁸⁰ EBA report of the Basel III monitoring exercise on the European banking system (London) 19 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/documents/10180/16145/ISG-Basel-III-monitoring-exercise---Public-Report--Final-.pdf>

¹⁷⁸¹ Statement by Commissioner Michel Barnier following the agreement in trilogue on new European rules to impose stronger prudential requirements on banks (Brussels) 21 March 2013. Date of Access: 26 June 2013.

http://europa.eu/rapid/press-release_MEMO-13-269_en.htm?locale=en

¹⁷⁸² EBA Consultation Paper on Asset Encumbrance Reporting (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-asset-encumbrance-reporting>

¹⁷⁸³ EBA Consultation Paper on definitions of forbearance and non-performing exposures, and on associated reporting templates to capture related data (London) 26 March 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-paper-on-supervisory-reporting-on-forbearance-and-non-performing-exposures>

IV.¹⁷⁸⁴ The Council explains in its press release that if the European Parliament approves the texts as agreed, the Council will also approve them without further discussion. It adds that the new rules will apply from 1 January 2014 if publication takes place in the Official Journal of the European Union (OJ) by 30 June 2013.

The Council reports that the compromise texts were acceptable to a qualified majority; the United Kingdom did not support them.

On the same day, the proposed CRD IV Directive text and the proposed Capital Requirements Regulation (CRR) text, as agreed in political dialogue, were published (dated 26 March 2013).^{1785,1786}

On 10 April 2013, the Secretariat of the Council of the EU published an addendum to the published text of the Capital Requirements Regulation (CRR) on which political agreement was reached in March 2013.¹⁷⁸⁷

On 12 April 2013, the European Parliament published revised versions of the proposed CRD IV Directive and the proposed Capital Requirements Regulation (CRR) for plenary vote.^{1788,1789}

On 16 April 2013, the European Parliament announced that it has adopted at first reading compromise texts for CRD IV on which political agreement was reached with the Council of the EU in March 2013.¹⁷⁹⁰ The texts were published on the same day.¹⁷⁹¹

¹⁷⁸⁴ Council of the European Union press release on confirming agreement with EP (Brussels) 27 March 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/136581.pdf

¹⁷⁸⁵ Council of the European Union publishes the proposed CRD IV Directive (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07746.en13.pdf>

¹⁷⁸⁶ Council of the European Union publishes the proposed the proposed Capital Requirements Regulation (CRR) text (Brussels) 26 March 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747.en13.pdf>

¹⁷⁸⁷ Council of the European Union addendum to the published text of the Capital Requirements Regulation (CRR) (Brussels) 9 April 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/st07/st07747-ad01.en13.pdf>

¹⁷⁸⁸ European Parliament publishes a revised text of the CRD IV Directive (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0170&format=PDF&language=EN&secondRef=002-002>

¹⁷⁸⁹ European Parliament publishes a revised text of the Capital Requirements Regulation (CRR) (Brussels) 10 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=AMD&reference=A7-2012-0171&format=PDF&language=EN&secondRef=002-002>

¹⁷⁹⁰ European Parliament press release on adopting CRD IV on first reading (Brussels) 10 April 2013. Date of Access: 26 June 2013.

http://www.europarl.europa.eu/pdfs/news/expert/infopress/20130416IPR07333/20130416IPR07333_en.pdf

¹⁷⁹¹ European Parliament publishes the adopted CRD IV Directive and Capital Requirements Regulation (Brussels) 16 April 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-02+DOC+WORD+V0//EN&language=EN>

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+20130416+SIT-03+DOC+WORD+V0//EN&language=EN>

The Parliament and the Council are co-legislators and need to approve the same final text of the proposals.

On 17 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets.¹⁷⁹²

On 20 May 2013, the European Banking Authority (EBA) published a consultation on draft implementing technical standards (ITS) on joint decisions on institution-specific prudential requirements of the proposed CRD IV Directive.¹⁷⁹³

On 21 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory technical standards (RTS) on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.¹⁷⁹⁴

On the same day, the European Banking Authority (EBA) published two consultations on passport notifications.¹⁷⁹⁵ The consultation runs until 21 August 2013.

On 22 May 2013, the European Banking Authority (EBA) published a consultation on draft regulatory and implementing technical standards (RTS and ITS) on securitisation retention rules.¹⁷⁹⁶

On 23 May 2013, the European Banking Authority (EBA) published five consultation papers on draft regulatory and implementing technical standards under the proposed CRR.¹⁷⁹⁷ The consultation runs until 22 August 2013.

¹⁷⁹² EBA Consultation Paper on the determination of the overall exposure to a client or a group of connected clients in respect of transactions with underlying assets (London) 17 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-regulatory-technical-standards-on-the-determination-of-the-overall-exposure-to-a-client-or-a-group-of-connected-clients-in>

¹⁷⁹³ EBA Consultation Paper on draft Implementing Technical Standards (ITS) on institution-specific prudential requirements (London) 20 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-implementing-technical-standards-its-on-institution-specific-prudential-requirements>

¹⁷⁹⁴ EBA Consultation Paper on draft Technical Standards for the definition of material risk takers for remuneration purposes (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-technical-standards-for-the-definition-of-material-risk-takers-for-remuneration-purposes>

¹⁷⁹⁵ EBA Consultation Paper on draft ITS on Passport Notifications (London) 21 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-paper-on-draft-its-on-passport-notifications>

¹⁷⁹⁶ EBA Consultation Paper on draft Technical Standards on securitisation retention rules (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-consultation-on-draft-technical-standards-on-securitisation-retention-rules>

¹⁷⁹⁷ EBA Consultation Papers on draft regulatory and implementing technical standards under the proposed CRR (London) 22 May 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/consultation-on-draft-guidelines-on-capital-measures-for-foreign-currency-lending>

<http://www.eba.europa.eu/-/consultation-on-draft-its-on-additional-liquidity-monitoring-metri-1>

<http://www.eba.europa.eu/-/consultation-on-draft-rts-on-additional-liquidity-outflows>

<http://www.eba.europa.eu/-/consultation-on-technical-standards-for-own-funds-part-iii>

On 5 June 2013, the European Banking Authority (EBA) published near-final draft regulatory technical standards (RTS) on own funds under CRD IV.¹⁷⁹⁸

On 16 June 2013, the Council of the EU has published revised texts (dated 14 June 2013) of the Capital Requirements Regulation (CRR) and the CRD IV Directive.^{1799,1800}

On 18 June 2013, the European Parliament published revised texts (dated 6 June 2013) of the Capital Requirements Regulation (CRR) and the CRD IV Directive.^{1801,1802}

On 20 June 2013, the Council of the EU published a press release announcing that, in its configuration as the Employment, Social Policy, Health and Consumer Affairs Council, it has adopted without discussion the Capital Requirements Regulation (CRR) and the CRD IV Directive that were proposed and published on 16 June 2013.¹⁸⁰³ The decision was taken by a qualified majority of delegations, with the United Kingdom voting against. The press release states that the new rules will come into force on 1 January 2014.

On 27 June 2013, the document 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 (Capital Requirements Regulation or CRR) was published in the Official Journal of the EU (OJ).¹⁸⁰⁴ The CRR enters into force on 28 June 2013 and, with the exception of certain provisions specified in Article 521, will apply from 1 January 2014.

On 27 June 2013, the 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 (CRD IV Directive) was published in the Official Journal of the EU

¹⁷⁹⁸ EBA publishes near-final draft regulatory technical standards (London) 5 June 2013. Date of Access: 26 June 2013.

<http://www.eba.europa.eu/-/eba-publishes-near-final-draft-regulatory-technical-standards-on-own-funds>

¹⁷⁹⁹ Council of the European Union publishes revised Capital Requirements Regulation (CRR) text (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00014.en13.pdf>

¹⁸⁰⁰ Council of the European Union publishes revised CRD IV Directive (Brussels) 14 June 2013. Date of Access: 26 June 2013.

<http://register.consilium.europa.eu/pdf/en/13/pe00/pe00015.en13.pdf>

¹⁸⁰¹ European Parliament publishes revised Capital Requirements Regulation (CRR) text (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0115&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁸⁰² European Parliament publishes revised CRD IV Directive (Brussels) 6 June 2013. Date of Access: 26 June 2013.

<http://www.europarl.europa.eu/sides/getDoc.do?type=ADDON&reference=P7-TA-2013-0114&format=PDF&language=EN&secondRef=PROV-COR-01-EN>

¹⁸⁰³ Council of the European Union press release on Council adopting new bank capital requirements (Brussels) 20 June 2013. Date of Access: 26 June 2013.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/137544.pdf

¹⁸⁰⁴ Regulation (EU) No 575/2013¹⁸⁰⁴ of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (Brussels) 26 June 2013. Date of Access: 28 June 2013.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0001:0337:EN:PDF>

(OJ).¹⁸⁰⁵ The Directive enters into force on the twentieth day following its publication in the OJ. With the exception of certain provisions specified in Article 162, 31 December 2013 is the deadline for member states to transpose the Directive and to apply its provisions.

The CRR and the CRD IV Directive, collectively referred to as CRD IV, implement the Basel III reforms in the EU, as well as introducing certain EU-specific reforms including imposing restrictions on bonuses. The CRD IV Directive repeals the Capital Requirements Directive (2006/48/EC and 2006/49/EC) with deadline of transposition no later than 31 December 2013 and with effect from 1 January 2014.

As the European Union's capital regulations have been agreed upon and have been scheduled for implementation, the EU and its member countries have fully complied with their commitment. The European Union has thus been awarded a score of +1.

Analysts: Katherine DeMallie and Alexandra Popa

¹⁸⁰⁵ [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 (Brussels) 26 June 2013. Date of Access: 28 June 2013.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:176:0338:0436:EN:PDF>