

# Targeted consultation on the competitiveness of the EU banking sector

Fields marked with \* are mandatory.

## Introduction

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A competitive EU banking sector is crucial for the success of the [savings and investments union](#) and is an integral part of the [Commission Communication adopted on 19 March 2025](#). Banks play a vital role as financial intermediaries, connecting savers and businesses, and remain the main source of financing of the EU economy.

The Communication announced that the Commission would publish in 2026 a report assessing the overall situation of the banking system in the single market, including the evaluation of the banking sector's competitiveness.

The banking sector reforms undertaken in the EU in the past 15 years, including the set-up of the [banking union](#), have significantly contributed to financial stability in the EU and globally. They resulted in more resilient and safer banks, more transparency and level playing field, credible rules to resolve banks in case of failure and safeguard the confidence of depositors and markets in the system.

However, the single market for banking is at the crossroads of several old and new political debates in the EU, notably on competitiveness, financing the green and digital transitions and defence needs, cross-border banking consolidation and global competition, regulatory stability, burden reduction and proportionality. At the same time, cross-border banking activity across the single market is limited and the banking union remains incomplete, hindering development opportunities that could better support the financing of EU economy.

This consultation seeks stakeholders' feedback on the state of the banking sector in view of informing the preparation of the Commission's work to achieve a true single market in banking, improve capital mobility across the EU and foster the international competitiveness of the EU banking sector.

This targeted consultation seeks stakeholders feedback on three main areas:

1. banking competitiveness in the EU and globally
2. the single market and the banking union
3. complexity and effectiveness of the regulatory framework

The responses to this consultation will provide important guidance to the Commission when preparing, if considered appropriate, a Commission Communication on the competitiveness of the banking sector as part of its efforts to deliver on the savings and investments union.

## Responding to the consultation

The objective of this targeted consultation is to gather views on the broad range of issues mentioned above from financial institutions, including credit institutions and industry associations, but also their clients, namely savers, businesses and consumer associations, as well as national authorities and Ministries, the European Supervisory Agencies, EU authorities and institutions, as well as academics, non-governmental organisation and research institutions.

Respondents are encouraged to provide explanations for each of their responses. Where possible, respondents are encouraged to provide qualitative evidence and quantitative data in their responses and to substantiate their reasoning with concrete examples, legal references, and specific suggestions. At the end of the consultation, respondents have the possibility to upload files to support their replies. If size limitations are constraining, respondents may upload several files. These will be published together with the responses to the targeted consultation.

All interested stakeholders are invited to **reply by 19 April 2026** at the latest to the present online questionnaire.

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**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-banking-sector-competitiveness@ec.europa.eu](mailto:fisma-banking-sector-competitiveness@ec.europa.eu).

More information on

- [this consultation](#)
- [the consultation document](#)
- [the related call for evidence](#)
- [savings and investments union](#)
- [macroprudential policy](#)
- [banking regulation](#)
- [the protection of personal data regime for this consultation](#)

## About you

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\* Language of my contribution

- Bulgarian

- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

\* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen

- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

**\* First name**

Hannah

**\* Surname**

Schneider

**\* Email (this won't be published)**

hannah.schneider@deutsche-boerse.com

**\* Organisation name**

*255 character(s) maximum*

Deutsche Börse Group

**\* Organisation size**

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

**Transparency register number**

*255 character(s) maximum*

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

20884001341-42

**\* Country of origin**

Please add your country of origin, or that of your organisation.

- Afghanistan
- Djibouti
- Libya
- Saint Martin

- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname

- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine

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|--|----------------------------------|---|--|
| <input type="radio"/> China                            | <input type="radio"/> Israel     | <input type="radio"/> Papua New Guinea                                  | <input type="radio"/> United Arab Emirates                 |
| <input type="radio"/> Christmas Island                 | <input type="radio"/> Italy      | <input type="radio"/> Paraguay  | <input type="radio"/> United Kingdom                       |
| <input type="radio"/> Clipperton                       | <input type="radio"/> Jamaica    | <input type="radio"/> Peru  | <input type="radio"/> United States                        |
| <input type="radio"/> Cocos (Keeling) Islands          | <input type="radio"/> Japan      | <input type="radio"/> Philippines                                       | <input type="radio"/> United States Minor Outlying Islands |
| <input type="radio"/> Colombia                         | <input type="radio"/> Jersey     | <input type="radio"/> Pitcairn Islands                                  | <input type="radio"/> Uruguay                              |
| <input type="radio"/> Comoros                          | <input type="radio"/> Jordan     | <input type="radio"/> Poland  | <input type="radio"/> US Virgin Islands                    |
| <input type="radio"/> Congo                            | <input type="radio"/> Kazakhstan | <input type="radio"/> Portugal  | <input type="radio"/> Uzbekistan                           |
| <input type="radio"/> Cook Islands                     | <input type="radio"/> Kenya      | <input type="radio"/> Puerto Rico                                       | <input type="radio"/> Vanuatu                              |
| <input type="radio"/> Costa Rica                       | <input type="radio"/> Kiribati   | <input type="radio"/> Qatar   | <input type="radio"/> Vatican City                         |
| <input type="radio"/> Côte d'Ivoire                    | <input type="radio"/> Kosovo     | <input type="radio"/> Réunion   | <input type="radio"/> Venezuela                            |
| <input type="radio"/> Croatia                          | <input type="radio"/> Kuwait     | <input type="radio"/> Romania   | <input type="radio"/> Vietnam                              |
| <input type="radio"/> Cuba                             | <input type="radio"/> Kyrgyzstan | <input type="radio"/> Russia  | <input type="radio"/> Wallis and Futuna                    |
| <input type="radio"/> Curaçao                          | <input type="radio"/> Laos       | <input type="radio"/> Rwanda  | <input type="radio"/> Western Sahara                       |
| <input type="radio"/> Cyprus                           | <input type="radio"/> Latvia     | <input type="radio"/> Saint Barthélemy                                  | <input type="radio"/> Yemen                                |
| <input type="radio"/> Czechia                          | <input type="radio"/> Lebanon    | <input type="radio"/> Saint Helena<br>Ascension and<br>Tristan da Cunha | <input type="radio"/> Zambia                               |
| <input type="radio"/> Democratic Republic of the Congo | <input type="radio"/> Lesotho    | <input type="radio"/> Saint Kitts and Nevis                             | <input type="radio"/> Zimbabwe                             |
| <input type="radio"/> Denmark                          | <input type="radio"/> Liberia    | <input type="radio"/> Saint Lucia                                       |  |

\* Are you responding on behalf of a bank?

- Yes
- No
- Don't know / no opinion / not applicable

\* Field of activity or sector (if applicable)

- Accounting

- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable

The Commission will publish all contributions to this targeted consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association', 'consumer association', 'EU citizen') is always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

### \* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

#### **Anonymous**

Only the organisation type is published: The type of respondent that you responded to this consultation as, your field of activity and your contribution will be published as received. The name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

#### **Public**

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

## 1. Banking competitiveness in the EU and globally

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A competitive banking sector is key both to the resilience of the financial sector and to boost EU's economic growth, to the benefit of EU citizens and businesses.

This section of the consultation seeks stakeholder's views on general questions regarding the contribution by the banking sector to a more competitive EU economy, including in terms of financing strategic priorities as referred to in the [competitiveness compass](#) for the EU. It asks questions on the competitiveness of banks themselves and driving factors, competition in the banking markets, both within the EU and globally, cross-border activity, international level playing field, the role of banks in capital markets and the importance of digitalisation in driving competitiveness.

### 1.1. Contribution of the banking sector to the EU economy

Banks perform essential intermediation and maturity transformation functions and play a role across almost all sectors of the economy. Therefore, their capacity to finance a competitive EU economy-including small and medium enterprises (SMEs), infrastructure, innovation, defence as well as the green, digital and social transitions, among other policy priorities-is crucial as banks remain for the time being the most used source of financing by EU businesses.

This section aims at gathering views and evidence on whether banks' contribution to the EU economy is satisfactory or could be improved, and what are the areas where respondents observe important competitiveness gaps versus other third country banking players.

**Question 1. How is the banking sector currently supporting economic growth in the EU, and to what extent (for example, by providing loans to households and businesses, supporting innovative sectors, and helping channel investments into capital markets (including for retail investors))?**

**How could banks do more to boost productivity and economic growth, thereby supporting the priorities of the EU and accelerating the green, digital and social transitions?**

**Please give concrete examples and evidence:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Please explain your answer to question 1:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 2.1 Is current credit demand adequately met by banks and how is the demand and the capacity to meet it likely to evolve in the medium and long-term?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 2.2 Are you observing barriers affecting bank financing in support of the economy, including in areas identified as political priorities by the EU or Member States?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please elaborate on your answer to question 2.1 and 2.2 by providing evidence and identifying economic sectors where access to credit could be improved:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 3. For the following types of clients seeking financing, how would you assess the ability to access finance and the availability of financing options? What obstacles may limit the ability of banks to provide credit to these clients?**

**a) a retail client**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**b) an SME**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**c) a corporate (non-SME)**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 4. To what extent does market fragmentation affect consumers' and businesses' cross-border access to banking products and services?**

**Please give examples, such as but not limited to IBAN discrimination and difficulties of businesses and individuals to open a bank account, lack of harmonisation of banking products, challenges linked to open finance data**

**sharing.**

**Please provide data if available:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 5. To what extent does the EU economy benefit from a diversified banking sector?**

**How would you further encourage the diversity of the EU banking sector landscape, with banks operating across different business models (universal, investment, savings, mortgage financing, cooperatives, digital banks, etc.)?**

**Please elaborate whether and how banking sector diversity matters:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 6. Do you consider that national promotional banks and public guarantee institutions provide a complementary contribution to the activities of commercial banks in financing the EU economy?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 6:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 7. To what extent would the EU economy benefit from the following changes in the banking landscape?**

	To a very large extent	To a large extent	Neutral	To a small extent	Not at all	Don't know - No opinion - Not applicable
Cross-border bank consolidation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Domestic bank consolidation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Banking services offered across the single market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Digitalised banking services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 7:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 8. What are in your view the main risks faced by EU banks today?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 9. What are in your view the main risks stemming from EU banks today?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**1.2. Competitiveness and competition in the EU banking sector**

The competitiveness of banks reflects their ability to perform effectively and remain profitable, innovative and resilient, highlighting their capacity to attract and retain customers, generate profits and adapt to changes compared to competitors. A competitive and profitable banking sector is key, as it contributes to the resilience of the financial system and to the growth and competitiveness of the EU economy, supporting EU businesses at home and abroad, as well as EU citizens. A

competitive EU banking market also serves the EU's strategic autonomy objectives as referred to in the [competitiveness compass](#) for the EU.

This section seeks stakeholders' feedback on the current level of competitiveness and competition in the EU banking sector and the different factors behind the competitiveness of EU banks.

**Question 10. In which of the following dimensions of competitiveness is the EU banking sector performing well?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
EU banks produce financial products at low cost and/or offer financial services at a low price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
International competitiveness: EU banks are able to maintain and increase their market shares in international markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovation competitiveness: EU banks are able to supply qualitative or innovative, original financial products or services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 10 and indicate for the different business areas (wholesale and investment banking, retail banking, etc.):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the EU banking sector could be performing better in the dimension of innovation competitiveness and could be supported more in this area by regulators. The current prudential treatment of crypto asset exposures is a key example of how regulatory constraints impede the sector's ability to innovate, compete globally, and serve the evolving needs of EU clients.

While maintaining financial stability is essential, the transitional regime for crypto asset exposures (including standardized, exchange-traded derivatives with crypto underlying), applying a uniform 1250% risk weight, creates a structural barrier that effectively excludes EU supervised credit institutions from participating in one of the most rapidly evolving market segments. The conservative risk weight applied to all crypto exposures is operationally prohibitive even for large, sophisticated institutions with advanced risk management capabilities. At a time when both retail and institutional EU clients are seeking access to digital custody solutions and hedging tools for crypto related risk, EU banks cannot meet these needs, pushing those clients toward non-EU or less regulated intermediaries. This might lead to lower consumer protection, higher systemic risk, and ultimately reduce financial stability, contrary to the objectives of prudential policy. In addition, it undermines the EU's ambition to strengthen competitiveness and support responsible financial innovation. Investing in digital asset infrastructure or research and development, when the prudential framework makes all related commercial activity economically nonviable, is unjustifiable and suppresses innovation.

As a dynamic area of financial innovation, crypto markets are characterized by the emergence of new products which can provide diversified exposure, are traded on regulated markets, and benefit from central clearing, robust margining practices, and transparent price formation. The development of crypto derivatives based on broad, reputable indices illustrates this maturation. Importantly, they have clear hedging effectiveness, allowing for the management across a spectrum of digital-asset exposures in a controlled and quantifiable manner. By allowing risk mitigating tools that adhere to high prudential standards, the regulatory framework can support safer participation in an emerging asset class rather than pushing activity outside the EU. Without such flexibility, liquidity, product development, and associated technological innovation might migrate to more agile jurisdictions abroad. By contrast, a measured recalibration of the prudential framework would keep both innovation and liquidity within the EU, strengthen the region's role in shaping global digital finance standards, and ensure that EU institutions can compete on equal footing in the next generation of financial markets.

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**Question 11. What are the main regulatory and non-regulatory factors that determine and drive the competitiveness of EU banks?**

**Please specify the factors per market segment: savings, payments, retail banking, corporate banking, investment banking (including underwriting, brokerage, custody, settlement, market making, etc.):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- Advancing SIU: A fully integrated Savings and Investments Union would provide diverse, market-based funding sources for the economy, foster greater risk-sharing across the Union, and allow banks to optimize their balance sheets, thereby freeing up capital for core lending activities and enhancing the resilience of the entire

financial system.

- Achieving a true single market: The EU banking sector's competitiveness is significantly held back by market fragmentation and regulatory fragmentation. To create a genuine single market, there must be consistent application and enforcement of EU-wide rules. Eliminating remaining barriers, such as divergent national insolvency laws and "gold-plating" of directives at the national level, is essential for EU banks to achieve the scale and efficiency enjoyed by competitors in more unified jurisdictions.
  - Ensuring a globally competitive framework and a level-playing field: EU's regulatory framework must be designed to allow banks to compete effectively on a global scale. This requires ensuring that international requirements and standards are implemented taking into account the approach of other jurisdictions to prevent an un-level playing field. This also includes ensuring that EU banks are not at a disadvantage compared to international banks operating within the EU.
  - Ensuring an innovation-friendly framework: Banks need a regulatory framework that fosters, rather than stifles, technological innovation and is "digital-ready". As market participants develop more efficient and/or digital solutions, the framework must be agile enough to recognize and accommodate these advancements.
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**Question 12. How would you assess the current level of competition in the banking sector within the single market?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
EU banks face high levels of competition within their Member State of establishment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU banks face high levels of competition in the EU market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU banks face high levels of competition in global markets/ markets outside of the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Traditional banks are challenged by new developments in a number of product lines and areas (e.g. digital banks/FinTech in specific areas such as payments, tokenisation of assets, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 12:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**1.3. Banks and other financial institutions as enablers of capital markets**

**Question 13. According to many analysts, EU banks are persistently undervalued by investors when compared to international peers.**

**If you agree with this assessment, what could explain this undervaluation?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Limited scale and inefficiency of EU capital markets (limited depth, insufficient liquidity, etc.)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macro-economic environment (economic growth, inflation, fiscal situation, interest rates, demographics)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limited growth and scaling up prospects due to market fragmentation and different national rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Underinvestment in new technologies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory practices (e.g. potentially impacting the level of dividend distribution and share buybacks)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU regulatory/ resolution frameworks (including international level playing field)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Internal factors (low risk appetite, bank governance/culture)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uncertain or ineffective market exit for inefficient or distressed banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Please explain your answers to question 13:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We agree that EU financial institutions, including banks, are undervalued compared to their international peers. However, we view this not as an isolated banking issue, but as a symptom of the EU's fragmented and underdeveloped capital markets. The lack of a deep, liquid, and integrated single market for capital limits growth opportunities, depresses returns, and makes the entire EU financial ecosystem less attractive to investors. The solution lies not in bank-specific measures alone, but in ambitious and decisive action to build a true Savings and Investments Union that can effectively mobilize capital, support innovation and investment, and enhance the competitiveness of all European financial players.

Furthermore, macroeconomic growth continues to be a significant laggard in the EU, also due to a financial environment that remains fragmented. While direct bank lending to SMEs and households is a vital and foundational component of the economy, its dominance reflects a need to further develop capital market institutions that can operate globally and channel foreign direct investment back into the EU. By taking significant and bold steps to strengthen issuances for companies to seek funding through institutions that perform those same securities issuances, EU firms will benefit from cheaper and more liquid funding channels that are either underdeveloped or not available in today's EU capital markets landscape. This means for institutions that have a continental or global reach, reducing the barriers to market access (such as divergent national regulatory requirements, differences in EU standards, high operational costs including compliance and capital standards) and improving cross-border regulatory landscapes will allow for improved product offerings and an improved playing field through simplified regulatory requirements, which in turn supports EU macro growth. To complement the EU's existing focus on a stable and effective banking sector, greater emphasis should be placed on strengthening fixed income and equity markets for financing. Broadening the available financing options beyond traditional bank lending will unlock EU firms from benefitting from the macro-economic benefits that would otherwise be seen in other parts of the world. By providing bond issuances for firms, diversified funding sources can be met that can be channeled back into the real economy allowing EU macro growth to meet its targets.

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### **Question 14.1 Does the prudential framework adequately account for the activities and the complexity of intermediaries performing financial services other than core banking services?**

**Reference is made to financial services performed by investment firms, financial advisors, custodians, wealth managers, market makers or other liquidity providers that are not primarily or not at all engaging in deposit taking and granting loans.**

- Yes
- No
- Don't know / no opinion / not applicable

### **Question 14.2 Are there any perceived undue limitations to such activities?**

- Yes
- No
- Don't know / no opinion / not applicable

## **Please explain your answer to questions 14.1 and 14.2:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As a market operator, Deutsche Börse Group (DBG) has a direct interest in ensuring that capital flows efficiently, markets remain liquid and transparent, and Europe continues to be an attractive location for trading and investment activity. Liquid, transparent and resilient markets rely on a broad range of active participants, supported by robust infrastructure and regulatory frameworks that safeguard stability while allowing liquidity provision and price formation to operate effectively. This is particularly relevant in the context of the EU's Savings and Investments Union, which seeks to deepen capital markets and improve the efficient channeling of savings into investment across the Union. From this perspective, DBG supports a prudential framework that is proportionate, risk sensitive, and recognizes the diversity of financial entities contributing to the functioning of EU capital markets.

However, we observe that the current Investment Firm Regulation and Directive (IFR/D) framework does not sufficiently reflect the fundamentally different business models and risk profiles of intermediaries performing financial services other than core banking activities. This is particularly relevant for investment firms dealing in their own account that act as liquidity providers on regulated markets.

These firms typically operate in highly transparent, exchange traded environments with strong risk-mitigating measures such as central clearing, margin requirements, and transparency obligations. They do not take deposits, do not engage in lending, and typically do not have external clients. Their primary role is to support continuous and orderly trading as well as reliable price formation, which are essential for investor confidence and for effective capital allocation. If prudential rules do not adequately recognize these safeguards or mirror banking rules too closely, they may overestimate the actual risks of these firms. The result can be constraints on their ability to provide continuous liquidity, particularly during periods of market stress, negatively affecting overall market resilience and efficiency.

In addition, the current framework also raises broader EU competitiveness concerns for EU markets. EU-based investment firms often must apply prudential rules on a group-wide basis, while non-EU competitors typically apply EU requirements only within their EU subsidiaries. This creates a competitive disadvantage relative to firms whose holding companies are established outside the EU and may, over time, shift liquidity provision, trading activity, and technological innovation to non-EU markets, thus undermining Europe's ambition to strengthen its capital markets under the SIU.

As a result, several undue limitations arise that can negatively affect liquidity provision, impair price formation and discovery, reduce market depth, and ultimately undermine the competitiveness of EU financial markets relative to other jurisdictions.

DBG therefore supports a holistic and risk-sensitive review of IFR/IFD and the prudential treatment of non-bank intermediaries, which should account for their business models, ensure proportionality, reflect the extensive safeguards already embedded in MiFID II/MiFIR and EMIR and include competitiveness considerations to prevent liquidity outflows. A more tailored prudential framework would maintain financial stability while strengthening liquidity, transparency, and the attractiveness of EU markets.

**Question 15. How would you assess the competition between banks and other entities performing financial services (such as financial conglomerates, investment firms, FinTechs, etc.) from the perspective of the overall functioning of capital markets (provision of liquidity, transparent market information and pricing, scaling up of trading venues etc.)?**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**1.4. Cross-border activities in the EU banking sector**

Reports – for example [ECB Financial Integration and Structure in the Euro Area \(2024\)](#), or [speech by Mr. Andrea Enria, former Chair of the Supervisory Board of the ECB 'How can we make the most of an incomplete Banking Union?' \(2021\)](#) – show that in the last decade cross-border banking activities in the Euro Area have not grown and banking sector consolidation has shown limited progress. This is also illustrated by statistics on, amongst others, the share of EU cross-border total assets, market concentration and mergers activity.

This section seeks feedback from stakeholders on the possible reasons behind the lack of progress on integrating the single banking market, which may differ by market segment.

**Question 16. For retail banking as well as for wholesale and investment banking, would you agree with the following statement?**

***"The EU banking market is highly fragmented along national borders, domestic entities mainly cater for domestic clients, cross-border activity is subdued, and it is very difficult for clients to get banking services across the single market".***

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Retail banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Wholesale  
and  
investment  
banking



### Please explain your answers to question 16:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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### Question 17. What are, in your view, the benefits and the costs associated with the current level of cross-border banking activities in the EU, and what would be the benefits and costs associated with further integration of banking activities in the EU?

#### Please also include quantitative estimates if available:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The EU's fragmented system represents a massive opportunity cost for institutions and banks. It results in higher costs for investors, less efficient capital allocation, increased legal and compliance burdens, and a significant competitive disadvantage for the EU on the global stage to compete with other players including major custodians. The benefits of further integration are immense: a deeper pool of liquidity, greater risk-sharing, lower costs for businesses and investors, enhanced innovation, and a stronger strategic autonomy for the European Union.

Integrating the EU's banking sector through both cross-border activities and consolidation would not only ease the lending burden on banks but also grant SMEs and households better access to capital markets. This would be achieved by enabling banks to offer a consistent, consolidated suite of products and services across all EU markets. However, achieving this requires the establishment of harmonized rules and prudential standards.

Furthermore, banks are able to consolidate their compliance complexities in a single hub that should also be laid out in a revised prudential regulatory landscape. In doing so, institutions are better able to perform securities issuances, reducing the current over-reliance on traditional bank lending. The benefits also include:

- Managed cost allocation across the entire group where there may be one or more banking subsidiaries;
- Improved liquidity metrics and liquidity management throughout the group;
- Institutions with a global reach would face better price improvements in securities issuances; and,
- Improved spread compression across government and other securities due to more favorable financial conditions as a result of economic growth.

**Question 18. What factors prevent EU banks from engaging in more cross-border activity within the EU or make cross-border activity more costly?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Divergent implementation of EU banking rules across Member States	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory divergence/gold-plating by Member States/national supervisors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Requirements for allocation of capital and liquidity at local level	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-harmonised macroprudential buffers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
National discretion in intragroup large exposure limits	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Incomplete banking union (lack of a European deposit insurance scheme, liquidity in resolution, etc.)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-prudential barriers (insolvency, investor protection, company law, taxation)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political barriers (government direct or indirect interference)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Complexity and length of mergers and acquisition supervisory authorisation procedures	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs/risks of mergers and acquisitions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Absence of economies of scale from engaging in cross-border activities	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Please explain your answers to question 18:

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As a cross border international financial service provider, we support stronger standardization of supervisory and licensing frameworks at EU level to enable consistent application of the single passport and to facilitate the effective integration of a single banking market. Greater supervisory convergence is essential to reduce legal uncertainty, operational fragmentation and duplicative regulatory requirements that currently hinder the efficient provision of cross border services. At the same time, a harmonized framework should preserve the ability to reflect business model specific and country level operational particularities, particularly where activities are subject to distinct legal, fiscal or market infrastructure constraints. A balanced approach – combining uniform EU standards with proportionate recognition of local specificities – is critical to ensuring financial stability, legal certainty and a level playing field, while allowing institutions to continue delivering resilient and efficient cross border market infrastructure services.

Furthermore, we find that when host Member States impose additional capital and liquidity requirements on top of home Member State rules, it prevents growth from both EU and non-EU markets that would otherwise be available under normal business conditions, meaning absent regulatory differences that need to be applied at the foundational (i.e., RWA) level for certain countries. Moreover, due to duplicative standards laid down in the regulation frameworks and the CRR/CRD standards, unnecessary costs are created when determining market entry. For example, when an EU institution wishes to enter a non-EU market, it is often at a disadvantage. Unnecessary burdens and costs to entering capital markets result from certain EU rules such as liquidity and capital requirements that would not exist if we had harmonization, simplified regulatory standards, and a somewhat single approach to cross-border non-EU markets.

**Question 19. Why have EU banks generally relied more on subsidiaries rather than branches and the free provision of services for their cross-border activities within the banking union and the single market?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Incompatibility with internal organisational strategy and budgets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preference for domestic markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preference of Member States/national authorities for subsidiaries, as they bring more employment, tax revenues, supervisory control, etc. (moral suasion)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Client preferences (language, trademark recognition)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of trust in deposit guarantee schemes of the host Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Group resolution strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-prudential barriers like divergences in contract and civil laws, labour laws, product features, consumer protection rules, foreclosure rules, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other operational benefits linked to the legal form of a branch vs. subsidiary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Please explain your answers to question 19:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 20. Could you provide a quantitative estimate of the additional requirements and costs (e.g. liquidity requirements, capital requirements, resolution or macroprudential requirements, operational costs in % of balance sheet, etc.) for a banking group that makes use of subsidiaries as compared to the same banking group relying on branches or freedom to provide services?**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## 1.5. International level playing field

Large EU banks compete directly with large international banks, both globally and in the EU market. A level playing field among these global players is critical when it comes to the regulatory framework, to ensure appropriate competition, fair treatment and outcomes for customers and global financial stability.

This section seeks stakeholders' feedback on the state of the international level playing field in banking and the challenges faced by EU banks when competing globally.

**Question 21. What is your assessment of the level playing field in the European banking market, with regards to the presence of significant non-EU financial institutions?**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 22. According to many analysts, EU banks have lost market share in the provision of investment banking services to EU clients compared to non-EU banks.**

**Do you agree with this view?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 23. To what extent do the following difficulties faced by EU banks hinder their ability to compete globally?**

	To a very large extent	To a large extent	Neutral	To a small extent	Not at all	Don't know - No opinion - Not applicable
Divergent banking prudential rules applying to EU and non-EU banks impact international strategic choices by EU banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supply side factors (e.g. cost competitiveness, innovation, depth of home market).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

EU supervisory practices affect expansion in other jurisdictions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 23:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 24. To what extent do the rules on internal governance and remuneration policies of financial institutions create a competitive disadvantage for EU financial institutions vis-à-vis non-EU financial institutions?**

- To a very large extent
- To a large extent
- Neutral
- To a small extent
- Not at all
- Don't know / no opinion / not applicable

**Please explain your answer to question 24:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 25. Do EU-headquartered banks and investment firms face regulatory constraints that hinder their competitiveness vis-à-vis non-EU financial firms?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain what are the key constraints EU-headquartered banks and investment firms face:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

EU-headquartered banks and investment firms do face certain regulatory constraints that may hinder their competitiveness vis-à-vis non-EU financial firms.

For investment firms, we refer to the points already raised under Question 14: in particular, the fact that EU-based investment firms subject to IFR/IFD often need to apply prudential requirements at a group-wide level, whereas non-EU competitors generally apply EU rules only to their EU subsidiaries. This difference in regulatory scope can create structural asymmetries affecting where firms choose to operate or scale their activities.

On the banking side: the EU has chosen an explicitly conservative approach to the prudential treatment of crypto asset exposures under CRR III, with a risk-weight of 1250% and direct exposures to the riskiest assets capped at 1% of Tier 1 capital. Other major jurisdictions such as the US and the UK have deferred implementation of similar conservative standards. This creates a regulatory asymmetry that disadvantages EU institutions and risks shifting market activity, and associated liquidity outside the EU.

Crypto assets and native digital assets are transitioning from niche instruments to standard components of capital markets infrastructure. The EU's current conservative regime prevents regulated institutions from developing capabilities in crypto assets, (native) digital asset custody and settlement as well as crypto derivatives risk management, while banks globally advance in these areas, gaining competitive advantage. The more permissive (or delayed) regimes in certain jurisdictions allow the banks operating there to engage with crypto assets and (native) digital assets in a controlled manner, fostering technological capability and expertise, and translating regulatory flexibility into competitive advantage. In contrast, the EU's blanket approach effectively sidelines its banking sector from participating in the next generation of financial market infrastructure. The EU is among the jurisdictions implementing the strictest interpretations of the Basel crypto standards the earliest, while others have not yet announced concrete timelines. This imbalance creates the risk of structural dependency on non-EU financial service providers, liquidity migrating to non-EU markets, and crypto asset and (native) digital asset innovation concentrating in the UK, US, or APAC.

This unlevel playing field is equally visible in the area of risk management and clearing of financial contracts. A prominent example is the recent US pilot program allowing tokenized collateral, including certain crypto assets and stablecoins, to be used by clearing members at CCPs. Bringing tokenized assets into the regulated space as eligible margin provides regulatory clarity and enables market participants to modernize their collateral and liquidity management frameworks. Similar initiatives in the EU, together with clearer prudential treatment for exposures to crypto assets and (native) digital assets with a CCP, would help ensure that EU institutions can participate in and shape emerging global standards rather than operate under constraints that limit their technological and competitive development.

Without a more proportionate and forward-looking regulatory approach towards crypto assets and (native)

digital assets, the EU may undermine its ambition to build a globally competitive and sovereign financial ecosystem.

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**Question 26. What factors are constraining the ability of EU banks to finance large-scale projects, including in the areas of digitalisation, climate transition and defence, compared to their international peers?**

**In particular, to what extent do differences in profitability, cost structures, balance-sheet capacity, risk-appetite, scale, or regulatory and market conditions explain any observed gaps?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## **1.6. Digitalisation**

The widespread use of the online banking and the increase in banks' adoption of new technologies, such as artificial intelligence, the inroads in tokenisation and use of distributed ledger technologies, the emergence of central bank digital currencies and stablecoins, present challenges and opportunities for banks.

This section seeks stakeholders' feedback on the effects of digitalisation on the EU banking sector, as well as the opportunities and challenges it may bring for EU banks.

**Question 27. What are, in your view, the effects of digitalisation on the activities and business model of EU banks in the single market?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are of the view that digitalization holds the potential to reshape the financial markets by opening new opportunities for innovation, efficiency, and accessibility. For example, tokenization - turning financial and real-world assets into digital tokens on a ledger/blockchain, is poised to increase liquidity and transferability whilst democratizing participation and unlocking access to previously illiquid through fractional ownership of tokens (e.g., real estate or commodities). Similarly, wider use of distributed ledger technology (DLT) could reduce transaction costs while enhancing operational efficiency and security.

Nonetheless, to realize the benefits of digitalization and achieve the vision of competitive European markets at the forefront of scalable digital transformation, we encourage the policymakers to adapt existing core regulatory frameworks to permit the broader use of innovative technologies, including DLT and tokenization, directly within established financial entities, including banks and market infrastructures. Rather than containing innovation within a pilot regime, core DLT concepts should be embedded across the broader industry, where trillions of

euros in assets are held and traded. Moreover, financial institutions should be permitted to use stablecoins, in anticipation of a future wholesale CBDC, and other tokenized instruments as eligible collateral and settlement assets. To this end, the issue of stablecoin multi-issuance should be resolved in a way that ensures reserves are maintained at European institutions, without cutting off access to global liquidity.

Recent developments in the United States underscore the urgency to modernize and strengthen the competitiveness of core European regulatory financial frameworks to avoid irreversible structural dependencies. In particular, the SEC no-action letter granted DTC the right to tokenize a substantial portion of its \$99 trillion in assets under custody as early as H2 of 2026. Coupled with the announced CFTC/SEC innovation exemptions that would allow US banks and FMI the legal protection to use stablecoins as collateral/settlement assets, this signals a rapid advancement in US market infrastructure that requires a strategic European response. By embracing these changes with a forward-looking and harmonized regulatory approach, the EU can successfully navigate this transformation. We are confident that this will not only enhance the competitiveness of the single market but also solidify its position as a leading global hub for digital finance.

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**Question 28. In the context of the increasing digitalisation of financial services, what do you consider could enhance confidence of clients in digitally provided investment products and services, thereby influencing the dynamic of new business models?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In our view, client confidence in digitally provided investment products and services is best enhanced by leveraging the established trust and robust regulatory oversight of existing financial institutions. When banks and financial market infrastructures offer new digital services, clients benefit from the proven frameworks for investor protection, market integrity, and operational resilience that govern these entities. Applying the principle of "same activity, same risk, same rules" ensures that digital assets are held to the same high standards as traditional instruments. This fosters a secure environment where clients feel confident adopting innovative products, thereby creating the stable foundation necessary for new, digitally-native business models to flourish. For example, to scale tokenization, regulated markets ought to serve as the central gateways. Unregulated platforms often mimic traditional securities without providing equivalent investor rights or protection, which erodes market confidence. In contrast, channeling tokenized securities through lit venues ensures they are offered with appropriate transparency and legal certainty, equivalent to traditional instruments. This not only mitigates risks such as insider trading but also creates a necessary level playing field between all market participants.

Furthermore, integrating digital assets into the existing regulated infrastructure provides critical safeguards. It ensures that activities like trading, settlement, and record-keeping are conducted by licensed institutions that adhere to robust AML/CFT and KYC requirements. This ecosystem also guarantees high levels of cybersecurity and operational resilience under frameworks like DORA, while preventing the liquidity fragmentation that would occur if trading were to shift to less transparent, off-market venues.

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**Question 29. Are EU banks investing enough in digitalisation of their operations and services, including in comparison with their international peers and with other EU business sectors?**

Yes

- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 29, in particular if your answer was "no":**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 30. Do you expect in the near future the emergence of significant new players in the provision of financial services within the EU, such as non-financial conglomerates, FinTechs, or BigTech companies?**

- Yes
- No
- Don't know / no opinion / not applicable

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**Question 31. How should the bank regulatory framework and supervisory practice adapt to the changes in the banking sector triggered by digitalisation?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe there may be merit in considering a more risk-sensitive calibration of prudential requirements for crypto exposures. An evidence-based regulatory framework would enable regulated market use and shift crypto assets activity into a safe and transparent environment. This would enhance efficiency, security, and competition while reinforcing financial stability.

There are several facts that support targeted refinements of the existing framework. While crypto assets remain an evolving market segment with inherent risk, such as elevated volatility and operational uncertainties, the ecosystem has expanded and matured. Therefore, the current regime might not reflect reality by the time of full implementation. Crypto asset adoption has expanded significantly, including through regulated market infrastructures, and liquidity has improved, in some cases approaching that of traditional assets. Despite the historically exhibited elevated volatility, evidence suggests that recently it has been lower and more stable than assumed by prudential standards, reflecting increasing market maturity and the involvement of more sophisticated market participants. For example, observed volatility of assets such as Bitcoin and Ethereum show lower risk weight (54%) than the one prescribed, while liquidity of major crypto-fiat pairs is often higher than that of many large-cap equities, with several billion dollars in daily turnover. These assets also offer

benefits like continuous (24/7) trading, instant settlement, operational safety, and secure custody service by reputable market participants. Moreover, a growing spectrum of financial instruments now offers standardized exposures with an established risk-management framework. Derivatives on crypto indices are a particularly relevant example.

Against this backdrop, recalibrating the 1250% risk weight would better reflect current liquidity, risk, and market structure of crypto assets. We acknowledge that crypto assets continue to carry higher volatility and additional risks that require appropriate prudential safeguards. However, instruments like exchange-traded derivatives referencing crypto assets are structurally comparable to derivatives on traditional underlying assets. Applying a uniformly high risk weight to such instruments, without recognizing their specific risk profiles or the safeguards embedded in regulated markets, may be overly conservative. Higher flexibility of the framework would incentivize responsible product design, foster safe market participation, harmonize the treatment with other liquid assets and preserve strong risk management<sup>1</sup>. Lastly, it would support a broader range of crypto asset products offered under a clear prudential regime, improving investor protection, and aligning supervisory objectives with actual market dynamics.

Digitalization is transforming risk management beyond crypto exposures. It enables new forms of margin collateral for clearing, such as (native) digital assets and crypto assets, in particular stablecoins. These innovations have the potential to reduce friction and enhance collateral mobility. Settlement efficiencies can be increased and continuous (24/7) risk reduction enabled, features that are increasingly relevant in globally integrated, real-time markets. Other jurisdictions, most notably the US, are already advancing through pilot programs for tokenized collateral for CCPs, demonstrating how integrating (native) digital assets and crypto assets into regulated clearing frameworks can modernize risk management and strengthen market resilience. Given these rapid international advancements, EU regulation should address these innovations timely and proportionately. For the EU to remain an attractive and reliable financial market, regulatory clarity regarding the capital treatment of transactions, (native) digital assets and crypto assets when cleared with a CCP is essential. We support equivalent risk weight treatment of exposures with a CCP for crypto assets and (native) digital assets. This clarity is currently missing under CRR. Providing well-defined prudential treatment, harmonized with the treatment of other eligible collateral, would help the EU stay at the forefront in the digital age and support responsible innovation.

Non-EU regulators are moving toward differentiated, risk sensitive approaches, enabling banks to engage with crypto assets in a controlled manner while building technological competency. The UK PRA has committed to implementing the Basel standards but continues reviewing market developments. The EU's approach, in contrast, is largely uniform and conservative, slowing adoption in traditional markets. This may deter EU banks from investing in the operational capabilities that will underpin the next generation of capital market infrastructures and hinder their global competitiveness.

## 2. The single market and the banking union

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In response to the global financial crisis, the EU took decisive action to enhance the single market, including by creating the [banking union](#) and developing a single rulebook for banking. These initiatives were intended to support the objective of achieving a resilient, genuinely integrated banking market, where banks could operate across borders without barriers, achieve greater scale and interconnection, and more effectively channel financing across the EU.

The single rulebook and the banking union have delivered on the resilience objective, significantly contributing to the stability of the sector through enhanced prudential requirements, improved protection of depositors and better rules to manage failing banks. The current level of cross-border activities in the EU banking sector however shows that the objective of further integration and increased financing across the EU have not been sufficiently met. The lack of progress

on structural features of the banking union, despite the successful setting up of the [single supervisory mechanism \(SSM\)](#) and the [single resolution mechanism \(SRM\)](#), is regularly identified as one of the main factors holding back banks' competitiveness and further integration of the single market.

This section seeks stakeholders' feedback on the drivers and barriers to market integration in the banking sector, and on the current design and potential outstanding features of the banking union.

## 2.1. The impact of prudential requirements on market integration

The allocation of funds in cross-border groups is subject to prudential requirements, which determine at which level of the group capital and liquidity should be prepositioned. These prudential requirements influence the structures and organisational models of banking groups, as well as the degree of market integration and consolidation in the banking sector.

As a rule, these requirements apply at individual level for group entities, but can be waived in specific circumstances within a Member State or, for liquidity requirements, also on a cross-border basis.

This section seeks stakeholders' feedback on the adequacy of prudential requirements on banking groups and their impact on market integration in the banking sector.

### **Question 32. What are the benefits and the limitations of the current regulatory framework in terms of capital and liquidity requirements allocation within a banking group?**

#### **What are the main concerns with the possibility to manage capital and liquidity at group level?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Ring-fencing measures, maintaining capital buffers, recovery capital (i.e., recovery plans) such as MREL and TLAC, and differences in the global banking group will result in either unclear approaches to liquidity allocation and potential gaps in what is deemed necessary by the regulator but assessed and argued as excess liquidity that could be otherwise deployed to meet business demands.

**Question 33. What are your views regarding the most efficient way of applying prudential requirements within EU cross-border banking groups?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Continue the current approach where prudential requirements are applied, as a rule, at both the consolidated level and at the level of every legal entity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prudential requirements should only be applied at highest EU consolidated level of the banking group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure adequate prudential requirements at the level of legal entities, while ensuring more flexibility in centrally managing resources at group level, with commensurate safeguards for financial stability risks	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 33, and, if possible, indicate if the most efficient way of applying prudential requirements differs per requirement (e.g. liquidity coverage ratio, net stable funding ratio, capital, minimum requirement for own funds and eligible liabilities (MREL)):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Providing greater flexibility at the group level but supporting clear, direct, and non-interpretive prudential requirements that are also supportive of the business requirements of the institution where non-EU markets make up part of its business, should be employed as the primary way of meeting the requirements within a cross-border banking group. This is especially true for subsidiaries of banking groups where the group member provides capital markets, banking services, and links to other capital markets where liquidity and capital requirements for its clients, are both market-demand and supportive towards economic growth of those non-EU countries and in turn provide support to EU countries through capital markets access.

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**Question 34. What regulatory measures could facilitate or improve efficiency for cross-border EU banking groups?**

**What safeguards would be necessary to preserve resilience and resolvability, and provide reassurance to all relevant Member States in case of distress/failure?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The requirements around MREL and resolution capital should be alleviated in the sense that if enough capital is held with debt that is either less than a year or more than a year in maturity, institutions could be able to apply this to its own funds and therefore its own funds, especially in the context of non-EU countries currencies, is prevalent. This will ensure that consistency is applied across the entirety of a banking group and when consolidation takes place, it can be clearly transcribed as to where the risks are being borne within the group. Similarly, if the funding model needs to change to meet the requirements of EU institutions who have subsidiaries across the EU and globally (i.e., non-EU markets), application of the funding and liquidity models should be applied consistently across all group members with clear and direct calculations that can be applied to given markets where the institution operates.

## **2.2. Market consolidation**

Recent analyses, including the [Draghi report on EU competitiveness](#), underline that the EU banking sector remains structurally fragmented, with limited progress on cross-border consolidation. Despite the existence of a single rulebook for banking and passporting rights, banks' operations remain predominantly domestic, and cross-border mergers have been rare, while branch-based expansion across Member States has not developed at scale.

Some of these analyses argue that a greater degree of consolidation and the wider use of branch-based cross-border expansion could enable EU banks to achieve greater scale and allocate capital and liquidity more efficiently across the EU.

Such developments could also facilitate the effective cross-border provision of banking and other financial services, potentially strengthen competition and improve the capacity of the EU banking sector to meet the financing needs of the EU economy. This section seeks stakeholders' feedback on the factors behind the lack of market consolidation in the EU banking sector and the potential remedies to increase the provision of cross-border banking services in the EU.

**Question 35. Do you consider that the EU economy benefits from the presence of large, cross-border banks active across the single market?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 35:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 36. The Draghi report argues that banks need scale to be competitive. Is market consolidation a good way forward to achieve scale in the banking industry?**

**Which actions should be taken at EU level to facilitate EU banking groups wishing to operate cross-border to do so?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**2.3. Non-prudential barriers to market integration**

EU banks face obstacles to leverage the benefits of operating in a single market, which are not directly related to the prudential requirements. These non-prudential barriers may be very diverse in nature (insolvency law, company law, labour law, consumer law, taxation) and often result from traditional and historical factors (language, culture and domestic

preferences). These barriers may be hard to navigate for new entrants and require significant investments to overcome, which may disincentivise cross-border activities.

This section seeks stakeholders' feedback on the impact of non-prudential requirements on banking groups and on market integration in the EU.

**Question 37. What are the main non-prudential barriers that impede cross-border activities?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Divergent national tax treatment attached to certain banking products (mortgages, savings accounts, deposits) or banking operations (Value Added Tax, corporate and personal income taxation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More generally, lack of unified banking product offering across EU or sub-regions, forcing product adaptation to each national market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Labour laws and contract laws hindering the servicing of EU bank clients in a Member State by a branch/entity located in another Member State.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preference by local customers of local bank brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Divergent insolvency laws and collateral foreclosure rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer protection laws and client specific documentation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Divergent (non-prudential) reporting requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Language barriers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other



**Please explain your answers to question 37, and explain which actions should be taken to overcome these non-prudential barriers and improve the integration of banking markets in the EU:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## **2.4. Protection of depositors**

Finding a way forward on a new approach to establish a common deposit insurance system in the banking union would improve the resilience of the banking sector to asymmetric shocks and help address certain concerns by host Member States regarding further market integration of banking services across the EU. Since the [2015 Commission proposal on a European deposit insurance scheme](#), there have been significant developments in the EU banking sector: the implementation of the regulatory framework has led to a much more resilient banking sector – as illustrated by improved capital and liquidity positions, reduced amount of [non-performing loans \(NPLs\)](#), improved asset and funding portfolios, as well as strong minimum requirement for own funds and eligible liabilities (MREL) buffers and improved overall resolvability. The SSM and the SRM are fully functioning and the [single resolution fund \(SRF\)](#) and [national deposit guarantee schemes \(DGSs\)](#) have reached their target levels. Furthermore, following the establishment and operationalisation of the resolution framework, covered deposits are protected not only via DGS payout but also by ensuring uninterrupted access in resolution. These structural improvements could lead to a fundamental rethinking of the necessary design features of the deposit insurance system in Europe.

This section seeks stakeholders' feedback on the perceived effectiveness and credibility of protection of deposits in the EU and the potential improvements to deposit insurance in the banking union as supporting factors of further market integration.

**Question 38. To what extent would further strengthening the protection of depositors provide reassurance on the stability and effectiveness of the EU crisis management framework and its ability to shield EU taxpayer money and therefore support the competitiveness and integration of banking markets?**

- To a very large extent
- To a large extent
- Neutral
- To a small extent
- Not at all
-

Don't know / no opinion / not applicable

**Please explain your answer to question 38:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 39. Today, when a bank is in distress, deposit protection in the European Union is provided by:**

- **safeguarding depositors' access to their money if a bank is resolved with the use of banks own loss absorbing capacity, a resolution fund and/or a deposit guarantee fund, or**
- **paying customers back with the use of deposit guarantee funds if a bank closes and is liquidated, or**
- **safeguarding depositors' access to their money through financing of preventive and/or alternative measures by a DGS, where available**

**In your view, could the system be simplified and made more effective by combining the deposit insurance and resolution functions within existing funds?**

**Would there be any unintended consequences?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 40. In your view, when considering the scope of banks to be included in a possible new banking union-wide deposit insurance system, should this scope include...**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
...all banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...all banks which are active cross-border	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...all banks under direct SSM/SRB remit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...only banks that wish to be included	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 40:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 41. In your view, a possible new banking union-wide deposit protection fund should...**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
...be used to provide only liquidity support to national DGS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...replace national DGSs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...replace national DGSs for deposits in a subset of banks as identified in the previous question	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 41:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## 2.5. Liquidity in resolution

Ensuring a credible and robust mechanism to provide liquidity in resolution is key to strengthen the resilience of the crisis management framework, and promote a stable, less uncertain environment supporting EU's banks in becoming more competitive in the EU and internationally. A credible liquidity in resolution framework would be a very important form of financial stability backstop encouraging market confidence in EU's cross-border banks and the increasing role they could have in financing the economy, including its critical sectors for strategic autonomy.

This section seeks stakeholders' views on an EU mechanism for the provision of liquidity in resolution to banks in distressed scenarios and its potential design features.

**Question 42. In your view, would a more transparent and predictable European mechanism ensuring the provision of liquidity in resolution to large banks in distressed scenarios strengthen the effectiveness and credibility of the European crisis management framework?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 42, including how such a mechanism could affect the bank-sovereign nexus and the reliance on national taxpayer-funded resources in a crisis:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 43. Do you consider that introducing a formal transparent mechanism to provide liquidity in resolution can provide reassurance on the stability and effectiveness of the crisis management framework and therefore support the integration of banking markets?**

- Yes
- No
- Don't know / no opinion / not applicable

## **2.6. Sovereign exposures and risk reduction**

One of the objectives of the post financial crisis reforms, and namely of the banking union, has been to address the bank-sovereign nexus. This is often defined as the 'doom-loop' where bank failures can trigger sovereign debt crises, and vice versa. One of the avenues to tackle the issue is to reduce the so called 'home-bias', whereby banks are exclusively or very highly exposed to their 'home' sovereign. In recent years, discussions on the regulatory treatment of sovereign exposures in relation to the banking union were held together with other elements of relevance for the completion of the banking union, such as the crisis management and deposit insurance framework, a European system for deposit insurance and cross-border financial integration. Sovereign debt continues to be treated favourably, consistent with international standards and no regulatory measures have been introduced to reduce the home-bias.

This section seeks stakeholders' feedback on the regulatory treatment of sovereign bank exposures and potential drivers behind the 'home-bias'.

**Question 44. To what extent do you consider the following factors as significant drivers for the 'home-bias' (i.e. banks' disproportionate exposures to their home sovereign)?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Application of prudential requirements at solo level	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (prudential) rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limited cross-border financial integration	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Role in market-making for home sovereign debt	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business model considerations (aligning assets with domestic activity)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government pressures to invest in the local sovereign bond market	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expectations of public support	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment in home sovereign debt perceived as safe and highly liquid asset	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insufficient access or supply of other governments' debt fitting the risk-appetite of the bank.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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## Please explain your answers to question 44:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In this instance, significant divergences apply when it comes to home-bias, such that a home regulator will require different prudential requirements for a subsidiary or banking-group member where the holding company or the shareholder/owner of the banking group member is located outside of the subsidiary's home-country. In other words, if a banking subsidiary has its home regulator located in EU Country A but the group owner is located in EU Country B under a different regulator from the banking subsidiary, then the home regulator of the banking subsidiary will have a different application of the prudential framework and be specifically laid down in the national laws of that EU Country A, thus making the "solo level" much more complex. This means that at the consolidated level, the institutions face different constraints and making regulatory compliance much more complex, including the reporting requirements. To remediate, the necessary approach would be to have the same rules applied to all banking subsidiary members and to the consolidated level, which would provide relief. Furthermore, the business model considerations of the banking group member/subsidiary who is attempting to enter new business lines, grow existing business lines, and develop new market access, will be limited due to considerations at the holding level and its operating, capital, and liquidity constraints. Similarly, accessing or holding as custody other government's debt is deemed to be risky due to the fact they may not be an EU member state and not hold equivalence, and therefore the home regulator will not allow the bank to hold those securities due to capital and liquidity requirements.

In considering the case of the UK, where a number of these banks continue to operate in the EU, they are risk-weighted at 100% as corporates when in fact they are still financial institutions and should be rated accordingly. However, as there is no equivalence with the UK, nearly every exposure is rated at 100% RW. Having equivalence with the UK would significantly reduce the capital requirements for major banks in the EU and support EU capital market growth.

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## Question 45. Do you consider that the EU framework on the regulatory treatment of sovereign exposure should be improved?

- Yes
- No
- Don't know / no opinion / not applicable

## How should this be done, and how would it affect the holdings of sovereign debt by banks?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the EU framework on the regulatory treatment of sovereign exposures, both EU and non-EU, needs to be re-evaluated. The sovereign debt crisis in Europe has highlighted that exposures to sovereigns even in developed countries are not without risk. Therefore, a re-evaluation of their prudential treatment is a logical step. However, this should be executed with full and significant consultation with the industry, as the current Credit Risk Mitigation (CRM) framework has not shown material weaknesses. At the same time, many of the underlying customers are non-EU and therefore the currencies held or in custody from those non-EU countries are risk-weighted higher. For example, sovereign exposures for non-EU countries where government

debt maybe highly attractive to EU-based institutions cannot be traded with proper risk mitigation through a major FMI. This is due to the fact that the risk weights are not consistent or the risk weights are significantly not taking into consideration the risk of the institution that is engaging in global markets activity who know best what the risk and volume will be that will then offset the risks being taken on by the FMI.

Accordingly, the framework can be improved through the following measures:

- A more granular risk-weighting approach: We propose a more granular system of risk categories for sovereign exposures. We recommend five to six buckets, plus an dedicated "unrated" bucket. This would allow for a more gradual and risk-sensitive treatment in the case of rating changes, and it would better reflect the varying risk profiles of sovereign debt, including in non-EU countries that institutions are engaging in for capital markets activity.
- A zero-risk weight for certain sovereign exposures and a reduced risk-weight for "non-equivalent" countries: We support a continued zero risk-weight for exposures to central banks denominated in a "domestic" currency, or a currency or sovereign debt that the EU is pursuing. Accession has reduced political risk and is deemed lower in volume as the institution will be able to make the decision for the given non-EU market on non-equivalence (i.e., where there is a market the institution is pursuing for currency, sovereign debt, and custody, that same institution will determine volume and provide said volume estimates to the regulator to have a reduced risk-weight). "Domestic" should be clearly defined, for instance, to include the Euro for all Euro area countries and EU accession countries (Potential Candidate, Official Candidate, and Accession Negotiations). Where there are non-EU countries that are on non-equivalence, a reduced risk-weight should be determined in conjunction with the institution based on the volume and service at hand. In doing so, this allows clients greater capital markets access for EU institutions. Moreover, applying EU equivalence in conjunctions with significant consultation with institutions will ensure proper growth of the EU capital markets approach at a fundamental level takes place. See above for the points raised on the UK exposure and risk weights.
- Revisiting the large exposure (LAREX) framework: Instead of creating a new capital add-on for concentration risk, adjusting the existing large exposure framework to include sovereign exposures, which are currently exempt, will make the LAREX framework much more attractive for institutions to manage their risk when supporting capital markets activity. This approach would be more consistent and simpler to implement. Sovereign exposures must continue to be exempt from these limits as should their denominated currency to avoid an asset-liability mismatch when trading and swapping currencies.

These changes will likely lead to a shift in the composition of sovereign debt held by banks. A more granular and risk-sensitive framework will incentivize banks to hold a more diversified portfolio of sovereign debt and to better manage their sovereign risk concentrations. Banks might reduce their holdings of lower-rated sovereign debt and increase their holdings of higher-rated sovereign debt. The cost of funding for some sovereigns will be positively affected (i.e., spread compression) due to their new access to EU and global capital markets. This will make it cheaper for non-resident investors to access sovereign debt through global markets dealers and FMIs.

**Question 46. Exposures to Member States' central governments, or third country jurisdictions assessed as equivalent, when denominated and funded in domestic currency, receive a 0% risk weight under the [Capital Requirements Regulation](#), as provided for by the international standards. Such 0% risk weight applies regardless of credit rating, exempts the sovereign bonds from large exposure requirements, and classifies them as high-quality liquid assets. However, this treatment does not apply to sovereign exposures denominated in Euro issued by non-Euro Area Member States.**

**Should that treatment be expanded to sovereign exposures issued by non-Euro Area Member States and denominated in Euro and how would this affect the holdings of sovereign debt by banks?**

**Please elaborate:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This would significantly impact the amount of holdings of sovereign debt by banks especially in their own books but also through the (I)CSDs. By allowing sovereign exposures denominated in euro by non-Euro Member States, potentially those who are under EU Accession (Potential Candidate, Official Candidate, and Accession Negotiations), this will allow those countries to seek greater market access to non-resident investors, but also support EU institutions in their capital planning, business, planning, and liquidity management. This also allows the deployment of existing tools in capital markets and their trading desks to pursue those instruments as part of their eligible instruments. Applying a 0% risk weight or a risk-weight that is at least less than 100% will dramatically improve business opportunities and risk management planning for institutions as the EU will then view that sovereign debt and the sovereign exposures as equal to that of the EU. Additionally, the resolution planning for the institution at the eligible securities level will become far more complete and applicable to the realities of the institutions bearing the risk in maintaining enough HQLA to support an orderly wind-down of the institution. This means where there is a reduced level of sovereign (i.e., political) risk due to strong macroeconomic indicators and volumes entering the institution's books are not "overweight", the recommendation is to count this towards applicable resolution planning of the institution and therefore supporting a greater comprehensive resolution plan that takes into consideration more positive aspects of the institutions' business.

### **3.Complexity and effectiveness of the regulatory framework**

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The regulatory framework is complex for many reasons. Banks require strict regulation and careful supervision, because they are the backbone of financing for the EU economy and inherently vulnerable to runs on their primary funding source which may create financial instability. The need to ensure financial stability justifies public safety nets, but in turn also creates moral hazard that needs to be limited by regulation.

Complexity can also arise because banking regulation reflects a multitude of considerations: risk sensitivity, robustness, cost efficiency, comparability, inconsistencies and overlaps when setting up standards, as well as the diverse nature of banks operating in the EU (cooperatives, universal banks, etc.).

From a process perspective, complexity also arises from the multitude of legislative layers, as well as from the guidelines and implementation expectations issued by supervisory authorities. Further complexity results from the involvement of multiple authorities responsible for different elements of the framework (including prudential, macroprudential, crisis management, and other areas). While guidance—often requested by regulated entities—should support and promote clarity, consistency, and a level playing field in the implementation of the framework, an excessive level of detail and prescriptiveness may itself add complexity.

In addition, complexity is also introduced through the political negotiation process. On top of adopting internationally agreed standards, numerous EU-specificities (e.g. exemptions, derogations) in the single rulebook to cater for specific situations in Member States have been introduced to achieve a consensus among the EU co-legislators.

This section seeks stakeholders' views regarding the level of complexity in the EU banking regulatory and supervisory framework and its effectiveness.

### **3.1. General assessment**

**Question 47. How would you evaluate the current regulatory framework for banking in terms of:**

	Low	Somewhat low	Medium	Somewhat high	High disagree	Don't know - No opinion - Not applicable
effectiveness (the extent to which the framework achieved its objectives)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
proportionality (the extent to which the objectives of the framework are achieved at minimal cost)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU added value (extent to which EU intervention provides benefits that could not be achieved by Member States acting alone)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
relevance (extent to which EU intervention provides benefits that could not be achieved by Member States acting alone)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
coherence (extent to which a policy/intervention is internally consistent and externally consistent with other EU policies)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 47:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 48. A certain degree of complexity is necessary to achieve the desired regulatory objectives, while recognising the degree of sophistication and diversity of the EU banking sector.**

**How do you rank the comparative level of undue complexity in the following parts of the framework?**

	Low	Somewhat low	Medium	Somewhat high	High disagree	Don't know - No opinion - Not applicable
The overall framework	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The minimum capital requirements (Pillar 1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The supervisory measures (Pillar 2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The macroprudential requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The resolution requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 48:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 49. Which type of instrument adds the most undue complexity to these parts of the frameworks?**

	Low	Somewhat low	Medium	Somewhat high	High disagree	Don't know - No opinion - Not applicable
International standards (Basel, FSB)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level 1 EU legislation (i.e. regulations/directives)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level 2 EU legislation (i.e. technical standards)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level 3 EU measures (i.e. EBA guidelines, Q&As, etc.)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory guidance/practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Implementation differences of EU legislation at national level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interaction with other national legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interaction with other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## **Please explain your answers to question 49:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

With regards to Level 2 legislation, it may at times differ significantly from the EU regulation which is what institutions base their capital and liquidity planning on. It can also result in a major time lag between implementation of EU legislation and national implementation and Level 2 legislation, therefore adding unnecessary complexity to the planning process for institutions. Broadly, it amplifies regulatory fragmentation across EU Member States as it allows them to freely determine what they deem appropriate without considering that the EU legislation/Level 1 is already comprehensive. We recognize that certain Level 2 measures are coherent to Level 1 provisions, which we highly welcome. We believe that the EBA guidelines, Q&As, and the like, offer sound and practical approaches that clarify the operating landscape for banks, custodians, and institutions.

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**Question 50. Would you support less complexity in the bank regulatory framework even if this means...**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
...less risk sensitivity within risk-weighted requirements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...increase in capital requirements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...less consideration for EU specificities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...less consideration for national specificities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...higher contributions to safety nets (DGS and resolution funds)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
...less resilience / financial stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**Please explain your answers to question 50:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 51. The single rulebook for banking is based on both directives and regulations. Unlike regulations, directives must be transposed into national law, which can lead to different applicable legal framework applicable across Member States.**

**In your view, which provisions currently set out in directives, such as the [Capital Requirements Directive \(CRD\)](#), the [Bank Recovery and Resolution Directive \(BRRD\)](#) or the [Deposit Guarantee Scheme Directive \(DGSD\)](#), would be more effectively established through directly applicable regulations, and for what reasons, if any?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Gold-plating, government interventions and enforcement**

**Question 52. Do you have concrete examples of gold-plating of EU rules via transposition of EU directives, national options and discretions?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please list these examples of gold-plating of EU rules:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Conservative and divergent national interpretations of the Large Exposures rules:

Under the Large Exposures rules, banks engaging in collateralized lending are required to report exposures to the collateral issuer rather than the counterparty when the risk of the counterparty is deemed greater than the risk of the collateral issuer. However, due to very conservative national interpretations of these rules, banks are required to establish credit limits for issuers of any collateral received. Financial market infrastructure providers have created unique collateralized lending solutions tailored to the needs of the market for baskets with a broad spectrum of collateral issuers and substitutability intraday. While baskets are defined according to credit quality and issuer standards, the precise collateral received can change at any time, which makes it challenging to apply the prescriptive national interpretations of the Large Exposures rules. Therefore, to avoid gold-plating, a uniform application of the Large Exposure standards should be applied across European jurisdictions, which is not prejudicial to collateralized lending solutions that were tailored to market needs.

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**Question 53. Do you have concrete examples of excessive government intervention in business decisions of banks?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 54. How would you assess the level of enforcement of EU banking rules?**

**How can this be improved?**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Relevant authorities**

**Question 55. How would you evaluate the various authorities responsible for banks in terms of:**

**a) effectiveness (the extent to which authorities identify weaknesses and address them)**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 55 a):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**b) risk-based (the extent to which authorities focus on the most material risks in a proportional way)**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 55 b):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**c) efficiency (extent to which authorities are reacting timely and are outcome focused)**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 55 c):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**d) Other**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please specify to what other aspect(s) you refer in your answers to question 55 d) and explain your answers:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 56. How would you rate the degree of accountability of various authorities responsible for banks?**

	Low	Somewhat low	Medium	Somewhat high	High disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answers to question 56:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 57. Has your institution granted loans where intellectual property (IP) rights (patents, trademarks, designs) were accepted as: stand-alone collateral or collateral only in addition to tangible assets?**

- Yes
  - No
  - Don't know / no opinion / not applicable
-

**Question 58. Which of the following EU-level measures would materially increase your institution's willingness to lend against intellectual property assets?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Public guarantees covering part of IP-backed loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
IP collateral protection insurance supported by public schemes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU-level standardised IP valuation methodologies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securitisation frameworks for IP-backed loan portfolios	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No measure would materially change our current approach	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Please explain your answers to question 58:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### 3.2. Prudential framework

Banks must comply with capital requirements set out in the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD). EU rules mostly derive from the Basel framework, which sets out minimum capital requirements for banks. These capital requirements are designed to ensure that banks are funded by sufficient capital to cover unexpected losses arising from these risks. EU law requires banks to always comply with several minimum Pillar 1 (CET1, Tier 1, total) capital ratios, set out as a percentage of the banks' total risk exposure amount. In addition, supervisory authorities may impose institution-specific Pillar 2 capital requirements and, where appropriate, Pillar 2 guidance, reflecting risks not adequately covered under Pillar 1, on the basis of the supervisory review and evaluation process. Apart from capital requirements, a bank must also meet leverage ratio requirements, liquidity requirements and large exposure requirements. The prudential framework is risk-based and risk sensitivity inevitably entails granularity and some complexity.

This section seeks stakeholders' feedback on the undue sources of complexity in the prudential framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

#### **Question 59. What are the areas that create undue complexity in the prudential framework, if any?**

#### **What are the ways to reduce undue complexity in the prudential framework without leading to deregulation and undermining financial stability?**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

##### 1. Liquidity Coverage Ratio (LCR)

An area of undue complexity exists in the LCR regulation's treatment of open reverse repos. These instruments have no final legal maturity date but can be called with 24 hours' notice. Based on the LCR regulation legal text, the lack of a legal maturity date means that open reverse repos cannot be included in cash inflows maturing within 30 days, which has a punitive impact on a bank's LCR management. While the EBA has issued a Q&A in support of a more economic approach, this still puts the onus of proof on banks to demonstrate the 24-hour notice provisions that have been industry practice for decades. To reduce this complexity, the Level 1 LCR legal text should be amended to explicitly allow open reverse repo positions with documented 24-hour call provisions to be included within the scope of cash inflows maturing within 30 days. This targeted amendment would align the regulation with market practice and financial stability, following an approach already taken by US regulators in 2016.

## 2. Net Stable Funding Ratio (NSFR)

Further complexity arises from the NSFR, which currently treats centrally cleared repo transactions in line with bilateral transactions with financial sector counterparties (i.e., 0% ASF). This occurs even though cleared repo markets have proven to be resilient funding sources, even in periods of stress. The current approach hence fails to adequately recognize the stable funding benefits of centrally cleared repo markets. Furthermore, the regulation actively disincentivizes banks from central clearing of repo transactions as the bank receives a highly favorable funding benefit (i.e., 50% ASF) in a bilateral borrowing relationship with a public sector or non-financial corporate. Where the bank would decide to clear this transaction at a CCP, it would lose this highly beneficial funding factor because the CCP automatically takes the place of the original counterparty of the transaction and the factor assigned to CCPs would apply (i.e., 50% ASF drops to 0% ASF). We therefore propose to reduce this complexity and its resulting disincentives by recognizing the stable funding benefits of centrally cleared repo markets in the NSFR. This can be achieved through granting banks preferential stable funding factors (i.e., 50% ASF) when facing a CCP as a counterparty in a transaction for the purpose of NSFR calculations, which would better reflect the risk reducing nature of centrally cleared markets and support financial stability and market liquidity.

## Risk sensitivity

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### **Question 60. Does the prudential framework balance sufficiently risk sensitivity and complexity?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

### **Question 61. Does the prudential framework strike the right balance between risk-weighted requirements and backstops (output floor, leverage ratio) or Pillar 2 requirements?**

- Yes
- No
- Don't know / no opinion / not applicable

### **Please explain your answer to question 61:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## Leverage ratio

The leverage ratio requirement is intended as a non-risk-based 'backstop' measure. Its purpose is to constrain the build-up of excessive leverage. The leverage ratio measures the amount of equity an institution has as a share of its assets or investments. The prudential regulation includes several exemptions in the calculation of the exposure measure. Apart from the minimum leverage ratio requirement of 3%, the EU has also introduced an additional requirement for global systemically important institutions and Pillar 2 leverage ratio requirements.

### Question 62. Do you think that the leverage ratio framework would need improvement?

- Yes
- No
- Don't know / no opinion / not applicable

### Do you have any suggestions as to how to improve the leverage ratio framework?

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The leverage ratio framework would benefit from targeted amendments to ensure that regulatory requirements more accurately reflect economic risk—particularly in relation to cross-product netting and the treatment of client clearing activities. The failure of the SA-CCR to recognize cross-product netting between derivatives and repo/SFTs materially overstates exposures for economically hedged, cleared portfolios. This misalignment undermines the capital and funding efficiencies of central clearing, discourages banks from expanding clearing and client clearing activities, and creates regulatory incentives that run counter to market-wide risk reduction and liquidity objectives. Furthermore, as the US is moving to recognize cross-product netting, without similar action the EU banking system will face a significant competitive disadvantage.

As internal risk models lose relevance, the standardized framework becomes the binding reference point for business decisions and product development in banks. While benefits of cross-product netting can be recognized for counterparty credit risk capital purposes where internal models for the calculation of credit exposure can be applied, SA-CCR does not recognize off-sets across products (e.g., derivatives vs. repo /SFTs). Rather, the credit exposure measurement for repo/SFTs and derivatives are standalone calculations under SA-CCR. As a result, banks must calculate derivatives and repo/SFT exposures separately even when they economically offset each other, causing inflated exposure measures that overstate risk and consume excessive capital and leverage capacity for low-risk, cleared portfolios. Even though CCPs offer cross-product offsets in their margin methodologies through which banks can benefit from lower margin requirements for cleared transactions, in absence of cross-product offsets in the credit exposure calculations, the lowers margin requirements are not sufficient to offset the overall credit exposure, ultimately resulting in higher capital requirements for banks. This creates a paradoxical outcome: The current framework disincentivizes not only banks themselves to engage more in cleared transactions and benefit from cross-product margining methodologies, it also disincentives clearing banks from taking on more client clearing business and from promoting the cross-product margin efficiencies offered by CCPs to their clients (non-banks and buy-side). This inconsistency undermines one of the core value propositions of CCP clearing for banks, which provides substantial funding and capital efficiencies by recognizing offsetting risks across cleared products. Despite these genuine risk-reducing benefits, clearing banks are penalized by the current capital regime, which gets even worse when supporting client adoption of these innovations. As a result, regulatory incentives become

misaligned with market-wide risk reduction and efficient liquidity management, notably at a time when regulators are intending to mitigate vulnerabilities in the non-bank financial institutions (NBFIs) and government debt markets. Policymakers globally have identified increasing the use of central clearing by NBFIs as a major risk mitigant against the reduced liquidity provision in bilateral government debt markets that NBFIs face during stress events. In this context, recognizing cross-product netting will enable banks to facilitate increased NBFIs access to cleared debt markets.

The current standardized framework also treats derivatives and SFTs in isolation, even though banks frequently manage these exposures on an integrated basis under legally enforceable cross-product close-out arrangements. Such structures are increasingly common, especially in client clearing and liquidity optimization. Yet netting relief applies only under narrow and highly restrictive conditions.

Where cross-product netting is legally robust and operationally effective, the absence of recognition leads to capital requirements that materially overstate exposures relative to their true economic risk. Allowing appropriately conditioned recognition would enhance the risk sensitivity of the capital framework without compromising prudential safeguards.

We therefore support industry-wide calls, which propose that the SA-CCR be amended to permit recognition of netting across product classes, including derivatives, repos and other SFTs, provided enforceability and operational processes are clearly demonstrated. Considering the recent US Basel III proposal, which includes an enhanced recognition of cross-product netting, non-action by the EU would result in a serious global competitive disadvantage, which should be proactively addressed.

## Please explain your answer to question 62:

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## Pillar 2 capital components

Competent authorities shall impose an additional own funds requirement, a Pillar 2 Requirement (P2R) if a bank is exposed to risks or elements of risks that are not covered or not sufficiently covered by Pillar 1 requirements. In addition, competent authorities determine for each credit institution the overall level of own funds they consider appropriate to ensure that the institution's own funds can absorb potential losses resulting from stress scenarios, this is generally referred to as the Pillar 2 Guidance (P2G).

### Question 63. Do you think the Pillar 2 Requirement needs to be improved?

- Yes
- No
- Don't know / no opinion / not applicable

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### Question 64. Do you think the Pillar 2 Guidance needs to be improved?

- Yes
- No
- Don't know / no opinion / not applicable

## Management buffer

Most banks have excess capital over the capital requirements, often called a management buffer. Most banks set a specific target level, above capital requirements. Some banks also disclose this target level. Reasons to set a management buffer can include internal considerations such as managing unexpected risk and external considerations such as expectations from other stakeholders.

### Question 65.1 What determines the level of the management buffer?

#### How much does the management buffer weigh in the overall capital set aside by banks?

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### Question 65.2. Do you think there are unwarranted pressures to set such a buffer?

- Yes
- No
- Don't know / no opinion / not applicable

## Non-performing loans

In over a decade, the EU has adopted with success several measures to reduce the amount of NPLs in the economy to promote the stability of its banking system and free up capital for new lending, thereby restoring market confidence to the benefit of the real economy. Among these were

- i. the 'NPL-backstop', which requires banks to book minimum levels of provisions for NPLs and to apply a deduction to their capital if provisions fall short
- ii. the Credit Servicers (or NPL) Directive, which sets up a harmonised legal regime for credit purchasers and credit servicers

- iii. the framework for Specialised Debt Restructurers, which further promotes NPL secondary markets by exempting institutions that are specialised in the acquisition and management of non-performing exposures from the NPL backstop

**Question 66. Are, in your view, the various elements of the framework aimed at reducing NPLs working as intended?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 66 and, if deemed relevant, provide suggestions to improve the framework:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Own funds instruments**

**Question 67. Do you see any issues with the current rules on own funds instruments (CET1, AT1, Tier 2)?**

- Yes
- No
- Don't know / no opinion / not applicable

**Output floor**

Implementing a key part of the final Basel III standards, the EU introduced the output floor as part of the [banking package](#) applying from January 2025. The output floor aims to limit the unwarranted variability in the own fund requirements produced by internal models relative to an institution using the standardised approaches. By setting a lower limit on the own funds requirements that are produced by institutions' internal models of 72,5% of the own funds requirements that would apply if standardised approaches were used by those institutions, the output floor limits the risk of excessive reductions in capital.

While the Basel III international standards suggest applying the output floor only at the highest level of consolidation of a banking group, in the EU the output floor applies at all levels of consolidation (consolidated level and individual level of each subsidiary). To avoid a disruptive impact on lending and to ensure its impact on own funds the application of the output floor is phased in over a sufficiently long period of time.

**Question 68. What are your views on the following considerations regarding the EU implementation of the output floor?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
The current rules introduced by CRR3 achieve the right balance – no need to revise the output floor framework	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Some or all of the transitional derogations related to the output floor should be prolonged	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Some or all of the transitional derogations related to the output floor should be made permanent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The output floor should only apply at consolidated level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The calibration of the output floor (72.5%) should be increased	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The calibration of the output floor (72.5%) should be made more risk-sensitive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The calibration of the output floor (72.5%) should be reduced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Please explain your answer to question 68:

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### 3.3. Macroprudential framework

The EU macroprudential framework and its implementation is multi-layered, involving both national and EU authorities. While macroprudential policies in the EU are largely national, their implementation at national level often requires the involvement of different EU bodies (European Commission, European Systemic Risk Board (ESRB), ECB) to preserve the integrity of the single market. However, in practice, the implementation of national measures leads to unwarranted heterogeneity and inconsistency across Member States.

The EU macroprudential framework for banks, which includes both capital-based measures and risk-weight tools, is perceived as being rather complex in international comparison. The capital buffers framework features five buffers, two of which are EU specific. The macroprudential framework also includes a risk-weight toolkit which allows national authorities to increase risk weights on bank exposures to tackle risks in specific sectors, particularly in the real estate sector. This toolkit is based on decentralised governance, which is unduly complex and creates inefficiencies such as potential overlaps, heterogeneous application and administrative burden.

Moreover, the interaction between macroprudential and micro-prudential requirements (which are often intertwined), and resolution requirements may hinder in certain cases buffer usability.

This section seeks stakeholders' feedback on the undue sources of complexity in the macroprudential framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

**Question 69. In your view, which of the areas below create inefficiencies and undue complexity in the macroprudential framework?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
The current number and scope of macroprudential buffers, some of which may potentially tackle similar risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The calibration of macroprudential buffers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The calibration of other macroprudential tools	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The heterogeneous application of some tools like Other Systemically Important (O-SII) buffers across the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current reciprocity arrangements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The decentralised macroprudential governance framework and prominent role of national macroprudential authorities in setting measures.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answer to question 69:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 70. How can the macroprudential buffer framework be streamlined, while at the same time preserving resilience and the ability of responsible authorities to address systemic risks?**

**Which buffers could be merged and what should be their role?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 71. What are your views regarding the need for a buffer for tackling sectoral risks?**

**Is there a need to maintain a sectoral buffer specifically for real-estate exposures to ensure a more targeted application?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 71:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.



**Question 72. What are your views on the identification of O-SIIs and the calibration of the buffer for systemically important banks?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
The methodology for the identification of O-SIIs should be revised to ensure an enhanced cross-country consistency while considering national specificities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The O-SII buffer should be calibrated following a more harmonised methodology which ensures a better correlation of systemic importance with a defined range for the level of the buffer rate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintain the current state of play regarding the O-SII buffer calibration while enhancing transparency and accountability (including through public disclosure) regarding the calibration methodology and its application.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answer to question 72:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 73. Is the current share of releasable buffers\* (countercyclical buffer and the systemic risk buffer) in the total combined buffer requirement adequate, so as to ensure that sufficient resources can be released in a downturn to support lending to the economy?**

\* Releasable buffers are designed in a way to ensure that they can be built-up and released (countercyclical buffer) or discontinued (systemic risk buffer), upon agreed triggers and process by designated authorities and ensure that capital is made available to sustain lending to the economy in a downturn. Non-releasable buffers are not expected to be released in downturns and are designed to address risks related for instance to the systemic nature of banks, e.g. global systemically important institutions (G-SII)/O-SII buffers). Banks can dip into these non-releasable buffers but breaching buffers triggers consequences (e.g. restrictions to distributions) which banks may be unwilling to bear.

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 73:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 74.1. How could the risk-weight toolkit under Article 458 CRR be fine-tuned?**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 74.2. Would its role change in the context of a streamlined buffer framework?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 74.2:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**3.4. Crisis management framework**

The crisis management framework, governed by the [BRRD](#), the [Single Resolution Mechanism Regulation \(SRMR\)](#) and the [DGSD](#), which has recently been revised by the [crisis management and deposit insurance \(CMDI\) package agreed in June 2025](#), aims to ensure financial stability, resilience, minimise reliance on public funds and protect depositors in case of bank failures. It is a multi-layered framework, involving both national and EU authorities, with dedicated rules to frame very different forms of public intervention, preventively or upon failure, and increase the preparedness of the banking sector.

The resilience of the framework is also ensured by the availability of tools and resources to deal with bank failures, such as resolution funds and deposit guarantee schemes. In this context, crisis management and prudential rules are intertwined, as the effectiveness of the crisis management tools at the disposal of the relevant authorities can directly affect the design of the prudential rules.

This section seeks stakeholders' feedback on potential undue sources of complexity in the crisis management framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

**Question 75. Are there areas that create undue complexity in the crisis management framework?**

-

Yes

- No
- Don't know / no opinion / not applicable

### Minimum requirement for own funds and eligible liabilities (MREL)

MREL is a cornerstone of the crisis management framework, providing necessary loss-absorbing capacity to resolve banks and, where appropriate, recapitalise them to protect critical functions for the economy. Inspired from the total loss absorbing capacity (TLAC) concept introduced by the Financial Stability Board, MREL has developed over time into a particularly complex set of rules, without sufficient consideration of its impact on other parts of the framework. This may have important effects on buffer usability, compliance costs and the ability to implement, monitor and enforce the requirements by authorities, banks and market participants.

### Question 76. Are the current rules related to the determination of MREL targets effective, efficient, clear and predictable?

- Yes
- No
- Don't know / no opinion / not applicable

### Please explain your answer to question 76:

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 76. How can the determination of MREL targets be rendered less complex, while preserving the resilience of the system?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Better align MREL to TLAC, by making the calibration more automatic, predictable and transparent, and subject to less discretions by resolution authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better align MREL to TLAC by allowing MREL to be complied with more subordinated instruments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make the MREL framework for medium-sized and smaller banks more proportionate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introduce a minimum debt requirement where MREL should be complied with non-CET1 instruments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Please explain your answer to question 76:

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## Prior permission regime

The MREL framework contains specific rules to require prior authorisation before a bank can redeem an eligible liability. Inspired by a similar mechanism in place for the redemption of own funds instruments, these rules are set in the CRR.

### **Question 78. Do you consider that the prior permission regimes for the redemption and replacement of MREL resources should be simplified?**

- Yes
- No
- Don't know / no opinion / not applicable

## Please explain your answer to question 78:

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## Use of safety nets

Resolution actions may require the use of external funding to support the effective implementation of the resolution scheme. The use of financing from resolution funds is subject to strict rules, in particular the need to bail-in shareholders and creditors for an amount at least equal to 8% of the total liabilities and own funds of the entity subject to resolution. This requirement is essential to address moral hazard and reduce the risk of using taxpayers' money. However, it creates rigidity and may not be suited in all circumstances, for example when this minimum bail-in condition would have led resolution authorities to impose losses on depositors and where such action would have been detrimental to financial stability. It should be noted that other jurisdictions have different systems where such condition either does not exist or can be lifted in exceptional circumstances.

**Question 79. What is your view on the rules allowing to use resolution funds to support a resolution action, in particular the minimum bail-in of 8% of the total liabilities of own funds of the distressed bank?**

**a) Are they proportionate and give sufficient flexibility to handle bank failures adequately?**

- Yes
- No
- Don't know / no opinion / not applicable

**b) Do they create level playing field issues vis-à-vis other jurisdictions?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please complement and explain your answers to question 79:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### **3.5. Interactions across parts of the framework**

The prudential, macroprudential and crisis management parts of the framework are closely interlinked. The complexity of these interactions also stems from the coexistence of requirements that may seek to address similar challenges or the coordination, or lack thereof, among relevant authorities in setting, monitoring and enforcing these rules. One particularly relevant topic is the capital stacks created by the various prudential, resolution and macroprudential capital requirements.

This section seeks stakeholders' feedback on the undue sources of complexity in the interaction across the three parts of the framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

**Question 80. In your view, which of the areas below create inefficiencies and undue complexity in the interactions across the prudential, macroprudential and crisis management parts of the framework?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Overlapping requirements addressing the same or similar risks (P2R /P2G/certain macroprudential buffers);	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limited buffer usability resulting from double counting CET1 both in macroprudential buffers and in other minimum requirements (leverage ratio, MREL)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Multiplicity of MDA restrictions with varying triggers stemming from prudential and resolution frameworks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cross-framework governance and coordination issues and data sharing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answer to question 80:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 81. How could the governance in the macroprudential framework be improved to achieve a more consistent application of macroprudential tools across the EU?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 82. What ways could be envisaged to reduce undue complexity in the interactions across the three parts of the framework, including in relation to the capital stack and governance arrangements between the authorities in charge of the prudential, macroprudential and crisis management rules, without undermining financial stability?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 83. How could the governance arrangements across the three parts of the frameworks be improved, having in mind the objective of ensuring the adequacy of requirements applying to individual banks and avoiding overlaps?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### **3.6. Proportionality**

The EU Single Rulebook for banks addresses the need for proportionality throughout the current bank regulatory framework. Certain banks meeting a set of size and risk-based criteria can apply a lighter regime compared to the regime applicable, by default, to all banks. Notably, small and non-complex institutions in the CRR (defined in Article 4(1), point (145) of CRR) benefit from lighter reporting and disclosure requirements, while the bulk of capital, liquidity, corporate governance requirements apply across the board. In the crisis management domain, banks under simplified obligations are subject to lighter resolvability expectations, etc.

This section seeks stakeholders' feedback on the current levels of proportionality in the banking regulatory framework and how to further improve it.

**Question 84. Would you consider that the current bank regulatory framework is sufficiently proportionate for smaller banks?**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- Don't know / no opinion / not applicable

**Please explain your answer to question 84:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We want to highlight that proportionality in banking regulation is increasingly necessary to ensure the resilience and competitiveness of the European financial market infrastructure. Applying uniform banking rules designed for large, internationally active credit institutions to different operating models including smaller, low risk and specialized entities leads to disproportionate compliance costs, operational complexity and market

concentration, without commensurate financial stability benefits.

A more structured, tiered regulatory approach, scaled and based on size, risk profile, and systemic relevance, would allow simplified yet robust prudential, governance and reporting requirements for non-systemic institutions, while maintaining stringent standards for systemically important banks.

For institutions with limited balance sheet risk and highly regulated operating models, such proportionality is essential to preserve efficient cross border settlement services, support market liquidity, and prevent excessive consolidation in post trade infrastructures. Proportionality should therefore be an explicit supervisory principle, embedded in primary regulation, and applied consistently, ensuring a level playing field while safeguarding financial stability and the strategic autonomy of EU capital markets.

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**Question 85. Do you consider that the introduction of a dedicated regulatory and supervisory regime for small banks would be warranted in the EU?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 85, assessing in particular how such a regime could meaningfully improve proportionality and efficiency, without undermining financial stability, depositor protection, or the level playing field within the EU:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 86. Should there be, in your view, a more consistent and proportionate set of requirements across the prudential, macroprudential and crisis management rules for smaller banks?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 87. Should the definition of small and non-complex institutions be amended?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 87:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### **3.7. Corporate governance**

The CRD and CRR aim at ensuring the sound and prudent management of financial institutions. To that end, they contain specific provisions on corporate governance of financial institutions.

This section seeks stakeholders' feedback on the effectiveness of current corporate governance rules and their impact on the EU banking sector.

**Question 88. Taking into account the need to put in place sound remuneration policies that do not provide incentives for excessive risk-taking behaviour, but also the need to remain competitive and reduce financial and administrative burden, how would you evaluate the following provisions on the pay of directors and other material risk takers?**

	Very positive	Somewhat positive	Neutral	Somewhat negative	Very negative disagree	Don't know - No opinion - Not applicable
Requirement that the variable component shall not exceed 100 % of the fixed component of the total remuneration for each individual ('bonus cap')	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Requirement that the variable remuneration shall consist of different types of instruments ('balancing requirement')	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Requirement that a significant part of the remuneration is deferred and vest on a pro-rata basis ('deferral')	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Requirement that up to 100 % of the total variable remuneration shall be subject to malus or clawback arrangements ('malus /clawback')	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## **Please explain your answer to question 88:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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## **Question 89. Where do you see potential for simplification of the EU rules on internal governance and remuneration policies of financial institutions without undermining the institutions' sound and prudent management?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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## **Question 90. In your view, which regulatory measures regarding the EU rules on internal governance and remuneration policies of financial institution could lead to improvements?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## **3.8. Reporting and disclosures**

Public disclosure by banks is important to ensure transparency and market discipline. Supervisory reporting is about giving the supervisor the necessary data to monitor banks and if necessary, intervene. Supervisory reporting and public disclosure requirements related to prudential, macroprudential and crisis management have evolved over time and are sometimes split across different Implementing Technical Standards developed by the EBA.

Co-legislators have recently amended the provisions empowering EBA to draw up reporting templates moving from a tabular way of reporting, whereby banks fill in templates and send them to supervisors, to a data element focused

reporting, whereby banks produce data that are then sent digitally to supervisors. A number of initiatives have been developed in relation to disclosures of information to the public, in particular through a centralisation of disclosures and a greater role for EBA in line with the Pillar 3 data hub and ESAP rules. In addition, in 2025 the Commission has put forward a series of simplification initiatives aimed to boost competitiveness and reduce administrative burdens for businesses. Key proposals in the [‘Omnibus I’ package on sustainability reporting](#) have been agreed upon by co-legislators, and work is ongoing to finalise the implementing measures of the revised [Corporate Sustainability Reporting Directive \(CSRD\)](#) on which a political agreement was reached in December 2025. Technical work is also ongoing in relation to the [European Sustainability Reporting Standards \(ESRS\)](#) as well as the [Climate and Environmental Delegated Acts](#) implementing the Taxonomy Regulation. Lastly, the Commission proposed in 2025 a [reform of the Sustainable Finance Disclosure Regulation](#), which is being negotiated by the co-legislators.

This section seeks stakeholders’ feedback on the ongoing and upcoming initiatives to improve the efficiency of reporting and disclosure requirements for EU banks and potential further improvements in this area.

See also the work on nature risks by the Network for Greening the Financial System, such as the [supervisory work related to nature related risks](#) and a [proposed risk assessment framework](#), or the ECB, such as [Nature at risk: Implications for the euro area economy and financial stability](#), ECB Occasional Paper Series No 380, and [The impact of the euro area economy and banks on biodiversity](#), ECB Occasional paper Series No 335.

**Question 91. Which of the implemented or planned EU or national measures have in your opinion the most impact on reducing undue complexity and burden as regards bank reporting requirements?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 92. What factors linked to reporting obligations in the regulatory framework contribute most to the compliance costs?**

	Low impact	Medium impact	High impact	Don't know - No opinion - Not applicable
Number of data points	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Frequency of changes of the reporting obligations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The difficulty of using regulatory reporting for internal risk management purpose	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ad hoc reporting requests from supervisory authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Frequency of submission of reporting obligations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answer to question 92:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 93. What other policy measures, legislative or non-legislative, could be considered to further modernise reporting and reduce the reporting burden?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 94. Do you identify any instances where the reporting requirements for banks also lead to an undue burden for bank's clients?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 95. In light of the ongoing revision of a number of pieces of EU legislation on sustainability (CSRD delegated acts, Taxonomy delegated acts, SFDR), do you see the need for amending any provision of the banking regulatory framework with a view to ensure achieving the objective of properly managing sustainability-related risks faced by banks?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 95:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## **Additional information**

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Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

### **Useful links**

More on this consultation ([https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-competitiveness-eu-banking-sector-2026\\_en](https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-competitiveness-eu-banking-sector-2026_en))

[https://finance.ec.europa.eu/document/download/85228e21-7a48-4110-ba6:dd11d0e7b5af\\_en?filename=2026-banking-sector-competitiveness-consultation-document\\_en.pdf](https://finance.ec.europa.eu/document/download/85228e21-7a48-4110-ba6:dd11d0e7b5af_en?filename=2026-banking-sector-competitiveness-consultation-document_en.pdf)

[https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/16795-Competitiveness-in-the-single-banking-market\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/16795-Competitiveness-in-the-single-banking-market_en)

[https://finance.ec.europa.eu/regulation-and-supervision/savings-and-investments-union\\_en](https://finance.ec.europa.eu/regulation-and-supervision/savings-and-investments-union_en)

[https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/financial-markets/macroprudential-policy\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/financial-markets/macroprudential-policy_en)

[https://finance.ec.europa.eu/banking/banking-regulation\\_en](https://finance.ec.europa.eu/banking/banking-regulation_en)

[https://ec.europa.eu/info/files/2022-XXXX-specific-privacy-statement\\_en](https://ec.europa.eu/info/files/2022-XXXX-specific-privacy-statement_en)

## **Contact**

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