



## Monthly regulatory update

This month we focus on the significant revisions being made by the Basel Committee to the capital framework – notably to the calculation of credit, market and operational risk; capital floor and the revised market risk framework. The wide-ranging nature of these revisions means that they will have to be applied in the EU through substantial revisions to the CRR – and therefore in effect a CRR2.

Also, we look at the second pillar of banking union, the Single Resolution Board; the ECB Regulation on the collection of granular credit and credit risk data (“AnaCredit”); and finally the KPMG Peer Bank – a new benchmarking tool for the banking sector developed by KPMG’s ECB Office looking at some of the largest banks across the European Union.

### Key developments...

#### CRR2 begins...

The Basel Committee is currently developing significant revisions to the calculation of credit, market and operational risk; and is proposing a new ‘capital floor’ to limit the extent to which a bank’s internal models-based approaches can drive its calculations below those under the standardised approaches. The revisions to the market risk framework have already been finalised, with an implementation date of 2019. The wide-ranging nature of these revisions means that they will have to be applied in the EU through substantial revisions to the CRR – in effect a CRR2 – and through a new round of EBA technical standards and guidance. Just copying out the revisions will be a massive task. [More...](#)

#### The second pillar of the Banking Union

With Euro 2016 upon us, it is a good time to ask: who is the referee for European banks? Six months ago, the answer was clear: the Single Supervision Mechanism, hosted by the ECB in Frankfurt. But since January, a second referee is on the pitch: the Single Resolution Board, an EU authority based in Brussels. Who will be the more demanding of the European bank referees? [More...](#)

#### The ECB adopts AnaCredit Regulation

On 18 May 2016, the Governing Council of the ECB adopted the Regulation on the collection of granular credit and credit risk data (“AnaCredit”). The aim of AnaCredit is to set up a dataset



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containing detailed information on individual bank loans in the euro area, harmonized across all Member States. Even if AnaCredit were the only data and reporting change facing banks, the sector would be hard pressed to meet the timelines set by the new regulation. But the industry is also having to respond to BCBS 239 requirements, and so we aren't looking merely at compliance requirements now. Banks who haven't factored AnaCredit into their data and analytics strategies will need to make significant changes to their plans and course of action. [More...](#)

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### **KPMG Peer Bank – A new benchmarking tool for the banking sector**

“How does my bank compare to others?” This is one of the more commonly asked questions when KPMG member firms meet with banks to talk about Supervision. Banks across Europe want to know where they stand among their peers. KPMG’s ECB Office has developed KPMG Peer Bank, a new benchmarking tool that is designed to go beyond transparency to deliver comparative peer-to-peer insights for banks. To find out more information about the KPMG Peer Bank tool visit [www.kpmg.com/peerbank](http://www.kpmg.com/peerbank).

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### **➤ On the radar...**

- **22 June:** EBA deadline for consultation on modified duration for debt instruments.
  - **24 June:** BCBS deadline for consultation on reducing variation in credit risk-weighted assets – constraints on the use of internal model approaches.
  - **6 July:** EBA deadline for consultation on amending RTS on CVA proxy spread.
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### **About us**

Our team believes in knowledge and passion for what we do builds value. As such, we strive to proactively bring our clients top products to enable them to succeed in their business activities. At the forefront of advising banks on regulatory change, we are here to help you successfully navigate the complex maze of interlinked European regulations.

**Let's meet and discuss on how we can add tangible value to your organization.**

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