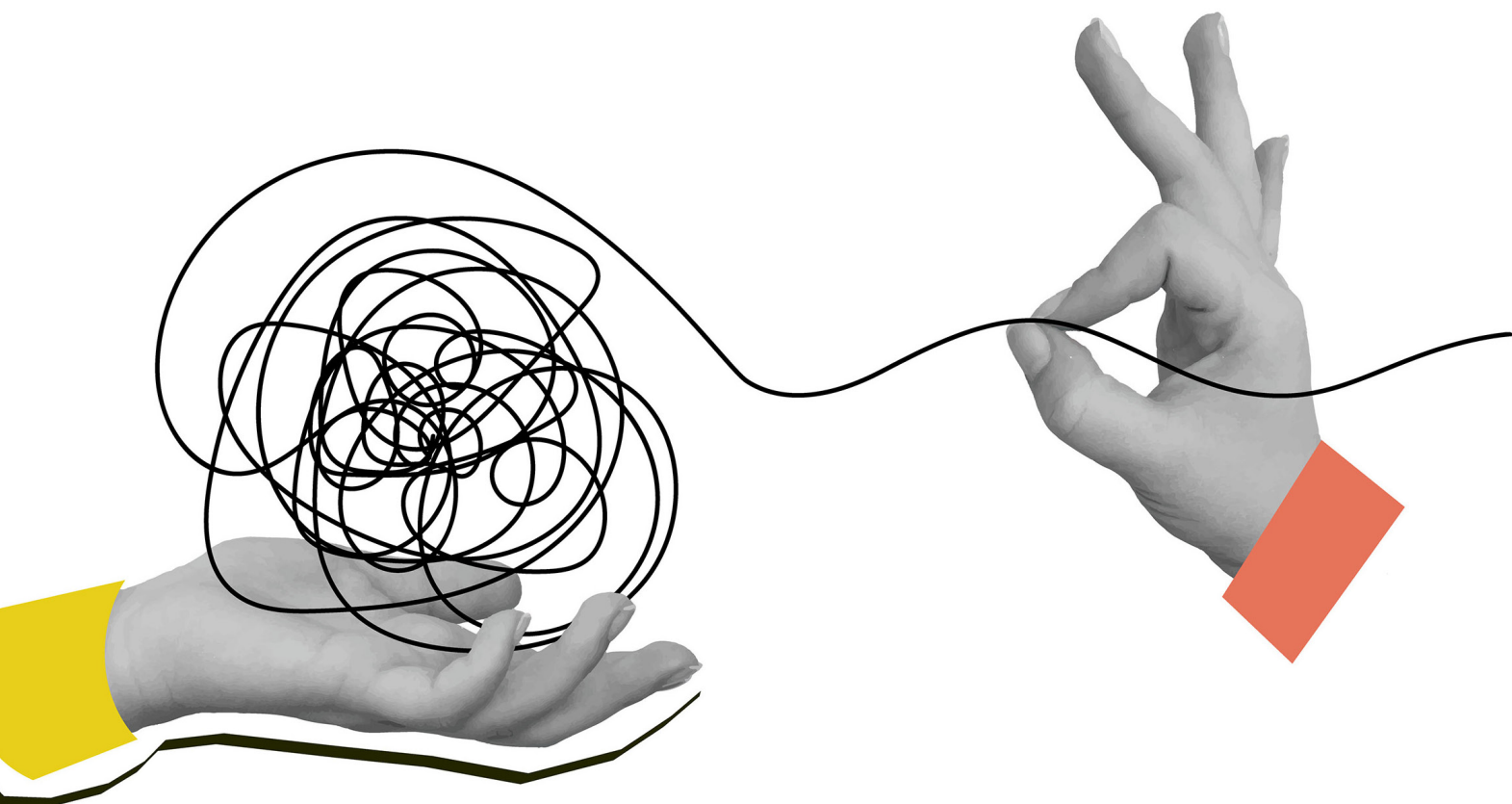




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Contact at the German Banking Industry Committee

Michaela Zattler

Association of German Banks

michaela.zattler@bdb.de

Dr. Holger Mielk

National Association of German

Cooperative Banks

dr.mielk@bvr.de

Carsten Groß

Association of German Public Banks

carsten.gross@voeb.de

Michael Engelhard

German Savings Banks Association

michael.engelhard@dsgv.de

Bastian Blasig

Association of German Pfandbrief Banks

blasig@pfandbrief.de



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Executive summary

The present report analyses the effects of the complex and fragmented banking regulatory framework on the competitiveness of European banks. It shows that the overly complex, costly and opaque regulatory framework places a significant burden on institutions. Since the financial crisis, stability has been strengthened – but at the expense of efficiency, profitability and international competitiveness. Efficient, simple and, at the same time, risk-appropriate regulation can therefore be an effective lever for increasing the profitability and business activity of banks in Europe. In addition to analysing the key areas for action, the report also proposes possible solutions. Reference is made to the non-paper by BaFin and the Deutsche Bundesbank on the EU small bank regime.

Key areas requiring action

One key factor in reducing the burden is the **complexity of the supervisory system and fragmented supervisory structures**. Continuous new requirements from the SSM, EBA and other authorities significantly increase operating costs, limit strategic scope and undermine profitability. The existence of parallel requirements from many different supervisory authorities, the lack of overall responsibility for the regulatory framework and insufficient coordination between European and national supervisors lead to divergent, sometimes inconsistent and contradictory approaches and a lack of transparency.

In Europe, the **capital requirements**, that are particularly important for credit institutions, are arranged in an uncoordinated network. The individual components of the ‘capital stack’ are subject to extensive and detailed regulations, for which various national and European supervisory authorities are responsible. In addition to Pillar 1 and Pillar 2 requirements, institutions must meet capital **buffer requirements**, which comprise four different buffers. Besides the overall complexity of this system, key challenges identified include the lack of clear differentiation between buffers, double counting of certain risks

and the limited usability (releasability) of buffers. Moreover, the buffers do not achieve their intended effect – for instance, the countercyclical capital buffer (CCyB) does not function in a sufficiently countercyclical manner, the capital conservation buffer (CCB) is rarely drawn down, and the systemic risk buffer (SyRB) lacks predictability.

Alongside risk-based capital requirements and capital buffers, further safety nets in the form of a **backstop regimes** are also included in the overall regulatory framework. This regime comprises the output floor, which represents a fixed lower limit for the capital requirements of model banks, and the leverage ratio, which requires all banks to have Tier 1 capital of at least 3% in relation to their total business volume. The leverage ratio does not take the risk content of individual exposures into account; even risk-free positions are recorded. The coexistence of several safety nets makes the framework unnecessarily complex and leads to undesirable incentives.

In the latest EU Banking Package, **Pillar 1** underwent another fundamental reform. Once the transitional arrangements expire, the reform will lead to significantly higher capital requirements. This poses the risk of competitive disadvantages over institutions in other jurisdictions. In particular, this applies to trading on international capital markets. We therefore welcome the postponement of the new Market Risk Framework (Fundamental Review of the Trading Book, FRTB). The time gained should be used to review and amend the rules for practical applicability.

A strong **Pillar 2** remains necessary for an adequate overview of the individual risk situation of each institution. However, the **ICAAP** is currently overregulated, inefficient and detached from practice. Real added value is created when the institutions themselves are entirely responsible for calculating the ICAAP. This provides a realistic and control-relevant picture of risks from the institution’s perspective. The ICAAP results could then be compared with those of the SREP, which would remain under the

responsibility of the SSM. Anonymised publication of the aggregated deviations would create additional transparency and would allow the results to be used not only by supervisory authorities and institutions, but also by other market participants.

In the experience of German banks, the **disclosure report under Pillar 3** is hardly ever used. From a cost/benefit perspective, it seems advisable to dispense with separate Pillar 3 disclosure altogether.



The Bundesbank and BaFin have recently put forward proposals in a non-paper on the creation of a **small bank regime**. This approach addresses the industry's criticism of the 'one size fits all' concept of current banking regula-

tion and should be pursued further. The overly complex regulatory framework poses challenges for all institutions, but small institutions are disproportionately burdened and overstretched. The basic idea behind the small bank regime is that institutions that meet the entry criteria and opt in are exempt from calculating risk-based capital requirements and Pillar 2 add-ons. In addition, these institutions can then benefit from further relief regarding liquidity requirements (including exemption from NSFR), remuneration rules, reporting and disclosure requirements, and the implementation of Level II and III requirements issued by the ESAs.

The topic of banking supervision and statistical **reporting (including IReF)** offers considerable potential for reducing bureaucracy. The detailed and complex regulation across the various supervisory authorities also entails equally complex reporting requirements. This often results in redundancies and duplicate reporting. The validation and correction processes currently required by the EBA and ECB are particularly intricate. The different processes must be merged and harmonised. In order to take a valid inventory and make a fresh start, the first step should be to impose a moratorium and refrain from adding or expanding data points.

A reform of **Level II and Level III regulation** within the framework of the Lamfalussy process is urgently needed. Originally designed to simplify parliamentary procedures and speed up the legislative process, rule-making at Level II and Level III has since developed a life of its own. The sheer number of Level II/Level III legal acts is no longer manageable. The Lamfalussy process must be refocused on its original purpose, and accountability and the balance in law-making must be urgently improved.

Key recommendations

- 1. Make regulation more efficient:**
Remove duplications, reduce excessively detailed requirements, ensure clear areas of responsibility.
- 2. Simplify the capital framework:**
Abolish the systemic risk buffer, harmonise the O-SII buffer, introduce a single releasable buffer.
- 3. Reduce overlaps in the backstop regime:**
Output floor and leverage ratio is one safety net too many.
- 4. Strengthen Pillar 2:**
Return to an ICAAP with genuine control benefits, make SREP results transparent.
- 5. Streamline disclosure requirements:**
Discontinue the separate Pillar 3 report. Integrate a limited set of 'key metrics' into the annual report.
- 6. Introduce an EU small bank regime:**
Substantial simplifications through proportional requirements, in line with international models.
- 7. Streamline reporting:**
Moratorium for new reporting requirements, standardise validation and correction processes.
- 8. Reform level II/III regulation:**
Focus on the essentials, stronger parliamentary control, clear limitation of soft law instruments.

Conclusion

The competitiveness of European banks is vital for supplying the real economy with capital. A paradigm shift towards greater regulatory efficiency and improved regulatory effectiveness and proportionality is needed. This is the only way Europe can remain competitive internationally without jeopardising the stability it has achieved.

Motivation for the paper

Regulation is a key competitive factor that influences the profitability and business activities of European institutions – to a significantly greater degree than in other sectors. In particular, capital requirements and the organisation of supervision are key levers for financial stability and competitiveness.

Thanks in part to intensive regulatory work in the wake of the financial crisis from 2009 onwards, the resilience of European banks has been noticeably strengthened – despite a challenging earnings situation and market environment. This substantial stabilisation is recognised throughout the industry as necessary and appropriate.

In the EU, this process went hand in hand with the establishment of new institutions: The Single Supervisory Mechanism (SSM) and other authorities within the European System of Financial Supervision (ESFS) are now working together with national supervisors to implement and apply the comprehensive regulatory framework.

The number of actors involved in European regulation and enforcement has grown, and the line between legislation and administration has become increasingly blurred.

This can easily lead to a fallacy: What appears reasonable and justified in individual cases leads to declining marginal utility and reduced controllability overall – while at the same time placing an ever-increasing burden on institutions and driving up their costs:

- The cumulative capital and liquidity requirements are putting a brake on business activity and constraining profitability.
- Constant new requirements, particularly from the SSM and EBA, give rise to significant initial and ongoing operational costs.
- Regulatory requirements constrain strategic scope, inevitably leading to the need for amendments, which are widely criticised by stakeholders.

The core problem is the lack of clear overall responsibility for the regulatory framework and prioritisation. Coordination among the authorities involved is insufficient and the distribution of responsibilities as well as the variety of instruments are confusing, leading to divergent and parallel approaches. This is coupled with an acute lack of accountability on the part of the SSM towards institutions and the European legislator.



These developments have led to an overly complex regulatory framework and opaque supervision. Yet Europe does not operate in a regulatory vacuum – complexity is hampering the ability of European banks to compete internationally; complex regulations are placing excessive structural demands on smaller market participants in particular, and lending is shifting to less regulated areas of the non-banking sector, raising new questions about financial stability. It has become apparent that the European supervisory authorities are reaching the limits of their capacities and inefficiencies are also becoming evident – even though, for example, the ECB’s supervisory fees have almost tripled over the past ten years. Institutions do not feel that the data they submit is sufficiently acknowledged and utilised.

Simplification is urgently needed to strengthen the competitiveness of the European banking sector. The key objective must be to achieve greater regulatory efficiency – meaning as few rules and instruments as necessary to maintain the current level of prudential soundness. This implies the removal of inconsistencies, duplicate regulation and excessively detailed requirements, as well as streamlining supervisory processes.

Ideally, the regulatory framework should be completely redesigned from scratch. Given the existing institutional structures, however, such a fundamental restart appears politically unfeasible. This paper therefore focuses on concrete levers with the greatest potential for cost reductions and operational relief. This is challenging because experience shows that solving problems through reduction is usually much more demanding than adding new layers (of regulation).

A sensible first step would be a **regulatory moratorium**, which would create space for a thorough analysis of the existing framework. This discussion paper serves to high-

light **possible solutions** that the GBIC considers appropriate, guided by the following principles:

- Holistic approach: The initial focus is on Level I, as this is where the structural solution must be anchored over the long term.
- The Basel requirements remain the point of reference, but with scope for a European approach that takes appropriate account of regional specificities.
- Focus on principles rather than controlling every detail.
- We consider the current amount of capital requirements in the European system (as of 2025) to be sufficient. Where individual proposals lead to noticeable reductions, overall calibration is necessary – this is not about deregulation.
- Commitment to risk-based regulation will be maintained, including the option of using internal models.
- Ensure proportionality not only on paper, but also in decisive and consistent implementation. This applies both to smaller institutions (e.g. the small bank regime) and to large institutions (e.g. no parallel application of national and international requirements).

Independently of work carried out by the GBIC, in the summer of 2025 the German supervisory authority contributed its own proposals to the regulatory discourse, addressing similar starting points (see chapters on Capital Stack and European Small Bank Regime). The GBIC’s comments on the proposal for simplifying the regulatory capital framework can be found later in this paper.¹

In past years, the GBIC has highlighted a number of problems and areas with potential for improvement which, although not directly necessary for the presentation of possible solutions, nevertheless expand or further concretise them in some cases. A list agreed by GBIC members during the preparation of this report can be found in the annex.

1 Cf. the German supervisory authority’s non-paper entitled, “Reducing regulatory complexity”.

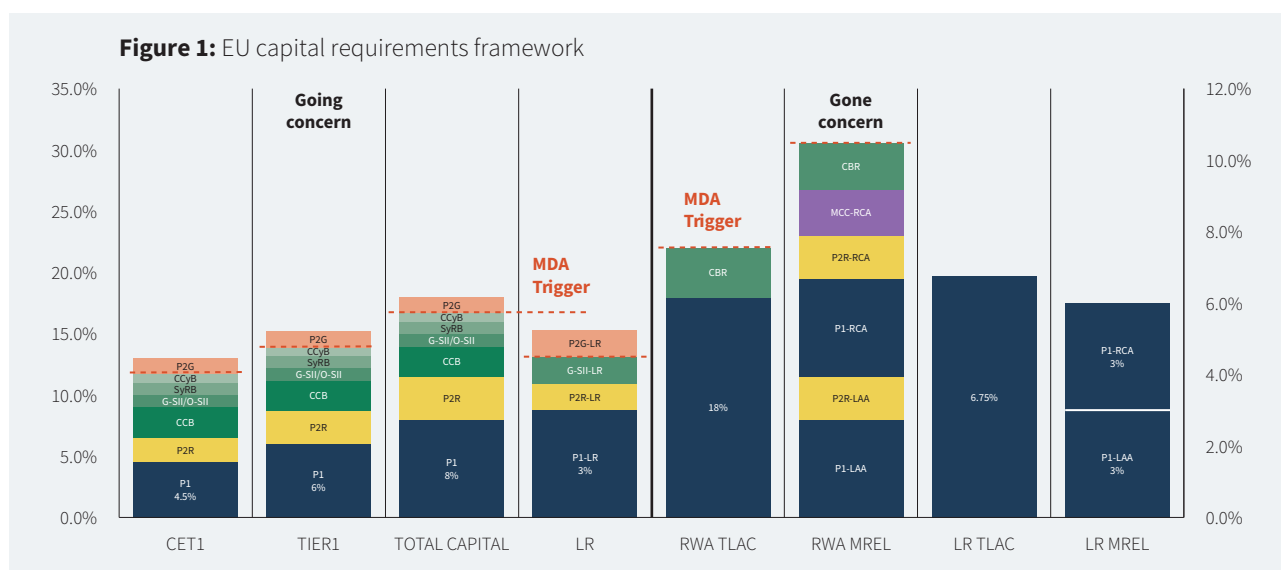
Capital Stack

Capital requirements in Europe – an uncoordinated network

The capital stack contains all the components of micro-prudential (Pillars 1 and 2), macroprudential (capital buffers) and resolution-related capital requirements (MREL/TLAC) for institutions from a risk-based and non-risk-based perspective.

In its paper 'STACKING ORDERS AND CAPITAL BUFFERS',² the European Banking Authority (EBA) has summarised the total capital requirements of the European framework in the figure shown below.

The diagram highlights how complex the regulatory framework is. The individual components of the capital stack are each subject to extensive and detailed regulations. The complexity is further increased by the distribu-



tion of responsibility for individual capital buffer requirements across different national and European supervisory authorities.³

Total capital requirements are calculated as the sum of the various individual measures. There is no overall assessment (holistic perspective) of the individual measures with regard to the appropriateness of the total capital requirements of an individual institution. The current regulations do not impose any limits on the amount of capital to be held by an institution. Furthermore, there is no guarantee that the requirements of the individual measures are consistent and do not overlap, and that risks are not taken into account twice. The litmus test – especially for the macroprudential instrument of capital buffers – was the coronavirus pandemic. It became apparent that capital buffers are of limited use in practice, even when supervisory authorities partially released them.⁴ The institutions are also facing a steadily increasing procedural burden in order to meet these requirements.

The shortcomings identified are hampering the competitiveness of European institutions and their ability to take action, which in turn is causing uncertainty among investors. The capital stack needs to be simplified, provided that the current capital requirements are not increased further.

Fewer buffers, greater impact: Making the capital framework fit for the future

Measures to adjust the capital stack should contribute to three main objectives:

1. Reducing complexity
2. Optimising the usability of existing capital buffers
3. Holistic assessment of capital requirements for individual institutions

The first important measure is the removal of the systemic risk buffer (SyRB). Since the SyRB, which is specific to

Europe, can be calibrated for all potential risks – general or sector-specific – that are not covered by other capital requirements or capital buffers, it often acts as a ‘catch-all buffer’. When the banking package was implemented, it extended the SyRB’s scope of application to include environmental risks, which renders its application largely arbitrary. It is now practically impossible to draw a clear distinction. We believe there is a danger that risks are covered twice.

The second important measure is to design the buffer for other systemically important institutions (O-SII buffer) in such a way that it is harmonised with and proportionate to other capital requirements. The O-SII buffer has been implemented in European countries according to national methods and currently varies widely from member state to member state. The same institution may be subject to a different buffer in Germany than in another EU country – a situation that runs counter to the goal of a harmonised internal market. In addition, the O-SII buffer may be higher than the buffer for global systemically important institutions (G-SII buffer). With the current maximum limit rule, this leads to distortions in international comparison. The maximum limit rule, which restricts the relevance of the G-SII or O-SII buffers, should be abolished. Alternatively, limiting the O-SII buffer to 1% of risk-weighted assets might also be considered. The lower limit for the G-SII buffer would therefore be the upper limit for the O-SII buffer.

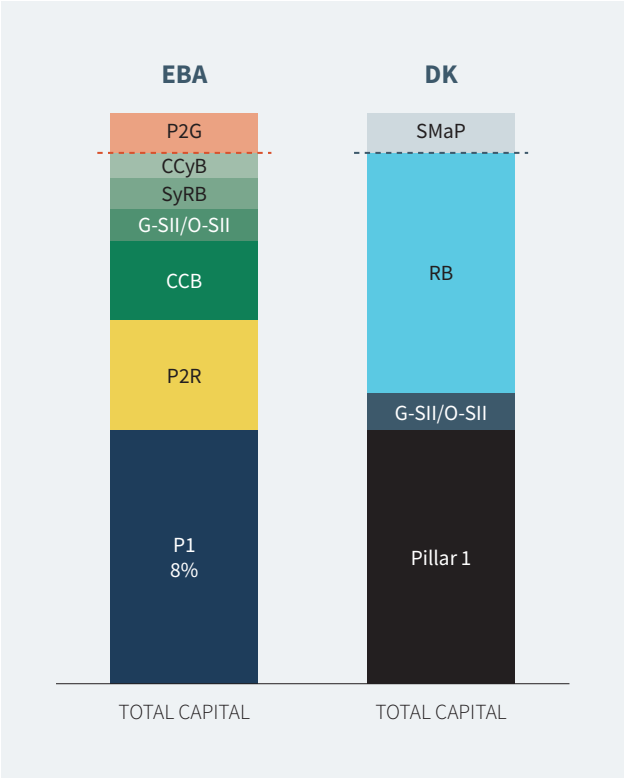
Overall, the entire capital buffer concept should be simplified and replaced with a clear concept. In addition, an overall cap on the sum of required capital – including buffers, Pillar 2 requirements and Pillar 2 guidance – should be introduced. Exceptions should only be made for cases in which institution-specific higher capital requirements are warranted.

Based on ‘Total capital’ on the ‘going concern’ side of the capital stack (see EBA figure), a restructured capital framework could merge the Pillar 2 requirements (P2R)

³ SSM, NCAs, Financial Stability Board (in Germany), SRB, NRA, ESRB, EBA, JC ESAs

⁴ [Report of the Analytical Task Force on the overlap between capital buffers and minimum requirements](#)

and most of the existing capital buffer requirements into a Releasable Buffer (RB):



account institution-specific risks and adjustments to macroprudential requirements, including a positive neutral capital buffer rate of 2.5%. The upper cap for the releasable capital buffer should not exceed 7.5%. Appropriate transparency must be ensured when determining the buffer, and any changes must be comprehensible. Optionally, the O-SII buffer could also be separated from the G-SII framework in terms of content and integrated into the RB.

The supervisory management buffer reflects today’s capital recommendations. It should be calculated without a stress test and also set by the competent supervisory authority. The recommendation would not be published. An upper limit would have to be established here too.

By consolidating responsibility with the competent supervisory authority, communication is made significantly easier from institutions’ point of view: A single point of contact for all issues. The competent supervisor would be responsible for ensuring appropriate total capital adequacy and could thereby prevent double coverage, which is inherent in the current framework due to differing responsibilities.

The key points of this capital stack are as follows:

- Scrapping the systemic risk buffer (SyRB)
- Retaining the G-SII/harmonising the O-SII framework
- Retaining a materially unchanged threshold for the maximum distributable amount (MDA)
- Introducing a releasable capital buffer RB (merging additional capital requirements from Pillar 2 (P2R), the capital conservation buffer (CCB 2.5%) and the countercyclical capital buffer (CCyB))
- Introducing a Supervisory Management Buffer (SMaB, which is like the current capital recommendation (P2G) but without a stress test)

The releasable capital buffer would be determined by the competent supervisory authority. It would take into

Possible solutions

1.

Scrapping the systemic risk buffer.

2.

Harmonising the O-SII buffer across Europe and designing the G-SII buffer accordingly.

3.

Simplifying the entire capital buffer concept by introducing a releasable capital buffer with the responsibility to determine and evaluate the total amount lying with the competent supervisor.



Backstop regime

The safety net of the safety net of the safety net

The design of the current minimum regulatory capital requirements is predominantly based on risk. The amount of capital an institution must hold for a particular asset position depends on the respective risk: For every euro an institution invests in a government bond, it must hold less capital than for every euro it lends to a small or medium-sized enterprise. This ensures that institutions have sufficient capital to absorb losses. At the same time, it gives institutions incentives to limit their risks.

In addition to the various capital buffers and add-ons (see previous chapter), the framework contains numerous elements that act as safety nets:

- When using internal models, capital requirements are not determined directly based on the actual risks calculated by the institutions using their own risk models. There are strict requirements on the use of internal models (e.g. limited scope of application, comprehensive access requirements, fixed parameters or minimum values, strict supervisory audits and safety margins, etc.). The models used to determine capital requirements are therefore systematically more conservative and, in turn, less accurate than the actual internal risk models used by banks. This is an initial safety buffer that ensures sufficiently high capital requirements.
- The alternative standard approaches also differentiate according to the amount of risk involved in the individual activities, but are less sophisticated and generally more conservative than internal models (e.g. do not take into account the institution's own estimates, limited recognition of collateral, limited influence of the creditworthiness of individual borrowers, etc.).
- Any risks that are not adequately reflected in the Pillar 1 approaches to calculating minimum regulatory capital requirements are identified in the Supervisory Review and Evaluation Process (SREP) and result in corresponding add-ons to capital requirements.

As a result, risk-based capital requirements already include certain ‘safety margins’ and are only risk-sensitive to a limited degree. This makes additional safety nets superfluous.



The latest EU banking package has now introduced a further safety net for banks that use internal models to determine capital requirements (‘model banks’): The output floor represents a fixed lower limit for capital requirements, a hard ‘backstop’. It stipulates that the capital requirement determined using internal models must not be less than 72.5% of the capital requirements calculated using standardised approaches. This makes the use of models less attractive. At the same time, the effort involved increases significantly, since the ‘model banks’ must calculate the regulatory standard approaches in parallel.

In addition to the various safety nets within the risk-based approach, there is another ‘backstop’. Known as the leverage ratio, it requires institutions to have Tier 1 capital amounting to at least 3% of total receivables.⁵ This key figure is not risk-based; the amount of risk from the individual exposures is therefore irrelevant. Institutions must also cover risk-free positions, such as central bank balances, with capital. The leverage ratio does not therefore provide an incentive to limit risk. In fact, it might even impair the functioning of the financial system:

- The leverage ratio limits the amount of customer deposits an institution can accept. This is because unless the institution’s other liabilities decrease at the same time, the leverage ratio inevitably deteriorates when deposits are accepted. This is irrespective of how the institution itself uses the funds – even if it parks them with the central bank at no risk whatsoever. However, keeping customers’ deposits safe is a key task for financial institutions. Banks must be able to accomplish this task reliably at all times. Furthermore, customer deposits are a very stable refinancing source. Consequently, the leverage ratio also conflicts with liquidity risk management and the corresponding regulatory requirements.
- It also limits the volume of securities financing transactions (SFTs).⁶ These are an important instrument with which institutions optimise the allocation of liquid funds in the economy. This is because they allow customers to temporarily exchange securities for liquidity. They also have a additional macroeconomic benefit in that they increase the liquidity of securities markets. High market liquidity means that securities can be bought or sold at any time and that the spreads between the price expectations of buyers and sellers are small. SFTs are generally low-risk due to their short maturities and required collateral. Matched book repos are particularly low-risk. This is when an institution acts solely as an intermediary between customers. It enters into a reverse repo transaction

⁵ The total risk measure comprises both on-balance sheet and off-balance sheet items.

It is therefore closer to the balance sheet total than risk-weighted assets, but is not identical to it.

⁶ In economic terms, the most common repos/reverse repos correspond to a very short-term, fully secured loan.



with customer A (purchases a security from them in order to sell it back to them shortly afterwards). At the same time, it concludes a mirror-image repo transaction with a customer B (selling the same security to them in order to buy it back shortly afterwards). On the repurchase date, the institution receives the security back from customer B and can return it to customer A as agreed.

As the repurchases are made at the previously agreed price, any fluctuations in the price of the security are irrelevant to the institution.

Safety nets are fundamentally right and important. However, supervisory authorities are going too far with numerous safety precautions that essentially cover the same risks and address the same goal – financial stability. Having a multitude of different precautions increases the complexity of the framework and restricts the institutions' ability to act without offering any commensurate added value.

Possible solutions

The leverage ratio and the output floor are not needed. A single backstop mechanism is fully sufficient. Possible solution options:

1. Scrap the output floor. And keep the leverage ratio. However, it should not include central bank reserves and matched-book repos.
2. Scrap the minimum leverage ratio. And keep the output floor. However, the latter should be left at the 2025 level, i.e. at 50%, together with the existing European transitional provisions.



Pillar 1

Constant change

Capital requirements have risen sharply since the financial crisis. Stress tests and real market turbulence have repeatedly shown that European institutions are sufficiently capitalised and resilient. In the latest EU banking Banking Package, Pillar 1 underwent another fundamental reform. For the institutions, this means considerable implementation effort and greater complexity (e.g. OpRisk). The transitional arrangements do address the right issues and alleviate the additional burdens. However, once these expire, capital requirements will rise significantly once again.

The EBA's standards and guidelines often lead to more stringent requirements (e.g. in the conversion factors for recognising off-balance sheet transactions and in the diversification requirements for retail business) or make it more difficult for institutions to take advantage of the simplifications set out in the CRR (e.g. ADC guideline).

New CR-SA: complex – but still not a perfect solution

As a one-size-fits-all solution, the new credit risk standardised approach (CR-SA) inevitably represents a compromise. Many smaller banks are burdened by the increased complexity (e.g. in the real estate sector) without seeing any real added value here. The old CR-SA was more appropriate for them. For model banks, on the other hand, which use it primarily for output floor purposes, an even higher risk sensitivity would be necessary.

Regulation world champion and, at the same time, loser in global competition

Particularly when it comes to trading on the international capital markets, EU institutions are competing directly with competitors from other jurisdictions. In this respect, it is right that the Commission is postponing the new Market Risk Framework (FRTB) once again.

The time gained should be used to review and amend the rules appropriately to ensure they are fit for global competition. A fundamental challenge lies in the new boundary between the trading book and the banking book. The pre-



vious principle of trading intent has proven to be flexible and feasible in practice. In contrast, the new instrument lists with partial exemptions and corresponding approval processes are a prime example of overly prescriptive regulation that creates additional complexity and bureaucracy. Another problem is the excessively rigid eligibility requirements for internal models.

The EBA has transformed the principles-based Basel guidelines on the prudent valuation of financial instruments into a comprehensive and complex standard. The often significant capital deductions that institutions must make for valuation uncertainties represent a further competitive disadvantage in global capital market business.

Possible solutions

1. Make transitional arrangements in the CRR permanent to avoid further increases in capital requirements.
2. Implement the FRTB appropriately. Do not adopt the new trading book boundary from Basel, make the eligibility requirements for internal models feasible in practice and review the calibration of the alternative standardised approach.
3. Enhance the risk sensitivity of the CR-SA for model banks. One possible starting point would be the treatment of receivables secured with real estate. Possible options to consider here include the publication by the EBA of maximum loss rates (“hard test”) for all real estate markets and a more granular gradation of risk weights depending on loan-to-value ratios.
4. In return, simplify the CR-SA for banks applying the standardised approach, particularly with respect to real estate exposures.



Pillar 2

A strong Pillar 2 is needed

The rules of the first Basel pillar on risk measurement and capital adequacy are, in principle, the same for a large number of banks with different business models. As a result, significant risks at individual institutions could be overlooked or underestimated. Consequently, a reliable second pillar is needed in which institutions take an individual look at their risks and required cover pool, and supervisory authorities take into account any higher capital requirements accordingly.

At the current time, Pillar 2 is costly, inefficient and susceptible to misdirected incentives. The main reason for this is the erosion of responsibility for internal risk management lying with the institutions (ICAAP), which is at the heart of Pillar 2.

This is based on a certain mistrust on the part of the SSM towards the ICAAP of the institutions. Ten years after its establishment, numerous statements by the SSM indicate that it considers the ICAAP of many institutions to be insufficient – even though the institutions have been subject to years of audits and increasingly conservative requirements.

As a result, the process of maintaining and further developing the ICAAP is extremely complicated and complex. At the same time, the methods and results of the ICAAP are moving further and further away from what institutions consider reasonable and realistic. Consequently, the senior management of many institutions does not trust the generally inefficient control incentives of the ICAAP, and controlling based on the ICAAP is carried out ‘just for the supervisor’.

Strengthening Pillar 2

Reintroducing an ICAAP in line with the original idea of institution-specific risk management would significantly strengthen Pillar 2.

To achieve this, institutions should be given the option to implement the ICAAP, including stress tests, in a manner they consider appropriate and adequate. The regulatory requirements and audits of these requirements relating to ICAAP should largely be scrapped. This will ensure that, from the perspective of the institution's senior management, the ICAAP would once again provide a comprehensible and control-relevant picture of the risks.

On the other side, the responsible supervisor in the SREP performs its own calculations on the material risks of each institution and, on this basis, determines a potentially increased capital requirement (within the framework of the proposed releasable capital buffer, RB). The results of ICAAP and SREP can therefore be presented in parallel. While banks are responsible for the ICAAP, the competent supervisor is responsible for the SREP. For institutions and supervisory authorities to benefit from each other's assessments – without having to automatically adopt them – it is essential that the differing calculations and results are made transparent to each institution in a structured process.

Furthermore, the differences between the results in ICAAP and SREP and their drivers should be published anonymously and aggregated by the ECB and national authorities and presented over a period of time. This would enable not only institutions and supervisory authorities, but also other market participants and policymakers, for example, to gain a qualified overview of the main reasons for the different perspectives of the sector and the SSM, and to allow better decisions to be made. This would pave the way for an efficient, realistic and control-relevant ICAAP, accompanied by a transparent and high quality SREP.

We recommend restructuring the ICAAP and SREP in line with the proposals outlined above. However, even within the existing approach, a number of aspects can be simplified without compromising financial stability (see Annex).

Possible solutions

1. Institutions responsible for ICAAP (opt-in):
Institutions to structure the ICAAP (including stress tests) according to their own standards; discontinue supervisory specifications and reviews (similarly for ILAAP).
2. Clear separation between ICAAP and SREP:
The ICAAP serves as an internal control instrument, while the competent supervisor may determine an increased capital requirement in the SREP based on its own calculations; any discrepancies are disclosed to the institutions in a transparent manner and discussed in a structured process.
3. Transparency and comprehensibility:
Discrepancies between ICAAP and SREP results and their drivers are published by the ECB and national authorities in an anonymised and aggregated form.



Pillar 3

Objective of Pillar 3 Disclosure

Alongside minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2), disclosure under Pillar 3 forms the third pillar of the Basel framework. The transparency ensured through the publication of key information in the disclosure report is intended to enable market participants (e.g. investors, analysts, rating agencies) to make informed decisions. The insights gained into the capital adequacy and risk structure of a credit institution should – in theory – have a disciplining effect, as credit institutions that engage in risky behaviour, for example, must expect higher refinancing costs or reputational damage.

Considerable effort, but objective not achieved

As understandable as the reasoning behind disclosure and the desired transparency may be, the actual benefits are disappointing – especially given the considerable amount of effort involved in producing the reports. While Deutsche Bank's 2010 disclosure report was 'only'

120 pages long, the 2024 report has almost tripled in size to 313 pages. The disclosure reports of small/medium-sized institutions too big to fall within the SNCI definition sometimes comprise up to 100 pages. Disclosure requirements have steadily increased in line with the rise in reporting requirements. The current implementing regulation of the European Commission laying down the technical requirements for Pillar 3 alone comprises 125 pages. Much of the information presented in the disclosure report is primarily of interest from a supervisory perspective and is no longer relevant for the original target audience of Pillar 3 disclosure. It is therefore unsurprising that disclosure reports are very rarely accessed on the institutions' websites. Furthermore, the institutions receive hardly any queries relating to the disclosure reports, which suggests a lack of interest. The relevant stakeholders and other recipients of Pillar 3 disclosures generally use other sources (e.g. annual financial statements, press releases, analyst calls and presentations). The objective of reinforcing market discipline is not being achieved. The supervisory authority already has all the necessary information from regulatory reports, so that from a supervisory perspective, an additional Pillar 3 report seems to be obsolete.

Waiver of separate disclosure requirement

We were pleased that reforms to reduce disclosure requirements were initiated under CRR II. These focused primarily on small, non-complex institutions without capital market orientation (SNCI) and aimed to disclose only a few ‘key metrics’.⁷

The practice introduced under CRR II for SNCIs should be applied to all credit institutions in future, regardless of their size or capital market orientation.

The ‘key metrics’ could also be integrated into the annual report, if it has not already, so that separate Pillar 3 disclosure is no longer necessary. This would also have the advantage of enabling market participants to find genuinely relevant information in one place without any disadvantages in terms of transparency or financial stability.

Possible solutions

No separate Pillar 3 disclosure.
If absolutely necessary, relevant ‘key metrics’ could be integrated into the annual report.



7 However, disclosure requirements were expanded again (to include ESG information) as part of CRR III.



European small bank regime

Greater relevance of small institutions for the economy

Small banks play a vital role in the financing of small and medium-sized enterprises (SMEs) and the regional economy. They are important and reliable partners for local customers. The financial market crisis has shown that a diverse banking market contributes to the stability and resilience of the financial system and has a positive effect on competition. The ever-increasing expansion of regulatory requirements is jeopardising this diversity. These institutions are unable to develop the economies of scale needed to bear the constantly increasing regulatory costs, meaning that small and medium-sized institutions are likely to disappear from the market in future. As a result, regulation tailored to the needs of such institutions is essential.

Current regulatory framework leads to disproportionate burden

Regulation in the European Union is based on the Basel framework, which is primarily designed for international banks. Implementing these rules places a disproportionate burden on small institutions with traditional business models. To address this situation, CRR II introduced the category of small and non-complex institutions (SNCIs). Institutions with total assets of up to EUR 5 billion, provided that other criteria are met, benefit from certain relief measures, particularly in the areas of reporting and disclosure. This first real step towards greater proportionality for smaller institutions has, so far, not been followed up with any further steps at European level.

Furthermore, the detailed regulation at Levels II and III places a disproportionate burden on smaller institutions. The current banking package alone gives the EBA almost 140 mandates to develop technical regulatory standards, implementing acts, guidelines, etc. In theory, the EBA takes into account the concept of proportionality in its work. Unfortunately, the reality is often very different, with only minor distinctions being made between institutions of different sizes and with varying risks.

New avenues for small institutions – time for an EU small bank regime

Experience shows that piecemeal adjustments to individual regulations are of no benefit. A comprehensive reform approach therefore appears to be the only viable option for proportionate regulation. It's time for a European small bank regime! This has been shown to work in other jurisdictions, such as the UK with its 'Strong and Simple Framework', the US with its 'Community Bank Leverage Ratio Framework' or Switzerland with its small bank regime.

The discussion paper on a small bank regime recently presented by BaFin and the Bundesbank proposes a paradigm shift in regulation and supervision, which we at the GBIC welcome in principle. In view of the considerations of the German supervisory authority, the GBIC would like to present the following ideas for the design of a small bank regime:

The small banks regime, which would be designed as an opt-in regime, would be largely based on the existing CRR criteria for SNCIs. We also believe this is appropriate. In general, participating institutions should have a low risk profile, which could be ensured by ongoing supervisory activity. In addition to balance sheet size as a key criterion, other relevant characteristics might include a low volume of derivatives, a small trading book and predominantly regional involvement in the EEA.

However, the current total balance sheet amount of EUR 5 billion is too low for European LSIs and needs to be

increased significantly, not least due to inflation in recent years. BaFin and the Bundesbank are of the opinion that a balance sheet total of EUR 10 billion is an appropriate size. From the GBIC's perspective, size must be examined in the European context, taking into account the existing thresholds in Switzerland and the United Kingdom (equivalent to ~ EUR 18 billion (CH) and ~ EUR 23 billion (UK) respectively). Similar to the regimes in the US and Switzerland, the paper proposes a leverage ratio as an additional key criterion for an EU small bank regime, although the level has yet to be determined. A ratio that is appropriately higher than the current mandatory 3% would enable a sufficiently high level of security to be achieved, which would justify substantial regulatory relief. In addition, the leverage ratio is transparent and relatively simple to calculate.



To compensate for the high capital requirement resulting from the leverage ratio, the calculation of risk-based capital requirements can be dispensed with entirely. This means that these institutions are exempt from calculating and complying with Pillar 1, the capital conservation buffer, P2R, P2G, countercyclical and systemic risk buffers. Dispensing with the calculation of risk-based capital requirements has the major advantage that institutions no longer need to produce extensive documentation and reporting requirements related to credit risks and operational risks no longer apply. Other sensible relief measures include/would include:

- Waiving the NSFR. The simplified NSFR (sNSFR) currently enshrined in the CRR is too complex, has not led to any significant simplifications and is therefore not being used as intended. It should therefore also be scrapped.
- Exemption from remuneration regulations: The administrative burden associated with the regulations is disproportionate to the amount of remuneration (especially variable remuneration) paid to small institutions. Small institutions generally have less complex remuneration systems with a low proportion of variable remuneration, which also offer no incentive to take disproportionate risks. Small institutions should therefore be fully exempt from the regulations on remuneration (Articles 92–94 CRD VI).
- Waiving regulatory stress tests, simplifying internal stress tests: The regulatory stress tests tie up considerable resources within the institutions and should be dispensed with. Instead, the supervisory authorities

could conduct top-down stress tests with standardised scenarios and simplified data inputs. The scope of the requirement to develop and maintain internal stress test models should be reduced to the essentials.

- No disclosure requirement: The disclosure requirement should be completely dispensed with for these institutions.

As outlined above, small institutions are particularly burdened by Level II and III regulation. An opening clause should be inserted into the CRR and the EBA Regulation allowing national competent authorities (NCAs) to refrain from applying Level II/III measures to smaller institutions within the meaning of SNCI, or to apply them only in part, taking into account competition aspects. This would enable national authorities to tailor Level II/III regulation specifically to the needs of participating institutions.

The framework outlined here for an EU small bank regime represents a fundamental and significant simplification compared to the current situation, while, at the same time, ensuring that participating institutions have very robust capital levels. Questions regarding calibration still need to be clarified as the debate progresses.

Possible solutions

Introducing a small bank regime in the EU as outlined above.

Reporting

Continuous surge in data volumes

Last year, the European Commission set itself the goal of reducing reporting requirements by at least 25%. In practice, however, the scope and frequency of reporting continue to rise, with no end in sight. For example, supervisory reporting on capital requirements (originally reports in accordance with Principle 1) started with around 100 reporting items. The EBA reporting system for capital requirements alone now comprises several tens of thousands of reporting items. Despite the huge amount of effort involved, the extensive regular reports do not fully meet the supervisory authority's analysis requirements. Time and again, information gaps emerge, resulting in additional ad-hoc queries that place a burden on the institutions. The sheer volume of data leads to a greater likelihood of errors occurring during the entry, processing and interpretation of the data. It is not only the institutions that have now exceeded their breaking point. The supervisory authorities also require considerable resources and expertise in order to assess and evaluate the data provided appropriately. These resources do not appear to be available on the supervisory side.

One indication of the excessive demands placed on the supervisory authorities is that the EBA is virtually inca-

pable of making new requirements comprehensible and consistent. The EBA homepage with details on the technical requirements is confusing and contains ongoing updates without any historisation or traceability of the changes.

As a first step, we consider a moratorium to be urgent and essential. The introduction of new reporting requirements should be waived completely for at least two years.

Data quality

Ensuring adequate data quality is particularly challenging given the continually increasing number of data queries. One thing is clear, high quality, valid data are vital and necessary. However, it is also clear that it is impossible to produce reports that are complete free of errors. For this reason, risk orientation and sound judgement are also required when it comes to data quality. The desire to apply the same quality standards to every data point, regardless of its significance, leads to a loss of focus on the essentials and means that the proverbial 'forest is no longer visible for the trees'. We believe that a proportional approach that takes into account the relevance of each individual data point is necessary to ensure data quality that is appro-

appropriate for the purpose of the reports. A single source for data quality checks in standardised formats and reporting channels would contribute significantly to making the process leaner. For example, processing the additional validation rules of the SSM – beyond those of the EBA – is extremely resource-intensive. The technical processes should be merged and harmonised. The same applies to the resubmission policy of the EBA and ECB. We consider appropriate materiality thresholds for the resubmission of incorrect data to be absolutely essential here.

Integrated Reporting Framework (IReF)

For many years now, work has been carried out on a uniform, integrated and standardised framework for reporting requirements, known as the Integrated Reporting Framework (IReF). This should reduce the burden of reporting requirements in future. The IReF would lead to a paradigm shift in reporting:
It will be considerably more complex. Due to the largely granular reporting requirements, the volume of data will increase significantly. The IReF focuses on the processing and forwarding of data, i.e. the reporting process. It will not address content requirements for individual data points. Uniform format specifications and uniform reporting channels for all types of reports are welcome, but they are not sufficient on their own. The realignment of regulations should also mean reviewing all the reporting requirements. Each data point should be checked for relevance. Institutions should only be required to provide necessary and relevant data.

In the first instance, the IReF is an ECB initiative exclusively for statistical reporting purposes. In order to avoid duplicate reporting and inefficient duplicate reporting structures in future, the IReF must form the basis for a common data dictionary, which will be used to map all future reporting requirements for supervisory law and resolution (including the corresponding consolidation levels). It is essential that all the supervisory authorities involved (namely the EBA, ECB (Statistics and SSM), SRB and NCAs) as well as national and European political bodies commit to this common goal and to the creation of a corresponding legal framework.

Possible solutions

1. Short term: Moratorium on new reporting requirements, i.e. no extensions and no new data points for at least two years, starting immediately.
2. The processes for validating and resubmitting incorrect reports (resubmissions) to the EBA and ECB must be consolidated and standardised. Appropriate materiality thresholds for new submissions are essential from a cost-benefit perspective.
3. Binding commitments from all participating institutions to further develop the IReF into a common data dictionary for the integration of all regulatory reporting requirements.



Rethinking regulations

Level II and Level III regulation under the Lamfalussy process poses a unique challenge for the European banking sector. The political framework is set out in basic legal acts from both the European Council and European Parliament (Level I). For technical specification, the European Commission adopts – if empowered by the basic act – delegated and implementing acts. The European Supervisory Authorities (ESAs) are usually given the mandate to develop the content (Level II). Common standards are intended to promote uniform supervisory practices by the competent national authorities (Level III).

Level II: Standard setting is increasingly being shifted to the European Commission and ESAs

The issuing of Level II legislation has become excessive. Legislative amendments between 2019 and 2024 alone resulted in a total of 430 Level II mandates within the remit of DG FISMA. These often contain strategically or politically significant content, a level of complexity or a degree of conservatism that exceeds their mandate at Level I or the purpose of such legal acts (cf. Articles 290 and 291 TFEU).

The Commission often performs its supervisory role only formally, while the EU Parliament and Council are barely able to take countermeasures due to the lack of a practical means to intervene (especially with the ITS). In effect, this shifts the setting of standards to the ESAs without these extensions to their mandate being offset by appropriate parliamentary consultation or control processes. At the same time, the regulatory framework is becoming increasingly cumbersome in both application and revision.

Level III: Inflation of de facto binding, non-justiciable soft law destabilises the legal framework

In aiming to achieve supervisory convergence (Articles 16 and 29 of the EBA Regulation; Article 6(5) of the SSM Regulation), the EBA and SSM Regulation grants the EBA and the ECB considerable leeway in shaping soft law. In practice, this leads to a colourful array of soft law instruments and a rapidly growing jungle of regulations.

Examples

125 pages of Outsourcing Guidelines based on Article 74(1) CRD, which do not mention the term ‘outsourcing’ once.

The EBA currently has 1,958 answered Q&As on the CRR.

Soft law instruments are not subject to the formal legislative process, yet they have de facto normative effect. This legal ambiguity makes effective judicial controls difficult.

Consequence

At Level II, a high level of detail coupled with conservative implementation practices leads to de facto gold plating. At Level III, the abundance of de facto binding soft law creates regulatory instability and a lack of transparency. Excessive recourse to the Lamfalussy process creates a complexity specific to Europe, which means high implementation and adaptation costs for large institutions, and places excessive structural demands on smaller institutions. This complicated structure also poses challenges for the EU authorities and requires a considerable amount of coordination.

Possible solutions

1. Stock-taking and assessment of existing Level II and Level III legal acts with regard to necessity, consistency and simplification potential. Only implement the outstanding EBA mandates that contain urgently needed clarifications or simplifications. Short-term adjustments could be made by means of ‘no action letters’.
2. Return to the original purpose of the Lamfalussy process, i.e. reduce the number of Level II mandates (technical specifications) and more clearly define the Level III scope of action of the specialist authorities (supervisory convergence).
The role and quality of public consultations should be strengthened in this context.
3. Increase accountability and balance in prudential rule-making and application. This includes, in particular, anchoring proportionality and competitiveness in the SSM, expanding justiciability (Level III), extending the scope for appealing against SSM decisions and strengthening the Commission's powers of control as the guardian of the Treaties.



Comments on the Bundesbank's non-paper “Reducing Regulatory Complexity”

We share the German supervisory authority's assessment that the parallel strands of regulation in the regulatory framework have led to unjustified interactions and a complexity that undermine the overarching goal of maintaining financial stability and make regulation less effective.

However, the proposal to no longer classify additional Tier 1 capital (AT1) and Tier 2 capital (T2) as 'solvency capital' and to define only common equity Tier 1 capital (CET1) as 'going concern capital' must not lead to an increase in the current CET1 minimum capital requirements (4.5%).

If, as part of the implementation of this proposal, the minimum capital ratios for Tier 1 capital (6%) and total capital (8%), which were previously represented by AT1 (1.5%) and T2 (2%), were to be met with CET1, European banks would have to increase their CET1 by more than EUR 400 billion.

This would lead to a further significant deterioration in the competitiveness of European institutions, considerably reducing the return on equity of European banks and deterring investors accordingly. Furthermore, we consider the current level of CET1 requirements in the system to be sufficient for maintaining financial stability.

Irrespective of the fundamental debate on the usability of AT1, it would nevertheless be worth considering – provided the current CET1 minimum requirement remains unchanged – a clear separation between such going-concern capital and the liabilities required for bail-in purposes.

However, requirements should only be imposed on subordinated debt (NPS) without any further prescribed differentiation between different qualities for the purpose of meeting the MREL ratio, and MREL should be recalibrat-

ed. For institutions that currently meet a large proportion of their MREL requirements with CET1, an appropriate solution would need to be found. Furthermore, the currently existing AT1 and T2 instruments should continue to be eligible for assignment as subordinated MREL for a transitional period (full grandfathering with a regulatory call option). This would ultimately simplify the process significantly, as there would only be two 'capital classes' with clearly defined purposes: CET1 as going concern capital and NPS for recapitalisation in gone concern.

As part of such a simplification of the capital framework, which would move beyond the current Basel rules, the leverage ratio requirements should likewise be defined without an AT1 component. With the nominal requirement remaining unchanged at 3%, the leverage ratio should be calculated without risk-free central bank deposits and without securities financing transactions. Otherwise, the CET1 share currently implicitly included in the core capital requirement (2.25%) would need to be recalibrated for the purposes of the leverage ratio. The same would apply to determining large exposure limits.

We would also like to make it clear that we are not in favour of including the current Pillar 2 recommendation (P2G) in the MDA threshold. Keeping P2G confidential between the supervisory authority and banks has proven successful. Furthermore, we do not consider expanding the buffer concept to include a leverage ratio buffer to be appropriate. This would create unnecessary complexity and is not required for the purpose of a non-risk-based backstop.

Finally, it must be emphasised that international co-ordination and the involvement of rating agencies are necessary to avoid market distortions and competitive disadvantages.

Annex

In this annex, the German Banking Industry Committee would like to highlight important topics that it has been raising for a long time and that would make an essential contribution to simplifying the regulatory framework.

Regulatory capital/Capital stack

Old instruments	Review of compulsory sales by European legislators	EBA Op/2020/17 + REP/2024/1
Software	Treatment similar to other assets (no deductions)	Article 36(1)(b) CRR, Delegated Regulation 2020/2176
Ancillary services undertakings	Scrap extensive new guidelines clarifying the definition	Article 4(1)(18) CRR
Capital instruments/de minimis rule	Introduction of a de minimis rule and reduction of information requirements for the replacement of capital instruments, transactions involving insignificant amounts and transactions subject to general prior permission	Article 77, 78, 78a CRR, Delegated Regulation 241/2014
Resolution/MREL	- No further extension of the resolution mechanism to include small and medium-sized institutions - Exclusion of pass-through development loans within the scope of MREL (specification of TLOF or MREL similar to EU bank levy and leverage ratio) - Creditor identification in the context of resolution planning - Reduction of reporting and procedural requirements for high amounts of subordinate capital	Article 2, 45 BRRD, Article 12 SRMR Article 21 SRMR, Article 59, 60 BRRD

Pillar 1

Collateral and assigned receivables in the CRSA	• Risk-mitigating recognition of collateral and assigned receivables in the CRSA, under the same conditions as in the IRB basic approach (if necessary, after a simplified review of compliance with the conditions by the competent supervisory authority) <i>Note: A concrete proposal has already been put forward by the German Banking Industry Committee.</i>	Article 197 CRR, Article 199 CRR, Article 210 CRR, Article 230a CRR
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Market risk	Retaining the simplified market risk standardised approach for non-trading book institutions in accordance with Article 94 CRR for covering market price risks, even if the threshold for the alternative market risk standardised approach is exceeded, e.g. due to foreign currency risks in lending business.	Article 325a CRR
Pillar 2	<i>Note: proposals under the existing approach</i>	
ICAAP	- Scrapping the requirement to calculate both a normative and an economic perspective. There should only be one guiding and control-relevant perspective. - Significant streamlining of requirements and specifications for Pillar 2 models	AT 4.1, paragraph 2 sentence 3 MaRisk Various
Internal stress tests	Significantly simplify depending on the size/risk profile of the institution, including removal of requirement to conduct inverse stress tests	AT 4.3.3 MaRisk
Regulatory stress tests	- Fully top-down implementation for LSIs - Bottom-up calculation by SIs using their internal models or parameters. The supervisory authority may request justified changes based on audits. - Scrapping of P2G	Article 104a CRD
ESG	- Consistent treatment of other risk drivers without special status - Broader acceptance of proxies (e.g. EPC proxies, proxies for Scope 3 emissions; analysis of physical risks at postcode level), focus on E (S+G qualitative)	
SREP	- Calculation of risk-based surcharges (P2R/risk buffer) should be presented in a fully transparent manner for each institution. - Scrapping of risk-by-risk calculation, which stipulates the Pillar 1 capital requirement as the minimum for each risk type - Scrapping of P2R-LR and P2G-LR	EBA/GL/2022/03 EBA/GL/2022/03 Article 104a CRD
Governance and audits/queries	- Audits and inquiries (including those by auditors) should be significantly streamlined. Scrapping of IRRBB short term exercise. - Governance: Removal of key function holders from the fit and proper regime, as they are not members of the management body (deletion of Article 91a CRD VI)	

Level II/III

Level 2 procedure:	- Obligatory impact assessment: Require ESAs (and other actors such as SRB, AMLA, etc.) to systematically take into account the competitiveness of the European financial sector and the overall economy. - Early involvement of industry and associations, e.g. through workshops before the start of formal consultation. - Dynamic implementation deadlines (i.e. Level I only applies after publication of delegated acts (Level II)) ensure that the final requirements are available to institutions at the time of application. Alternatively: Establish conflict resolution mechanisms when Level I regulations are already in force but Level II requirements are not yet available.	Proposals relating to EBA Regulation (EU) No 1093/2010 ('EBA Regulation'), some of which are also transferable to other ESFS authorities Complementing Article 8(3) EBA Regulation Generally in Article 8(3) and/or in Articles 10, 15, 16, 16a and, where applicable, Article 29(2) of the EBA Regulation.
Lamfalussy process	- Restrict Level II mandates to the absolute minimum necessary - Strengthening control by the Commission, Parliament and Council: - Clarification and, where necessary, extension of the Commission's right to amend - Option for the Parliament and Council to reject some technical standards - Greater flexibility through increased use of 'no action letters' to partially suspend Level II requirements where required - Given that Level II and Level III legal acts contain political decisions, it seems appropriate to extend the SSM's objectives to include competition and growth issues	Article 10, 15 EBA Regulation Extension of permissible grounds in Article 9c(1) EBA Regulation Inclusion in Article 1(5) and Article 8 EBA Regulation
Level III scope for action	- Supervisory convergence must be limited to interpreting legal requirements. Enshrine proportionality as a corrective to the right of initiative at Level III - Clearly define 'comply or explain' process - Clarification and strengthening of the procedure for submitting reasoned comments in cases of the ESA exceeding its area of competence	Articles 16, 29 EBA Regulation; Article 6(5) Regulation (EU) No 1024/2013 (SSM Regulation) Article 16(3) EBA Regulation Article 60a EBA Regulation

Legal protection against Level III acts	• Expansion of review options, for example by involving the Joint Board of Appeal of the ESAs or the Administrative Board of Review (ABoR) of the ECB • Extend the standard of review and permitted subject matter of legal action to explicitly cover Level III acts (including quasi-regulatory soft law acts)	Article 24 SSM Regulation Article 60 EBA Regulation Amending of Article 263 TFEU
Accountability mechanisms in the SSM	• Upgrade of the Administrative Board of Review: Extend its mandate, provide it with sufficient resources and increase the transparency of the process • Transparent appointment of the Chair of the ECB Supervisory Board: Public tender and hearing procedure and publication of selection criteria • Ensure that national courts refer cases to the ECJ when there are doubts about legality	in particular Article 24(1) SSM Regulation Article 24(2) SSM Regulation