
QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[EFIG GROUP](#)

EUROPEAN CENTRAL BANK (ECB)

TARGET2 - ECB adopts repealing Guideline and Decision

20 April 2022 - The European Central Bank (ECB) has adopted a repealing Guideline (ECB/2022/8), dated 24 February 2022, on a new generation Trans-European Automated Real-time Gross Settlement Express Transfer system (TARGET) and which repeals Guideline ECB/2012/27.

The ECB has also adopted a Decision (ECB/2022/22), dated 19 April 2022, concerning the terms and conditions of TARGET-ECB which repeals Decision ECB/2007/7.

The ECB's implementation of its project to consolidate several technical and functional elements of TARGET2 and TARGET2-Securities is scheduled for 21 November 2022. Guideline ECB/2012/27 governs TARGET2 and has therefore been repealed and replaced by Guideline ECB/2022/8. The national central banks of the EU member states whose currency is the euro must take the necessary measures to comply with ECB/2022/8 and apply it from 21 November 2022. They must also notify the ECB of texts and means relating to those measures by 19 April 2022. The Eurosystem central banks must comply with ECB/2022/8 from 21 November 2022.

In Decision ECB/2022/22, the ECB explains that, for reasons of legal certainty, it is appropriate to adopt a new Decision to implement the changes to the terms and conditions of TARGET2-ECB brought about by repealing Guideline ECB/2012/27. The Decision will enter into force on the fifth day following its publication in the Official Journal of the EU. It will apply from 21 November 2022.

Guideline (EU) [YYYY/[XX]] of the European Central Bank of 24 February 2022 on a new-generation Trans-European Automated Real-time Gross Settlement Express Transfer system (TARGET) and repealing Guideline ECB/2012/27 (ECB/2022/8)*

Decision (EU) [YYYY/[XX]] of the European Central Bank of 19 April 2022 concerning the terms and conditions of TARGET-ECB and repealing Decision ECB/2007/7 (ECB/2022/22)

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[EFIG GROUP](#)

Russian invasion of Ukraine - ECB publishes FAQs on supervisory approach

26 April 2022 - The ECB has published a series of FAQs on its supervisory approach to banking in light of the Russian invasion of Ukraine. Topics covered by the FAQs include:

- **sanctions:** the role of the ECB; what banks should do in cases of uncertainty regarding what is prohibited; and the consequences of non-compliance with sanctions;
- **banks' exposures to Russia and Ukraine:** their size and potential effects on the banking sector; and
- **miscellaneous:** the ECB's decision to declare Sberbank Europe AG and its two subsidiaries in Croatia and Slovenia as 'failing or likely to fail'; Russian retaliation against European banks operating in the area; the ECB's contact with other supervisory authorities; and cyberattacks.

[FAQs on Russia-Ukraine war and ECB Banking Supervision](#)

CRD VI - ECB publishes opinion on proposed Directive

28 April 2022 - The ECB has published an opinion (CON/2022/16) (dated 27 April 2022) on the proposed Directive amending the Capital Requirements Directive (2013/36/EU) in relation to supervisory powers, sanctions, third-country branches and ESG risk (CRD VI). The European Commission (the Commission) adopted legislative proposals for CRD VI and for a Regulation amending the Capital Requirements Regulation (575/2013/EU) (CRR) to implement the final Basel III standards (CRR III Regulation) in October 2021. The ECB published its opinion (CON/2022/11) on the proposed CRR III Regulation on 25 March 2022.

The ECB welcomes the Commission's proposals. However, it highlights a number of issues for consideration, including:

- strong concerns regarding the proposed requirement for a mandatory calibration review of the systemic risk buffer and the other systemically important institutions buffer when the output floor becomes binding. The ECB proposed an explicit clarification specifying that neither may be used to address the risk that is captured by the output floor;
- that the scope of core banking services included within the new article 21c of CRD VI, which requires third-country undertakings that wish to provide banking services in the EU to establish a branch or subsidiary, is unclear. The ECB invites clarification and for EU

EUROPEAN BANKING NEWSLETTER

MAY 2022

BONELLIEREDE
BREDIN PRAT
DE BRAUW
HENGELER MUELLER
SLAUGHTER AND MAY
URÍA MENÉNDEZ

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[EFIG GROUP](#)

legislative bodies to provide a clear list of core banking services that takes into account relevant existing EU legislation that regulates particular services, such as payment services and electronic money, as well as the impact of the new article 21c on the liquidity of global financial markets;

- encouraging the inclusion of additional supervisory powers on: (i) the amendment of credit institutions' articles of association; (ii) related party transactions; and (iii) material outsourcing arrangements.

Where the ECB recommends amendments to the proposed CRD VI Directive, it has set out specific drafting proposals in a technical working document accompanied by explanatory texts.

Opinion of the European Central Bank of 27 April 2022 on a proposal for a Directive of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, environmental, social and governance risk (CON/2022/16)

EUROPEAN BANKING NEWSLETTER

MAY 2022

BONELLIEREDE
BREDIN PRAT
DE BRAUW
HENGELER MUELLER
SLAUGHTER AND MAY
URÍA MENÉNDEZ

QUICK LINKS

*EUROPEAN CENTRAL
BANK (ECB)*

*SINGLE SUPERVISORY
MECHANISM (SSM)*

*SINGLE RESOLUTION
MECHANISM (SRM)*

EFIG GROUP

SINGLE SUPERVISORY MECHANISM (SSM)

No relevant items

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[EFIG GROUP](#)

SINGLE RESOLUTION MECHANISM (SRM)

Reporting - SRB publishes bi-annual note provided to the Eurogroup

4 April 2022 - The Single Resolution Board (SRB) has published its April 2022 bi-annual reporting note to the Eurogroup. The note covers a number of topics, including: (i) recent resolution cases; (ii) SRB's priorities in 2022; and (iii) an update on the Single Resolution Fund (SRF), including the common backstop and ex-ante contributions to the SRF.

Key points made in the note include:

- **recent resolution cases/Sberbank:** the SRB adopted, on 1 March 2022, its decisions to resolve the Slovenian and Croatian subsidiaries of Sberbank and that no resolution action was necessary for the Austrian parent;
- **SRB priorities for 2022:** these include: completing the Resolution Planning Cycle (running from April 2021 to April 2022); publishing, in Summer 2022, the final results of its resolvability assessment; deepening the operation of the Single Point of Entry resolution strategy, which applies to the majority of the banks under its remit; and working with a small number of banks progressing compliance with the intermediate MREL target; and
- **the SRF:** the SRB remains committed to the introduction of the common backstop to the SRF in early 2022 and expects all national procedures to be finalised to facilitate that introduction as soon as possible. In relation to the 2022 ex-ante SRF contribution, the SRB announced, in March 2022, the launch of a consultation to allow banks and credit institutions to provide feedback on the SRB's calculation decision.

[SRB bi-annual reporting note to the Eurogroup](#)

[Decisions to resolve the Slovenian and Croatian subsidiaries of Sberbank](#)

[SRB announces consultation on 2022 Single Resolution Fund contributions](#)

QUICK LINKS

[EUROPEAN CENTRAL
BANK \(ECB\)](#)

[SINGLE SUPERVISORY
MECHANISM \(SSM\)](#)

[SINGLE RESOLUTION
MECHANISM \(SRM\)](#)

[EFIG GROUP](#)

MREL – The SRB publishes Q4 2021 MREL dashboard

28 April 2022 - The SRB has published its minimum requirement for own funds and eligible liabilities (MREL) dashboard covering the reporting period Q4 2021.

Key findings include:

- **MREL targets for resolution entities:** in percentage of the total risk exposure amount (TREA), the average MREL final target, including the combined buffer requirement (CBR) for resolution entities, (to be complied with by 1 January 2024) stood at 26.2% TREA, growing marginally from Q3 2021. In relation to MREL intermediate 2022 targets, including the CBR, almost all banks have complied with the targets. The very few banks in shortfall are being closely monitored by the SRB;
- **MREL shortfalls of resolution entities:** the average MREL shortfall to the final 2024 target, including the CBR, reached 0.45% TREA (or EUR 32.6bn) for resolution entities, continuing the decreasing trend observed in Q3 2021, although at a slower pace;
- **MREL targets and shortfalls of non-resolution entities:** for non-resolution entities, the average MREL shortfall, including the CBR, against the final target halved with respect to Q3 2021 and amounted to 1.06% TREA (or EUR 22bn);
- **market access and MREL issuances:** banks' issuance increased by 42.1% over Q4 2021 and amounted to EUR 60.9bn; and
- **cost of funding:** MREL funding costs deteriorated in Q1 2022, in light of rising geopolitical risks and elevated energy and oil prices, as well as inflationary pressures.

SRB Chair, Elke König, stated that, overall, the dashboard indicates that banks are continuing to make progress in building up their levels of MREL.

[SRB MREL Dashboard Q4 2021](#)
[Press release](#)

EUROPEAN BANKING NEWSLETTER

MAY 2022

BONELLIEREDE
BREDIN PRAT
DE BRAUW
HENGELER MUELLER
SLAUGHTER AND MAY
URÍA MENÉNDEZ

QUICK LINKS

*EUROPEAN CENTRAL
BANK (ECB)*

*SINGLE SUPERVISORY
MECHANISM (SSM)*

*SINGLE RESOLUTION
MECHANISM (SRM)*

EFIG GROUP

EFIG GROUP

Our European Financial Institutions Group, consisting of 'Best Friends' BonelliErede, Bredin Prat, De Brauw Blackstone Westbroek, Hengeler Mueller, Slaughter and May and Uría Menéndez, brings together market-leading lawyers with corporate and financing experience and financial regulatory skills.

We have unrivalled coverage of regulatory developments in the EU, which enables us to provide pure regulatory advice on the interpretation and application of EU directives and regulations. We also have strong connections with the best financial institutions lawyers in the United States, Asia and South America.

Our many years of experience of advising a diverse range of major financial institutions allows us to offer the most incisive advice available.

If you would like to discuss any of the developments in this update, or any other financial regulatory matter, please contact one of the following or your usual EFIG contact.

EUROPEAN BANKING NEWSLETTER

MAY 2022

BONELLIEREDE
BREDIN PRAT
DE BRAUW
HENGELER MUELLER
SLAUGHTER AND MAY
URÍA MENÉNDEZ

QUICK LINKS

*EUROPEAN CENTRAL
BANK (ECB)*

*SINGLE SUPERVISORY
MECHANISM (SSM)*

*SINGLE RESOLUTION
MECHANISM (SRM)*

EFIG GROUP



BONELLIEREDE

Stefano Micheli
stefano.micheli
@belex.com



HENGELER MUELLER

Dirk Bliesener
dirk.bliesener
@hengeler.com



BONELLIEREDE

Giuseppe Rumi
giuseppe.rumi
@belex.com



HENGELER MUELLER

Christian Schmies
christian.schmies
@hengeler.com



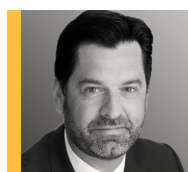
BREDIN PRAT

Didier Martin
didiermartin
@bredinprat.com



SLAUGHTER AND MAY

Jan Putnis
jan.putnis
@slaughterandmay.com



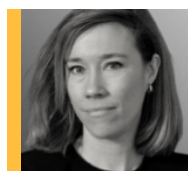
BREDIN PRAT

Matthieu Pouchepadass
matthieupouchepadass
@bredinprat.com



SLAUGHTER AND MAY

Ben Kingsley
ben.kingsley
@slaughterandmay.com



DE BRAUW

Mariken van Loopik
mariken.vanloopik
@debrauw.com



URÍA MENÉNDEZ

Pedro Ravina
pedro.ravina
@uria.com



DE BRAUW

Pete Lawley
pete.lawley
@debrauw.com



URÍA MENÉNDEZ

Carlos Costa Andrade
carlos.andrade
@uria.com

EUROPEAN BANKING NEWSLETTER

MAY 2022

BONELLIEREDE

www.belex.com

Milan, Genoa, Rome, Addis Ababa*, Brussels, Cairo*,
Dubai, London

**: in cooperation with local law firm*

BREDIN PRAT

www.bredinprat.com

Paris, Brussels

DE BRAUW

www.debrauw.com

Amsterdam, Brussels, London, Shanghai, Singapore

HENGELER MUELLER

www.hengeler.com

Frankfurt, Berlin, Dusseldorf, Munich, Brussels,
London

SLAUGHTER AND MAY

www.slaughterandmay.com

London, Beijing, Brussels, Hong Kong

URÍA MENÉNDEZ

www.uria.com

Madrid, Barcelona, Bilbao, Bogotá, Brussels, Lima,
Lisbon, London, New York, Porto, Santiago, Valencia
