Meeting with Director-General John Berrigan, DG FISMA

10 March 2022

Follow-up

Banking Package 2021

Commission’s proposal is a good first step

- The EU Comission's proposal is recognisably characterised by the intention to limit the negative effects of the regulations on the capital requirements of banks - and thus on the real economy. To **avoid burdens for the real economy** and the banks, it is now important in the upcoming legislative process **not to water down the proposed relief** – where it is risk-sensitive. Particularly important **transitional arrangements should be granted permanently**.
- The possibility to **permanently exempt certain exposures** to central governments, central banks and RGLA-PSEs as well as exposures to institutions within the same institutional protection scheme (IPS) from the IRBA **must be maintained**. In countries where **exposures** to regional governments, local authorities and public sector entities (RGLA-PSE) are treated as exposures to central governments **under the Standardised Approach**, banks should be permitted to treat these exposures as exposures to central governments in the **IRBA** as well.
- The possibility to apply a risk weight of 65 percent for exposures to **unrated corporates** should be extended to certain corporate exposures secured by real estate.
- For institutions bound by the **output floor**, the **O-SII buffer** and the **P2G** should not increase.
- **Commission income and expenses within a financial network** for which an **IPS** exists should be able to be **netted** for the calculation of the **service component**.
- When determining the own funds requirements for **operational risk** institutions should be given the option to multiply the business indicator component by the ILM, which depends on the institution's historical OpRisk losses (ILM ≠ 1).
- The regulations considering **ESG risks** should be adjusted.
- Institutions that have practically no influence on the **composition of** their **supervisory body** due to legal requirements should at least be excluded from the ex-ante assessment procedure for these members.

Sustainable Finance

Financing transformation requires a practicable and consistent regulatory framework

Sustainable business strategies are essential to safeguarde future businessmodels

- **We support the EU-Taxonomy** and its function as a **systematic classification** for sustainability in the EU – though, a **consistent harmonisation** with other EU regulation is necessary (in particular, this applies to the revision of the *CSR-Directive*, the *Sustainable Finance Disclosure Regulation* and the *Corporate Sustainability Due Diligence Directive*).

We welcome the definition of a social taxonomy and a neutral-taxonomy (so-called *no-significant-impact*)

- Nevertheless, it should **not go beyonda specification of social categories** and **not try to establish a complex system** based on key performance indicators for the EU.
- Due to the **diverging socio-economical differences** in the various member states, a **specification** should apply **on individual member state level**.
- In principle, both the **social** and the **neutral Taxonomy facilitate** a **differentiated transparancy of the portfolios**.

We do not support the so-called significantly harmful Taxonomy

- A **defintion of green economic activites** is sufficient to speedily support the transformation and to amend business models in a future-proof manner (positive steering effect).
- Though, as a part of the banking industry, **we do not want to interfere with the political and strategic orientation of the economy** (negative steering effect); the **sanctioning of specific business models** in the economy should be done on a political level, not through the regulation of financial markets.

Due to the complexity of the Taxonomy-regulation, sufficient time to implement the so-called delegated acts is extremely important

- **Otherwise, complex project adjustments are necessary**. Further, banks will fail to fulfill their **disclosure obligations** under Article 8 in an adequate manner.

A sufficient involvement of stakeholders is necessary

- Example: Banks have not been involved by **EBA** in regard to Art. 8; whereas **EIOPA** and **ESMA** offered a proper **consultation**.