## EUROPEAN BANKING NEWSLETTER

NOVEMBER 2018

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

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## **NEWS FROM THE ECB**

### Opinion on draft law on fixed remuneration policies

23 October 2018 – The European Central Bank (ECB) has published its opinion on a draft Dutch law requiring systemically relevant credit institutions to obtain prior approval of the Minister of Finance of the Netherlands for an increase in fixed remuneration of a director. The ECB's opinion includes its view that the competence that the draft law will give to the Minister of Finance does not seem to conflict with the ECB's competence to ensure credit institutions comply with the requirement to have in place robust governance arrangements.

The opinion is <u>here</u>.

Please also see the Single Supervisory Mechanism section below for an item on the ECB's supervisory priorities for 2019.



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# **NEWS FOR THE SINGLE SUPERVISORY MECHANISM (SSM)**

### SSM - ECB publishes updated list of supervised entities

22 October 2018 - The European Central Bank (ECB) has published an updated list of supervised entities as of 1 September 2018.

The updated list is here.

### SSM - ECB sets out supervisory priorities for 2019

30 October 2018 - The ECB has published its key supervisory priorities in 2019 for the supervision of significant banks in the Euro area under the Single Supervisory Mechanism (SSM). Key priorities for 2019 include credit risk, risk management and activities comprising multiple risk dimensions.

The ECB's supervisory priorities are <u>here</u>. The webpage is <u>here</u>.

### SSM - the 2019 Risk Assessment

30 October 2018 – The ECB has published it risk assessment for 2019 including the SSM Risk Map for 2019. The key risk drivers include geopolitical uncertainties, high levels of NPLs, cybercrime and IT disruptions, repricing in financial markets, low interest rates, regulatory initiatives, economic growth prospects, residential real estate lending. Other risks identified are misconduct risk, structural business challenges, non-bank competition and climate-related risks. The risk analysis serves as a basis for defining the supervisory priorities.

The ECB's Risk Assessment is <u>here</u>.



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# **NEWS FOR THE SINGLE RESOLUTION MECHANISM (SRM)**

### SRB priorities for 2019

15 October 2018 - Elke König, Chair of the Single Resolution Board (SRB), gave a speech at the third SRB Conference 2018 in Brussels. She discussed the priorities of the SRB in 2019, which are, among other things, (i) that incoming banks in the Banking Union, due to Brexit, need to ensure that their EU operations are sufficiently equipped to be resolvable in case of crisis; and (ii) ensuring consistency and close cooperation with national resolution authorities on resolution plans of less significant institutions.

The speech is here.

### Banco Popular Español - SRB announces next steps

16 October 2018 – The SRB has announced that the next step in the right to be heard process is that registered shareholders and creditors deemed eligible will be invited to submit their written comments to the SRB.

The SRB's press release is here.

#### SRM - The Common Backstop

30 October 2018 – The SRB has published an article of Timo Löyttyniemi, its Vice Chair, on how the Common Backstop will strengthen the Single Resolution Fund (SRF). Among other things, he says that consideration has been given to an early introduction of the Backstop before 2023. He emphasises that progress on the Backstop must be made to ensure that it is well-designed, credible and ready to be called into action.

The article is <u>here</u>.

The SRB's press release is here.

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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.

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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.



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