



**Mailing list Supervision/Accounting/Money Laundering**

Brussels, 12 July 2017

JP

**Proportionality in EU banking regulation**

Dear Sir or Madam,

Please find attached a confidential non-paper of the German government on proportionality that is circulating in Brussels for the moment. The non-paper was tabled in June 2017 in the Council working party on the banking package (review of CRR/ CRD IV/ BRRD/ SRMR). In the non-paper the German government asks for the creation of a three-tier proportionality approach with less regulatory burden for small and medium sized banks. Institutions should therefore be classified in three different groups: systemically relevant or significant institutions/ intermediate institutions/ small and non-complex banks. The German approach aims to protect the diversity in the European financial system. This is important because diversity supports the resilience of the financial system as well as competition and innovation and thus ensures that both businesses and individuals have sufficient access to finance.

To be classified in the group of small and non-complex institutions a possible absolute quantitative threshold of €3bn of the total assets is mentioned in the paper.

In qualitative terms factors for small and non-complex banks might be:

- no use of internal models to calculate own funds requirements
- being subject to ordinary insolvency procedures in case of failure (not requiring resolution under the BRRD).

Small and non-complex institutions would be, following the proposal, fully exempted from the following requirements:

- Disclosure
- Requirements for remuneration systems
- Recovery planning

- Requirements applicable to institutions for resolution planning
- NSFR (full exemption or simplified supervisory reporting)
- Reduction of reporting requirements to a set of core reporting elements (e.g. less data points on ALLM)

Yours sincerely,



Andreas J. Zehnder  
Managing Director  
European Federation of Building Societies

**Annexes:**

- Enhancing proportionality in EU banking regulation