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COMMISSION DELEGATED REGULATION (EU) 2024/2795

of 24 July 2024

amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the date of application of the own funds requirements for market risk

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 [1], and in particular Article 461a(2) thereof,

Whereas:

(1) Regulation (EU) 2019/876 of the European Parliament and of the Council [2] amended Regulation (EU) No 575/2013, *inter alia* to introduce as a reporting requirement into that Regulation the Fundamental Review of the Trading Book (FRTB) standards, which is a comprehensive set of own funds requirements for market risk exposures developed by the Basel Committee on Banking Supervision (BCBS). Regulation (EU) 2024/1623 of the European Parliament and of the Council [3] amended Regulation (EU) No 575/2013 once more, *inter alia* to transform the FRTB standards into binding requirements for the calculation of own funds requirements for market risk.

(2) Given the highly competitive nature of international trading activities, the FRTB standards were adopted on the premise that their implementation across jurisdictions, both in terms of substance and timelines, would ensure an international level playing field for institutions' trading activities. The monitoring of the implementation of the FRTB standards in other BCBS member jurisdictions, and more specifically in those jurisdictions with a large number of internationally active banks, has showed that, due to delays to the implementation of the FRTB standards in those jurisdictions, there is a significant risk of distortions to the international level playing field. It is therefore necessary to defer the application of the FRTB standards for the calculation of own funds requirements for market risk in the Union for 1 year.

(3) Competent authorities need information to monitor the impact of the FRTB, identify potential issues, and facilitate the implementation-related exchanges between them and institutions. Therefore, institutions should be required to continue to report the information related to their own funds requirements calculation for market risk under pre-FRTB approaches until the date of application of the FRTB for the calculation of own funds requirements for market risk in the Union. At the same time, institutions should also continue to report to their competent authorities their own funds requirements in accordance with Article 430b of Regulation (EU) No 575/2013 in the version in force on 8 July 2024.

(1) OJ L 176, 27.6.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/575/oj.

(2) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/876/oj).

(3) Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (OJ L, 2024/1623, 19.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1623/oj).

(4) Regulation (EU) 2024/1623 introduces into Regulation (EU) No 575/2013 specific disclosure requirements for market risk, tailored to the requirements laid down in the FRTB for the calculation of own funds requirements for market risk. The date of application of the provisions in Regulation (EU) 2024/1623 concerning the calculation of own funds requirements for market risk is, however, to be deferred by 1 year. For reasons of consistency, the related specific disclosure requirements should also be postponed by 1 year. Given the importance of the disclosure of own funds requirements in preserving a robust market discipline and in informing the investment decisions of market participants, institutions should instead be required, during that period of deferral, to continue disclosing the information relevant for their exposure to market risk and related own funds requirements based on the pre-FRTB calculation approaches.

(5) Regulation (EU) No 575/2013 should therefore be amended accordingly.

(6) Regulation (EU) 2024/1623 will start to apply as of 1 January 2025. It is therefore necessary to align the date of entry into force and date of application of this Regulation with that date to avoid conflicting requirements to institutions,

HAS ADOPTED THIS REGULATION:

Article 1

Amendment to Regulation (EU) No 575/2013

In Regulation (EU) No 575/2013, the following Article 520a is inserted:

'*Article 520a*

Application of own funds requirements for market risk

Until 1 January 2026, institutions shall continue to apply Part Three, Title IV, and the market risk requirements of Articles 430, 430b, 445 and 455 of this Regulation in the version in force on 8 July 2024.'.

Article 2

Entry into force and application

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall apply from 1 January 2025.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 24 July 2024.

For the Commission
The President
Ursula VON DER LEYEN