



Q1.1 Please explain what other option you would favour:

The EU has an interest to support commitment to a rule-based international order and adhering to the international Basel standards, to avoid a race-to-the-bottom in terms of implementation of international standards, and to have an eye for a level playing field, both internationally and in the EU itself. The FRTB in itself is a clear improvement compared to the old market risk rules.

The international level playing is particularly relevant for a number of large banks that directly compete internationally. Meanwhile, implementation of the FRTB is particularly relevant for most banks that are active in the EU as they are already applying FRTB SA, e.g. in the context of the output floor. These banks currently also have to abide by the old market risk rules and make all the necessary costs. This does not contribute to their competitiveness.

Thus, in the current context, we favour a combination of options: proceeding with implementing FRTB SA while implementing FRTB IMA with targeted amendments. If this would not be possible, we would also be open to (i) a combination of options 1 and 2, namely to postpone the application of FRTB IMA with one final year, while implementing FRTB SA, and (ii) implementing the framework with targeted amendments (option 3), subject to the conditions referred to under question 3, or (iii) option 2 and 3 combined, i.e. delay for FRTB IMA and implementation of FRTB SA, with a limited number of targeted amendments to FRTB SA.

We do not support option 2, being an overall delay for all banks.

Additional to these preferences, we believe it is necessary to provide clarity on some open issues, such as the application of the boundary framework for banks that would combine the application of FRTB SA for some asset classes and the old IMA model for other asset classes. We would welcome a no action letter by the European Banking Authority (EBA) for the application of the boundary framework.

Question 2. What would be the impact of your preferred option for your institution?

The impact of our preferred or fallback options would be to commit to implementation of the Basel standards and the associated societal benefits this yields by having an evidence-based regulatory framework that supports financial stability and facilitates economic and financial activity.

Moreover, in decisions on next steps, we considered effects on banks that continue to use internal models as well as the many banks that don't use these models or that intend to use the Standardized Approach under the new framework. The impact of our preferred or fallback options would be to avoid the unnecessary costs associated with option 2 for banks that already have to use the FRTB SA for monitoring purposes. These banks use old models, which are already becoming less accurate and with it, more costly. It is undesirable to have this continue, both in terms of costs as risk management. It will not increase policy certainty and put EU banks at a disadvantage.

Meanwhile, our preferred or fallback options also allow to take into account the international level playing field for the banks that directly compete internationally with peers in jurisdictions that did not implement the FRTB yet.

Question 3. What are your / your institution's views on the temporary measures proposed under option 3?

This third option would allow implementing FRTB while making temporary targeted adjustments in order

to ensure a level playing-field, up until the time we implement FRTB together with other jurisdictions. We consider the amendments as temporary.

On the various temporary amendments, we see the rationale and can agree as a temporary measure to maintaining the PLAT as a monitoring tool, phasing in own funds requirements for market risks of non-modellable risk factors and providing additional operational relief to onboard risk factors from new issuances under the alternative internal model approach (options 1 to 3).

As regards the temporary amendments to the CIU, both under the IMA and the SA (options 5 and 6), we agree to temporarily allowing a quarterly look-through, in line with the (expected) proposals in other jurisdictions. However, we suggest that the 90% look-through requirement serves as a hard minimum, and the alternative approach for maximum 10% would only be allowed if it can be demonstrated that a look-through is not possible at reasonable costs.

Moreover, we wonder how to reconcile some of the other proposed temporary changes with the principles behind the SA. For example, while we recognize that the residual risk add-on's flat calibration may overstate the risk in some cases, the current formulation is a deliberate design feature. The suggested change of the residual risk-add on would come on top of an existing deviation, while the SA purposely chooses for simplicity in regards to the residual risk add-on. We would suggest that this sub-option and the existing deviation would not be applied simultaneously by banks.

For the temporary adjustment factor for own funds requirements under the alternative standardised approach for market risk (option 10), we suggest an increasing multiplier instead of flat multiplier of 0.9, to facilitate a smooth and committed transition to full implementation of FRTB (e.g. 0.9 in year 2026; 0.93 in 2027; 0.97 in year 2028).

Question 4. What are your views about other additional or combined options?

See previous answers.