Annex I: Summary overview of state of play on risk reduction and risk sharing measures as set out in the Roadmap to Complete Banking Union

Year adopted/ proposed	Measure	Description	State of Play	Status			
				Agreed and effective	Agreed, in transition	Proposed	To be proposed
	Measures included in the June 2016 Roadmap to the completion of the BU						
Risk reduction							
Roadmap para 2 ("*RECALLS the fact that almost all Member States have transposed and implemented into national law the relevant legal provisions of the single rulebook. This has ensured more consistent regulation and high-quality supervision across the EU by: stronger prudential requirements for banks, introduced under the Capital requirements Directive and Regulation (CRDIV/CRR); a new recovery and resolution framework for banks, established under the Bank Recovery and Resolution Directive (BRRD); the functioning of national Deposit Guarantee Schemes (DGSs), enhanced by the Deposit Guarantee Scheme Directive (DGSD)*).							
2013	CRR/CRDIV including technical standards	Introducing new definition of capital, CVA surcharge, capital buffers, liquidity requirements, leverage ratio reporting and disclosure requirements, stricter governance requirements (including limits on bonuses), benchmarking of internal models for calculating capital requirements	Adopted in 2013 and became applicable on 1 January 2014.	**X**			
2013	Single Supervisory Mechanism Regulation (SSMR)	A single supervisory mechanism was established, in order to ensure supervision of the highest quality, to implement the EU's policy related to prudential supervision of credit institutions in a coherent and effective manner, and to apply consistently the single rulebook.	Achieved	**X**			
2014-2017	Single Supervisory Mechanism (SSM) becomes operational	SSM becomes operational. The ECB takes over supervision of the most important banks in the euro area. From 2014 onwards, the SSM takes up fully its supervisory role and sets measures to address risks in the euro area banking system and to further reduce financial fragmentation.	Achieved: Since 2014, banks under SSM increased their fully loaded capital by Eur 234bn, indebtedness fell by more than a quarter, more resilience to liquidity shocks. Stress tests show banks are more resilient and forward looking. Joint standards	**X**			

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			developed with national authorities for LSIs. Harmonised SREP process, harmonisation of many ONDs, improved governance and risk management. Ongoing: addressing NPLs, targeted review of internal model (2017-2019), completion Basel III, further regulatory harmonisation, alignment of "fit and proper" rules.				
2014	Bank recovery and resolution Directive (BRRD)	New rules to prevent and manage the orderly recovery and restructuring of banks that are failing or at risk of failing	Implemented: set-up of resolution authorities, set-up of resolution colleges, resolution planning Still to implement: MREL requirement calibration and compliance	**X**			
2014-2017	BRRD Delegated acts (level 2 legislation)	Specifying the content of recovery plans, resolution plans and group resolution plans, critical functions and core business lines / ex-post contributions, exclusions from the application of write-down or conversion powers, MREL calibration methodology, methodologies and principles on the valuation, minimum elements of a business reorganisation plan. Implementing Regulation on standardised formats and templates for reporting.	16 delegated acts adopted, out of which some refer to multiple mandates provided by different articles in the BRRD. 3 delegated acts still to adopt in 2017.	**X**			
2014	Single Resolution Mechanism Regulation (SRMR)	New rules to prevent and manage the orderly recovery and restructuring of banks that are failing or at risk of failing in the euro area.	Creation of the SRB, resolution colleges, resolution planning process, the Single Resolution Fund (SRF) is set-up under the SRB's responsibility	**X**			

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		The legal provisions for the creation of a **Single Resolution Fund are in place**.					
2014	Deposit Guarantee Scheme Directive (DGSD)	New rules proposed for the funding of deposit guarantee schemes		**X**			
2015	CRR/CRD delegated acts on leverage ratio and liquidity coverage ratio (LCR)	Delegated act amending the methodology for calculating the leverage ratio and introducing a liquidity coverage ratio (LCR) requirement	Adopted in 2014 and became applicable in January 2015 (LR) / October 2015 (LCR).	**X**			
2015 – 2016	Single Resolution Mechanism (SRM) becomes operational.	A new EU Agency, the Single Resolution Board (SRB), assumes responsibility for dealing with failing banks in the euro area.	<u>Achieved</u>: SRB set-up; 2016 and 2017 resolution planning processes, binding MREL at consolidated level for largest groups in BU. <u>Still in progress</u>: achieving MREL compliance by half of the largest banks; setting binding MREL for other banks; narrowing-down shortfalls of approx EUR 117bn (estimated for banks accounting for 80% BU assets); continuous monitoring of SRMR compliance Completion of Single Resolution Fund contributions by 2023.	**X**	**X**		
Roadmap para 7 ("*a) propose amendments to the legislative framework in view of implementing the Total Loss Absorbing Capacity (TLAC) standard and reviewing the minimum requirement for own funds and eligible liabilities (MREL). The Council will seek to ensure consistent rules and adequate amounts for the bail-inable buffers that contribute to an efficient and orderly resolution process in line with BRRD for all credit institutions for which bail-in would be the validated resolution strategy.*). Roadmap para 7 e) *conduct further work on examining whether and how harmonizing the rules and application of moratorium tools can contribute to the stabilisation by the relevant authorities of an institution in the period before, and possibly after, an intervention.*							
2016 (proposed)	Risk reduction package – Resolution (TLAC/MREL)	Amendments to the BRRD/CRD/CRR in view of implementing the Total Loss Absorbing Capacity (TLAC) standard	Council General Approach expected: Q1 2018. Expected adoption: Q2 2018			**X**	

Year adopted/ proposed	Measure	Description	State of Play	Status			
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		and reviewing the minimum requirement for own funds and eligible liabilities (MREL), implementing the MREL allocation within groups (internal MREL).					
Roadmap para 7 ("*b) put forward a proposal on a common approach to the bank creditor hierarchy, to enhance legal certainty in case of resolution.*							
2016 (proposed)	Partial harmonisation of bank creditor hierarchy .	Creation of a new class of senior non-preferred debt to facilitate the compliance with subordinated TLAC/MREL requirements.	Trilogues concluded in Oct 2017, COREPER agreement 15 Nov 2017; expected adoption: Q4 2017		**X**		
Roadmap para 7 ("c*) propose amendments to the CRR/CRDIV as part of an overall review exercise, which would result in: i. harmonisation or further specification of options and national discretions (ONDs) granted to MS, which could also contribute to the objective of reducing financial fragmentation; ii. implementing and finalising remaining Basel reforms including the introduction of a leverage ratio, possibly set higher than 3% for systemic banks, and the introduction of a net stable funding ratio;*							
2016 (proposed)	Risk reduction package – Prudential framework (CRR/CRD Review)	Amendments to the CRR/CRDIV to, inter alia, implement and finalise remaining Basel reforms including the introduction of - a binding leverage ratio; - a binding net stable funding ratio; - more risk-sensitive capital requirements, in particular in the area of market risk, counterparty credit risk, and exposures to central counterparties (CCPs); - more stringent large exposure limits for G-SIIs Amendments to enhance consolidated supervision (requirement on third country groups to set up an EU intermediate parent undertaking (IPU) or an authorisation requirements on (mixed) financial holding companies). Amendments to allow for cross-border	Council General Approach expected: Q1 2018. Expected adoption: Q2 2018			**X**	

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		capital and liquidity waivers subject to safeguards. Proportionality-enhancing amendments, which are intended to reduce undue administrative burden and improve banks' lending capacity.					
Roadmap para 7 *d) propose a legislative proposal for minimum harmonisation in the field of insolvency law in the context of the Capital Markets Union (CMU), which may also support efforts to reduce future levels of non-performing loans;*							
2016 (proposed)	Insolvency law	Proposal for a Directive on preventive restructuring framework, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures	ECON vote 21 November			**X**	
Roadmap para 7 e) *conduct further work on examining whether and how harmonizing the rules and application of moratorium tools can contribute to the stabilisation by the relevant authorities of an institution in the period before, and possibly after, an intervention.*							
2016 (proposed)	Risk reduction package – (Moratorium tool)	Amendments to the BRRD/CRD/CRR in view of h**armonisation of moratoria tools** and more proportionate recognition of bail-in powers in third countries.				**X**	
Roadmap para 8 c) *On the regulatory treatment of sovereign exposures, the Council agrees to await the outcomes of the Basel Committee. Following the work of the Basel Committee the Council will consider possible next steps in the European context*							
(TBD)	Regulatory treatment of sovereign exposures (RTSE)	Regulatory treatment of sovereign exposures – Council agreed to await the outcome of the Basel Committee – Commission stands ready to make necessary proposals thereafter					**X**
Risk sharing							
Roadmap para 3 *As for the SRF, REITERATES that participating Member States agreed on 8 December 2015 on a harmonised Loan Facility Agreement with the Single Resolution Board (SRB), providing national credit lines to the SRB to support the national compartments of the SRF in case of possible funding shortfalls in that compartment following resolution cases of banks during the transition period. All Member States that have not yet signed the Loan Facility Agreement with the SRB commit to do so as soon as possible, ultimately by September 2016*							
2016 - 2023	Single Resolution Fund (SRF)	Established by the SRM Regulation (EU) No 806/2014 to ensure the efficient application of resolution tools and the exercise of the resolution	Being built up and mutualized until 2023. LFA in place		**X**		

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		powers conferred to the SRB.					
Roadmap para 8 *d) On a European Deposit Insurance Scheme (EDIS), the Council will continue constructive work at technical level. Negotiations at political level will start as soon as sufficient further progress has been made on the measures on risk reduction, as mentioned above.*							
2015 (proposed)	The European Deposit Insurance Scheme (EDIS)	A single deposit scheme that provides uniform coverage for all depositors in the Banking Union.	Achievement of an EP position and a Council General Approach by Q2 2018 and adoption by the co-legislators in Q4 2018			**X**	
Roadmap para 8 *b) On the common backstop for the Single Resolution Fund, the Council takes note of the intention of Member States to start work in September 2016 if and when all participating Member States have fully transposed the BRRD. (...) They reaffirm the need to have the common backstop fully operational at the latest by the end of the transition period. When the work is completed, it may be decided, in line with the risk reduction measures mentioned in paragraph (a), that the backstop may become operational ahead of the end of the transition period.*							
(2017)	Common backstop for the Single Resolution Fund (SRF)	A last-resort tool that aims to ensure the availability of sufficient funding to pursue the most efficient and effective resolution strategy.	Work among Member States started in 2016. All MS signed the Loan Facility Agreement (Feb 2017). Commission proposals upcoming to incorporate the ESM as the EMF into the Union framework Agreement on the backstop in 2018. Governance rules between SRB and backstop provider to be put in place.			**X**	
Additional risk reduction measures not included in the June 2016 Roadmap to the completion of the BU							
2017-(2018) (to be proposed)	Measures to address NPLs	Interpretation on existing supervisory powers to address potential under-provisioning of NPLs	Clarified in the Single Supervisory Mechanism Review Report	**X**			
		A Blueprint for national Asset Management Companies (AMC)	Preparatory work ongoing				**X (2018Q1)**
		Possible legislative measures to develop secondary market for NPLs	Preparatory work ongoing including Impact Assessment				**X (2018Q1)**

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		Possible legislative measures to improve the protection of secured creditors	Preparatory work ongoing, including Impact Assessment				**X (2018Q1)**
		Foster transparency and improve data infrastructure on NPLs	Preparatory work ongoing				**X (2018Q1)**
		Benchmarking of national loan enforcement (including insolvency) systems from a bank creditor perspective	Ongoing	Mapping of national enforcement regimes.			
		Possible legislative measures to introduce - statutory prudential backstops to prevent the build-up of future NPLs without sufficient loan loss coverage; - a common definition of non-performing exposures (NPE)	Preparatory work ongoing including Impact Assessment				**X (2018Q1)**
		Building on the improvements introduced by IFRS9 (ie higher and earlier loan loss provisioning for credit risk)	IFRS 9 was adopted in November 2016. Mandatory application from 1 Jan 2018 onwards.		**X**		
(2018) (to be proposed)	Sovereign Bond-Backed Securities (SBBS)	An enabling framework for securities that allows for pooling and possibly tranching sovereign bonds from different Member States	Awaiting ESRB report Enabling framework for the development of SBBSs in early 2018				**X (2018Q1)**
(2017) (to be proposed)	Investment firms	SSM supervision of large investment firms	Preparatory work on Commission legislative proposal ongoing, expected by end 2017				**X (2017Q4)**