

# At a glance: EC proposes CRDV/ CRR II

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## What's new?



- The proposal for the [directive](#) and the [regulation](#) published on 23 November 2016 applies to all banks, building societies and systematically important investment firms.
- CRD V / CRR II introduce significant revisions to capital, funding, and liquidity requirements covering market risk, counterparty credit risk, interest rate risk, and liquidity and funding risk. The changes impact both banking and trading books.
- The EBA will develop RTS/ ITS providing further details on implementation.

## Key points



- CRD V/ CRR II introduces more proportionality – simplified approaches for smaller firms for market risk and counterparty credit risk capital calculations.
- To promote lending to the real economy, preferential and bespoke EU treatment for residential loans, public lending, covered bonds, derivatives, and certain other products under leverage ratio and NSFR.
- Non-EU G-SIBs and non-EU groups with EU assets > €30bn must establish an intermediate EU parent company, if they have two or more EU institutions.

## Next steps



- Implementation date for majority of the revisions is 2019. A transitional implementation from 2019 to 2022 applies to the fundamental review to the trading book.
- These proposals will be subject to further discussions with the European Parliament and Council.

## What do firms need to do?



- Monitor and engage with the process, as the proposal gets finalised.
- Understand the interaction between different elements (e.g. leverage, NSFR, TLAC) and review the product mix to balance regulatory requirements, cost and profitability.
- Enhance infrastructure, data granularity, processes and controls to implement the new requirements.
- Assess the impact of the intermediate EU parent company proposed requirement in the context of Brexit.

For further details and comments from our EMEA FS advisory services leader, please find our [press release](#)

## Contacts

**Hortense Huez**  
Director

T: +44 (0)20 7213 3869  
E: hortense.huez@uk.pwc.com

**Suddankumar Subbaroyan**  
Manager

T: +44 (0)20 7212 6003  
E: suddankumar.subbaroyan@uk.pwc.com