

# Newsletter

APRIL 2019

## EUROPEAN PARLIAMENT APPROVES PACKAGE OF BANKING REFORMS

On 16 April 2019, the European Parliament has approved an overhaul of banking rules addressing some of the loopholes exposed by the global financial crisis (the "**Banking Package**").

The Banking Package, proposed by the European Commission in November 2016, represents an important step towards the completion of the European post-crisis regulatory reforms with the aim to allow further progress in completing the Banking Union.

The new rules set, *inter alia*, the level of funds banks must set aside to absorb losses and introduces new requirements for capital and liquidity, in line with global standards agreed after the 2007-09 financial crisis. This should help to boost the EU economy by increasing lending capacity and creating more liquid capital markets, and a clear roadmap to reduce risks in the banking sector by further reinforcing banks' ability to withstand potential shocks and deal with losses without having to resort to taxpayer funded bailouts.

The following legislative acts will be amended accordingly:

- Regulation (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms ("CRR");
- Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("CRD IV");
- Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms ("BRRD"); and
- the Regulation (EU) No 806/2014 of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund ("SRMR").

Next steps will be the formal approval without discussion of the EU Council and the publication in the EU Official Gazette.

The Regulatory Department of Legance is available to provide any clarifications, also in respect of any specific situation which may be of interest to you.

For further information:

**Marco  
Penna**

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**Partner**

T. +39 06.93.18.271 /  
+39 02.89.63.071

[mpenna@legance.it](mailto:mpenna@legance.it)

or your direct contact at Legance.

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