

Press release - for immediate release

TLAC: EBF urges proper and careful implementation in Europe

The European Banking Federation broadly supports the Financial Stability Board's proposal for a global requirement for Total Loss Absorbing Capacity (TLAC) for Globally Systemic Important Banks (GSIBs), published today in Basel. The standard will ensure that GSIBs will maintain adequate capital resources within their group structure to ensure that these banks can fail and be resolved irrespective of their global footprint. This will limit the recourse to taxpayer monies while ensuring the critical access to deposits and payment services.

The EBF appreciates that the calibration of the standard is at the lower end of the spectrum as originally proposed by FSB members and allows for a phasing in by 2022. Given the cumulative effects of various capital buffers, the EBF urges policy makers to carefully gauge the implementation of the standard to ensure that it is indeed calibrated at the right level, balancing financial stability with economic growth. It should be ensured that application of the TLAC requirement is correctly articulated so that it is consistent with the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) introduced by the Banking Recovery and Resolution Directive (BRRD) which is applied to all banks in Europe.

"TLAC is a logical development in capital adequacy, but it will need to fit with European bank resolution measures. We need regional calibration," said Wim Mijs, Chief Executive of the EBF. *"If not done sensibly, the cumulative force of all these new proposals can seriously constrain EU bank lending and can harm Europe's global competitiveness. By the way, TLAC addresses the very same issues that are being dealt with in the EU Bank Structural Reform proposal. It effectively makes the EU BSR proposal obsolete."*

The final FSB TLAC term sheet is to be confirmed by the G20 Meeting in Antalya, Turkey on 15-16 November. The EBF is keen to discuss its application in the EU in a way to preserve the universal banking model to support jobs, markets and economic growth in Europe.

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About the EBF:

The European Banking Federation is the voice of the European banking sector, uniting 32 national banking associations in Europe that together represent some 4,500 banks - large and small, wholesale and retail, local and international - employing about 2.5 million people. EBF members represent banks that make available loans to the European economy in excess of €20 trillion and that securely handle more than 300 million payment transactions per day. Launched in 1960, the EBF is committed to creating a single market for financial services in the European Union and to supporting policies that foster economic growth. Website: www.ebf-fbe.eu

