



TOPICS:

Market risk

SOURCE

European Banking Authority

The EBA Publishes Statement Confirming its Response to the New European Commission's Delegated Act Postponing the Market Risk Framework in the EU

- On 12 June 2025, the European Commission adopted a Delegated Act under Article 461a of the Capital Requirements Regulation (CRR), delaying the mandatory implementation of the **Fundamental Review of the Trading Book (FRTB)** standards for market risk to 1 January 2027. In response, **the EBA recently issued a statement** confirming the continuity of its prior positions and guidance.
- The EBA reaffirmed that its no-action letter from 12 August 2024 remains valid.** This letter instructs Competent Authorities to refrain from supervisory or enforcement actions related to the trading book boundary until the FRTB framework becomes binding. This stance ensures regulatory consistency during the postponement period.
- Additionally, **several technical interpretations** previously communicated by the EBA continue to apply: **Market Risk Output Floor Contribution** - Institutions using internal models should calculate own funds requirements based on FRTB-SA or CRR2-SA, contingent on their FRTB reporting status under Article 430b CRR;

Structural FX Positions - Permissions granted under current EBA Guidelines (EBA/GL/2020/09) remain valid and compliant until the new RTS on Structural FX becomes effective; **Threshold Calculations** - The 'main risk driver' approach under CRR3 may be used to determine thresholds during the deferral; **CVA Hedges** - Instruments qualifying as CVA hedges under CRR3 are excluded from market risk capital requirements, without additional authorisation or notifications; **Disclosures and Reporting** - Institutions should adhere to disclosure and reporting requirements under Regulations (EU) 2024/3172, 2024/3117, and 2021/453, pending further ITS updates from the EBA; **Operational Risk Boundary Alignment** - Institutions should apply a consistent boundary for market risk and operational risk indicators.

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