

THE CHAIRPERSON

John Berrigan
Director General
Directorate-General for Financial Stability,
Financial Services and Capital Markets Union (FISMA)
European Commission
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1049 Brussels
Belgium

17 October 2022

Opinion of the European Banking Authority on the European Commission's amendments relating to the final draft Implementing Technical Standards on prudential disclosures on ESG risks in accordance with Article 449a CRR

Dear Mr Berrigan,

On 20 January 2022, the EBA submitted for adoption to the European Commission the final draft implementing technical standards ('ITS') on prudential disclosures of environmental, social and governance risks ('ESG risks') in accordance with Article 449a of the Regulation (EU) No 575/2013 (Capital Requirements Regulation).

The European Commission has communicated, with its letter of 25 August 2022 submitted to the EBA on 31 August 2022, its intention to amend the draft ITS submitted by the EBA. The letter details substantive changes in the drafting of Article 18a (2), as well as other non-substantive changes, rewordings to the legal drafting, editorial changes, and some additional clarifications on the recitals and the text. This notification gives the EBA the possibility to amend the draft ITS on the basis of the Commission's proposed amendments and resubmit it in the form of a formal opinion. It is my pleasure to submit to you today this EBA Opinion, as endorsed by the EBA's Board of Supervisors.

In substance, the enclosed Opinion, while favouring the original wording proposed by the EBA in the ITS, accepts the substantive changes proposed to the text of Article 18a(2), with the intention to introduce additional proportionality for the disclosure of one of the ratios proposed in the ITS, the Banking Book Taxonomy Alignment Ratio (BTAR). In the Opinion, the EBA also highlights the aim of the BTAR to prevent an asymmetric treatment of exposures towards counterparties which may raise similar level of riskiness to the institution and emphasises the importance that institutions make every effort to disclose this ratio and to collect the relevant information from their counterparties.



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EBA-2022-D-4086

The Opinion also refers to other non-substantive changes proposed by the Commission, which do not give rise to concerns and are indeed agreeable. The Opinion will be published on the EBA's public website shortly.

Yours sincerely,

[signed]

José Manuel Campa

- CC: Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs European Parliament
Claudia Lindemann, Head of ECON Secretariat
Zbyněk Stanjura, Minister of Finance of the Czech Republic, Presidency of the Council of the EU, ECOFIN Chair
Tuomas Saarenheimo, Chair of Economic and Finance Committee, Council of the European Union
Harald Waiglein, Chair of the Financial Services Committee
Martin Merlin, Director Dir D, Regulation and prudential supervision of financial Institutions, DG FISMA
Almoro Rubin de Cervin, Head of Unit D1, Bank regulation and supervision, DG FISMA
Edoardo Rulli, Policy Expert, Unit D1, Bank regulation and supervision, DG FISMA
Dominique Thienpont, Legal Counsellor to Dir D, DG FISMA
- Encl: EBA Opinion on the European Commission's amendments relating to the final draft Implementing Technical Standards on prudential disclosures on ESG risks in accordance with Article 449a CRR