



EUROPEAN COMMISSION

Directorate General Financial Stability, Financial Services and Capital Markets Union

Director General

 Ref. Ares(2015)2691431 - 26/06/2015

Brussels,
SH/JS/ad fisma.ddg.d.1(2015)2787482

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Sent by e-mail

Subject: Call for Advice to the EBA for the purposes of the Net Stable Funding Requirements and the Leverage Ratio

Dear Chairman,

The Commission is required to submit by 31st December 2016 a legislative proposal, if appropriate, on how to ensure that institutions use stable sources of funding (net stable funding requirements). The Commission is also required to submit by October 2016, a report to the European Parliament and Council on the impact and effectiveness of the leverage ratio accompanied by a legislative proposal on the introduction of a binding leverage ratio, if appropriate. In both cases, the Commission will take into account the EBA reports mandated by the CRR in Articles 510(1) and (2) and 511(1).

Additionally, to further help the Commission with the preparation of its report and, where appropriate, proposals on these two issues, we seek the EBA's technical advice (please see enclosed Call for Advice) on some specific aspects which are not explicitly covered by the aforementioned EBA reporting mandates to the Commission. I cannot stress enough the importance of this exercise; this is the first time that the Commission will consider imposing net stable funding requirements and/or a binding leverage ratio on institutions. The Commission will therefore need as much information as possible in order to inform its view on any potential future action in this area.

Because of the broad scope of the exercise, the substantial amount of work that will be needed in order to prepare the EBA's advice and the deadlines for completion of the work, my services have already contacted the EBA's staff and encouraged them to start with the preparations.

My services stand ready to support the EBA in the completion of this targeted advice as efficiently as possible. As always, the invaluable input from the EBA will be instrumental in delivering the report and, where appropriate, proposals expected by the European Parliament and the Council.

Thank you in advance for your cooperation and I look forward to receiving the EBA's advice.

Jonathan Faull

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Encl: Call for advice to the EBA for the purposes of the Net Stable Funding Requirements and the Leverage Ratio