



PROFESSIONAL TRAINING COURSE

FLORENCE SCHOOL OF BANKING AND FINANCE

OWN FUNDS, MREL AND TLAC - INTERPLAY AND IMPACT ON BANKING BUSINESS MODELS

Christos Gortsos | National and Kapodistrian University of Athens

Seraina Grünwald | University of Zürich

Guillaume Adamczyk | Single Resolution Board

Charles Canonne | European Banking Authority

Emiliano Tornese | FBF and European Commission

Sala Europa

Villa Schifanoia, Via Boccaccio 121 - Florence

 @FBF_School

4-6 NOVEMBER 2019

■ PROGRAMME

4 NOVEMBER	GENERAL INTRODUCTION AND OWN FUNDS REQUIREMENTS IN TERMS OF PRUDENCE
13.00 - 13.15	<i>Welcome Coffee and Registration</i>
13.15 - 13.45	Introduction: Presentation of the FBF, Tour de Table, Course Roadmap
13.45 - 15.15	Session 1: Overview of criteria/methods to set own funds requirements for credit institutions in terms of prudence (micro- and macro-prudential requirements) and preparation for resolution Christos Gortsos <ul style="list-style-type: none">• Capital adequacy ratio and leverage ratio: two main components of prudential banking regulation: common elements and differences - the primary role of own funds• MREL and TLAC as elements of the regulatory framework relating to



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preparation for resolution – the primary role of own funds (again)

- The evolution of international and EU banking law in relation to the above aspects: *status quo* and the way forward
- The Banking Union perspective: Division of competences between the “hub” (ECB/SRB) and the “spokes” (NCAs/NRAs) within the SSM and the SRM in relation to the above aspects

15.15 - 15.45

Coffee break

15.45 - 17.15

Session 2: Overview of the EU banking regulatory framework governing own funds: elements of own funds

Christos Gortsos

- Tier 1 capital: Common Equity Tier 1 (CET 1) capital *versus* Additional Tier 1 capital
- Tier 2 capital
- Quantitative limitations in the use of Tier 1 and Tier 2 capital

17.30 -18.00

Transfer by shuttle bus from Villa Schifanoia to Osteria Armanda 1926

18.00 - 19.30

Wine Tasting at the Osteria Armanda 1926 (Via dei Macci, 74r 50122 Firenze)

5 NOVEMBER

OWN FUNDS REQUIREMENTS IN TERMS OF PREPARATION FOR RESOLUTION - MREL AND TLAC

09.00 - 10.30

Session 3: Overview of the EU banking regulatory framework governing own funds: specific issues

Christos Gortsos

- Deferred tax assets and credits (DTA and DTC)
- Minority interests
- Instruments issued by subsidiaries
- Qualifying holdings outside the financial sector

10.30 - 10.50

Coffee break

10.50 - 12.20

Session 4: Setting the MREL level under the regulatory framework in force: the provisions of BRRD I and SRMR I

Seraina Grünewald

- Resolution planning, resolvability and resolution strategies
- Objectives of MREL: facilitate bail-in
- Definition and application under the BRRD I and the SRMR

- Calculation and criteria for calibration of MREL

12.20 - 13.30

Lunch break

13.30 - 15.30

Session 5: Setting the MREL and TLAC level under the new regulatory framework: the provisions of BRRD II and SRMR II
Seraina Grünewald and Emiliano Tornese

- Modifications to regulatory framework governing MREL
- Incorporation of TLAC into the EU regulatory framework
- Comparing MREL and TLAC
- Background, Rationale and Discussion of the 2019 EU Banking Package

15.30 - 16.00

Coffee break

16.00 - 17.30

Session 6: Reporting and monitoring of own funds/MREL
Charles Canonne

17.30 -18.30

Guided Tour of Villa Schifanoia and Badia Fiesolana

18.30 - 19.00

Cocktail in Antirefectory, Badia Fiesolana

19.15

Transfer by shuttle bus from San Domenico di Fiesole to Via Cavour

6 NOVEMBER

09.00 - 10.30

Session 7: The SRB's MREL policy and the changes ahead
Guillaume Adamczyk

10.30 - 10.50

Coffee break

10.50 - 12.20

Session 8: Practical session: Presenting the exercise (setting OF and MREL for a hypothetical bank) and following execution of the exercise through teamwork
Christos Gortsos and Seraina Grünewald

12.20 - 13.30

Lunch break

INTERPLAY AND IMPACT ON BUSINESS MODELS

13.30 - 14.30

Session 9: Discussion of results of the exercise

14.30 - 15.00

Coffee break

15.00 - 16.00

Session 10: Impact of the new requirements for banks' business models and structures (move towards branchification?) - An academic view
Christos Gortsos

16.00 - 16.30

Close of the training: wrap up and your takeaways

■ PARTICIPANTS

Maria Ana Barata	European University Institute
Efi Bouli	European Banking Authority
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Iryna Bura	Austrian Financial Market Authority (FMA)
Jeremy Buttigieg	Central Bank of Malta
Elisa Cencig	Association for Financial Markets in Europe
Laura Fabiani	European Central Bank
Zaira Fernandez	European Central bank
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