

Basic information	
<p><b>2021/0341(COD)</b></p> <p>COD - Ordinary legislative procedure (ex-codecision procedure) Directive</p>	Procedure completed
<p>Amendments to the Capital Requirements Directive</p> <p>Amending Directive Directive 2013/36/EU <a href="#">2011/0203(COD)</a> Amending Directive Directive 2014/59/EU <a href="#">2012/0150(COD)</a></p> <p><b>Subject</b></p> <p>2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.04 Banks and credit 2.50.08 Financial services, financial reporting and auditing 2.50.10 Financial supervision</p> <p><b>Legislative priorities</b></p> <p><a href="#">Joint Declaration 2021</a> <a href="#">Joint Declaration 2022</a> <a href="#">Joint Declaration 2023-24</a></p>	

Key players				
European Parliament	<b>Committee responsible</b>		<b>Rapporteur</b>	<b>Appointed</b>
	<a href="#">ECON</a> Economic and Monetary Affairs		FERNÁNDEZ Jonás (S&D)	25/10/2021
			Shadow rapporteur KARAS Othmar (EPP) POULSEN Erik (Renew) NIINISTÖ Ville (Greens /EFA) VAN OVERTVELDT Johan (ECR) ZANNI Marco (ID) PAPADIMOULIS Dimitrios (The Left)	
Council of the European Union				
European Commission	<b>Commission DG</b>		<b>Commissioner</b>	
	Financial Stability, Financial Services and Capital Markets Union		MCGUINNESS Mairead	
European Central Bank				

Key events			
Date	Event	Reference	Summary

28/10/2021	Legislative proposal published	COM(2021)0663 	Summary
17/01/2022	Committee referral announced in Parliament, 1st reading		
24/01/2023	Vote in committee, 1st reading		
24/01/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
10/02/2023	Committee report tabled for plenary, 1st reading	A9-0029/2023	Summary
13/02/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
15/02/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
11/12/2023	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE757.234 GEDA/A/(2023)006587	
24/04/2024	Decision by Parliament, 1st reading	T9-0362/2024	Summary
24/04/2024	Results of vote in Parliament		
24/04/2024	Debate in Parliament	CRE link	
30/05/2024	Act adopted by Council after Parliament's 1st reading		
31/05/2024	Final act signed		
19/06/2024	Final act published in Official Journal		



Technical information	
<b>Procedure reference</b>	2021/0341(COD)
<b>Procedure type</b>	COD - Ordinary legislative procedure (ex-codecision procedure)
<b>Procedure subtype</b>	Legislation
<b>Legislative instrument</b>	Directive
	Amending Directive Directive 2013/36/EU <a href="#">2011/0203(COD)</a> Amending Directive Directive 2014/59/EU <a href="#">2012/0150(COD)</a>
<b>Legal basis</b>	Treaty on the Functioning of the EU TFEU 053-p1
<b>Other legal basis</b>	Rules of Procedure EP 165
<b>Mandatory consultation of other institutions</b>	<a href="#">European Central Bank</a>
<b>Stage reached in procedure</b>	Procedure completed
<b>Committee dossier</b>	ECON/9/07545

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		<a href="#">PE731.819</a>	01/06/2022	
Amendments tabled in committee		<a href="#">PE734.261</a>	22/08/2022	
Amendments tabled in committee		<a href="#">PE735.693</a>	22/08/2022	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A9-0029/2023</a>	10/02/2023	Summary
Text agreed during interinstitutional negotiations		<a href="#">PE757.234</a>	06/12/2023	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T9-0362/2024</a>	24/04/2024	Summary

**Council of the EU**

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	<a href="#">GEDA/A/(2023)006587</a>	06/12/2023	
Draft final act	00079/2023/LEX	31/05/2024	

**European Commission**

Document type	Reference	Date	Summary
Legislative proposal	<a href="#">COM(2021)0663</a> 	28/10/2021	<a href="#">Summary</a>
Document attached to the procedure	SWD(2021)0320	28/10/2021	
Document attached to the procedure	SWD(2021)0321 	28/10/2021	
Document attached to the procedure	SEC(2021)0380	28/10/2021	
Commission response to text adopted in plenary	<a href="#">SP(2024)394</a>	08/08/2024	

**Other institutions and bodies**

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	<a href="#">CON/2022/0016</a> <a href="#">OJ C 248 30.06.2022, p. 0087</a>	30/06/2022	

**Additional information**

Source	Document	Date
EP Research Service	<a href="#">Briefing</a>	08/07/2024

**Meetings with interest representatives published in line with the Rules of Procedure****Rapporteurs, Shadow Rapporteurs and Committee Chairs**

Name	Role	Committee	Date	Interest representatives
<a href="#">POULSEN Erik</a>	Shadow rapporteur	<a href="#">ECON</a>	17/01/2023	Finans Danmark
<a href="#">POULSEN Erik</a>	Shadow rapporteur	<a href="#">ECON</a>	20/12/2022	Finans Danmark
<a href="#">NIINISTÖ Ville</a>	Shadow rapporteur	<a href="#">ECON</a>	16/08/2022	Finance Watch
<a href="#">NIINISTÖ Ville</a>	Shadow rapporteur	<a href="#">ECON</a>	30/06/2022	Finanssiala ry - Finance Finland
<a href="#">NIINISTÖ Ville</a>	Shadow rapporteur	<a href="#">ECON</a>	23/06/2022	Nederlandse Vereniging van Banken / Dutch Banking Association
<a href="#">NIINISTÖ Ville</a>	Shadow rapporteur	<a href="#">ECON</a>	15/06/2022	Deutsche Bank AG
<a href="#">NIINISTÖ Ville</a>	Shadow rapporteur	<a href="#">ECON</a>	09/06/2022	The Club of Rome Triodos Bank
<a href="#">NIINISTÖ Ville</a>	Shadow rapporteur	<a href="#">ECON</a>	03/06/2022	European Association of Public Banks and Funding agencies AISBL

NIINISTÖ Ville	Shadow rapporteur	ECON	25/05/2022	EURALIA French Association for Specialised Finance companies (ASF)
NIINISTÖ Ville	Shadow rapporteur	ECON	28/04/2022	Finanssiala ry - Finance Finland
NIINISTÖ Ville	Shadow rapporteur	ECON	27/04/2022	German Banking Industry Committee (GBIC)

## Other Members

Name	Date	Interest representatives
FITZGERALD Frances	28/10/2022	The Luxembourg Bankers' Association
FITZGERALD Frances	05/10/2022	The Bank of New York Mellon
FITZGERALD Frances	03/10/2022	Stripe, Inc.
FITZGERALD Frances	23/09/2022	Stripe, Inc.
FITZGERALD Frances	01/09/2022	Banking & Payments Federation Ireland
ANDRESEN Rasmus	14/07/2022	Die Deutsche Kreditwirtschaft (DK) Identification number: 52646912360-95
ANDRESEN Rasmus	12/07/2022	Bundesverband deutscher Banken e.V. (Bankenverband) Identification number: 0764199368-97
ANGEL Marc	05/07/2022	Kreab Mizuho Financial Group, Inc.
ANGEL Marc	21/06/2022	European Savings and Retail Banking Group
ANGEL Marc	16/06/2022	Association Luxembourgeoise des Fonds d'Investissement Association des Banques et Banquiers, Luxembourg
ANDRESEN Rasmus	20/04/2022	Verband deutscher Pfandbriefbanken e.V.

Final act
<p>Directive 2024/1619 OJ OJ L 19.06.2024</p> <p style="text-align: right;"><a href="#">Summary</a></p>

# Amendments to the Capital Requirements Directive

2021/0341(COD) - 19/06/2024 - Final act

PURPOSE: to strengthen the regulatory and supervisory landscape for banks operating in the EU.

LEGISLATIVE ACT: Directive (EU) 2024/1619 of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks.

CONTENT: this directive is part of a package of new rules to update the capital requirements directive and the capital requirements [regulation](#), which transpose the Basel III standards into EU law. The Basel III standards were agreed by the Basel Committee on Banking Supervision (BCBS) to strengthen prudential regulation, supervision and risk management of banks in response to the global financial crisis of 2007-2008.

The new rules aim to make banks operating in the EU more resilient to potential economic shocks. The changes aim to strengthen banks' resilience, supervision and risk management. In addition, these rules will strengthen supervision and sustainability in the banking sector.

## Subject matter

The amendments made to Directive 2013/36/EU in connection with supervisory powers, sanctions, third-country branches, and environmental, social and governance (ESG) risks is to further the harmonisation of the banking supervisory framework and, ultimately, deepen the internal market for banking. Competent authorities should seek to ensure that the supervisory framework is applied to institutions, as defined in that Directive, in a proportionate manner and, in particular, they should aim to reduce compliance and reporting costs for small and non-complex institutions.

## Supervisory independence of competent authorities

For the purpose of preserving the independence of competent authorities in the exercise of their powers, Member States will provide for the necessary arrangements to ensure that competent authorities, including their members of staff and the members of their governance bodies, can exercise their supervisory powers **independently and objectively**, without seeking or taking instructions from supervised institutions, from any body of the Union or any government of a Member State or from any other public or private body. The governance bodies of competent authorities should be functionally independent of other public and private bodies.

Members of the governing body of a competent authority must be appointed on the basis of **published, objective and transparent criteria**, and must be able to be dismissed if they no longer meet the criteria for appointment or have been convicted of a serious criminal offence. No member of the governing body of a competent authority who is appointed after 11 January 2026 should remain in office for more than fourteen years.

Competent authorities will be required to put in place all necessary arrangements to prevent **conflicts of interest** for their staff and members of their governance bodies. Similarly, a more proportionate and targeted framework is imposed with regard to the **cooling-off periods** that competent authority staff and members of their governance bodies must meet before they can take up a position with a supervised institution.

#### **Framework for assessing competence and good repute**

The Directive lays down a set of rules at EU level to establish a more consistent and predictable 'fit and proper framework' for assessing the suitability of the members of the management bodies and the key function holders in institutions.

Having the primary responsibility for assessing the suitability of each member of the management body, institutions, and financial holding companies and mixed financial holding companies will carry out the **initial suitability assessment** before a new member takes up the position, subject to certain exceptions, followed by a verification by the competent authorities. Those entities will ensure that information about the suitability of the members of the management body remains up-to-date. They will communicate that information to the competent authority. The competent authorities will have the power to take the necessary measures if they conclude that the fit and proper requirements are not met.

#### **Supervising third country branches**

The new rules harmonise the minimum requirements for authorising third-country branches and supervising their activities in the EU.

Third-country branches will therefore have to be classified either in class 1, where they are deemed to be riskier, or, on the contrary, in class 2, where they are considered to be small and non-complex and do not present a significant risk to financial stability.

Competent authorities will have an explicit power to require, on a case-by-case basis, that third-country branches apply for authorisation, at a minimum where those branches engage in activities with clients or counterparties in other Member States in breach of the internal market rules, where they pose a significant risk to the financial stability of the Union or of the Member State where they are established or where the aggregate amount of the assets of all third-country branches in the Union which belong to the same third-country group is equal to or greater than **EUR 40 billion** or the amount of the third-country branch's assets in the Member State where it is established is equal to or greater than **EUR 10 billion**.

#### **Crypto-asset technology**

In their risk management activities, institutions should consider the crypto-asset technology risks, general information and communication technology (ICT) and cyber risks, legal risks, money laundering and terrorist financing risks and valuation risks. Competent authorities will take the necessary supervisory actions where the institutions' risk management practices are deemed insufficient.

#### **Environmental, social and governance (ESG) risks**

Competent authorities will be required to ensure that institutions have robust strategies, policies, processes and systems in place as part of their governance arrangements to identify, measure, manage and monitor ESG risks over the short, medium and long term.

ENTRY INTO FORCE: 9.7.2024.

TRANSPOSITION: no later than 10.1.2026.

## **Amendments to the Capital Requirements Directive**

2021/0341(COD) - 28/10/2021 - Legislative proposal

PURPOSE: to amend Directive 2013/36/EU (the Capital Requirements Directive or CRD) as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks with a view to making the EU banking sector more resilient to potential future economic shocks.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: following the major financial crisis of 2008-2009, the EU and its G20 partners in the Basel Committee on Banking Supervision reached **the Basel III agreement** to make banks more resilient to potential economic shocks. Thanks to the reforms already implemented, the EU banking sector entered the COVID-19 crisis on a much more resilient footing. However, while the overall level of capital in EU banks is now satisfactory on average, some of the problems that were identified in the wake of the financial crisis have not yet been addressed.

The proposed amendment to Directive 2013/36/EU (the Capital Requirements Directive or CRD) is part of a legislative package that includes amendments to [Regulation \(EU\) No 575/2013](#) (the Capital Requirements Regulation or CRR) and a separate legislative proposal to amend the Capital Requirements Regulation in the area of resolution (the so-called 'daisy chain' proposal).

This package of proposals marks the **final step in this reform of banking rules** and faithfully implements the international Basel III agreement, while taking into account the specific features of the EU's banking sector.

CONTENT this proposal amending Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms aims to **contribute to financial stability and to the steady financing of the economy in the context of the post-COVID-19 crisis recovery**.

The proposal includes provisions on the following issues:

### **Implementation of the Basel III reform**

The proposal ensures proportionality and seeks to further reduce compliance costs, particularly for smaller banks, without relaxing prudential standards.

The proposal aims to ensure that the 'internal models' used by banks to calculate their capital requirements do not underestimate risks, thereby ensuring that the capital needed to cover these risks is sufficient. This will make it easier to compare risk-based capital ratios between banks, restoring confidence in these ratios and in the soundness of the sector in general.

### **Independence of competent authorities**

The proposal clarifies how Member States should ensure that the independence of competent authorities, including their staff and governance bodies, is preserved. Minimum requirements are introduced to prevent conflicts of interest, while supervisors would be in a better position to check the good repute and competence of bank managers.

### **Strengthened supervisory powers**

For an efficient Banking Union, the **convergence** of supervisory practices and a sufficient degree of **harmonisation** of the various national rules framing the supervisory action are needed. The supervisory authorities would be better able to **verify the soundness of transactions**. Moreover, this proposal **expands the list of supervisory powers** available in the CRD to competent authorities to cover operations such as acquisitions by a credit institution of a material holding in a financial or non-financial entity, the material transfer of assets or liabilities and merger or divisions. These supervisory powers will ensure that competent authorities are notified in advance, have at their disposal all the necessary information to perform a prudential assessment of these operations, and can ultimately oppose the completion of operations detrimental to the prudential profile of the supervised entities undertaking them.

### **Review of the administrative sanctioning regime**

To ensure a level playing field in the field of sanctioning powers, Member States are required to provide for administrative penalties, periodic penalty payments and other administrative measures in relation to breaches of national provisions transposing the CRD and the CRR. The proposal requires Member States to lay down rules on the cooperation between competent authorities and judicial authorities in cases of duplication of criminal and administrative proceedings and penalties on the same breach.

### **Environmental, social and governance (ESG) risks**

New provisions are introduced to address the significant risks that credit institutions will face due to climate change and the profound economic transformations that are needed to manage this and other ESG risks.

To this end, the proposal sets out clear requirements for the identification, measurement, management and monitoring of sustainability risks within ESG risk management frameworks. Supervisors would have the power to assess these risks as part of their regular supervisory reviews, including through climate stress tests carried out by themselves and by banks.

### **Third country branches (TCBs)**

As of 31 December 2020, there were 106 TCBs in the EU distributed across 17 Member States. At present, these branches are mainly subject to national legislation, harmonised only to a very limited extent. The proposal seeks to harmonise EU rules in this area, which will allow supervisors to better manage risks related to these entities, which have significantly increased their activity in the EU over recent years.

### **Reducing banks' administrative costs**

The proposal aims to centralise disclosures of prudential information with a view to increased access to prudential data and comparability across industry. The centralisation of disclosures in a single access point established by the EBA is also aimed at reducing the administrative burden for institutions, especially small and non-complex ones.

## **Amendments to the Capital Requirements Directive**

2021/0341(COD) - 10/02/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted a report by Jonás FERNÁNDEZ (S&D, ES) on the proposal for a directive of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, and amending Directive 2014/59/EU.

As a reminder, the Commission's proposal of the capital requirements directive aimed at strengthening the regulatory and supervisory landscape for banks operating in the EU by closing loopholes for third country branches, by enhancing and harmonising supervisory tools and powers in important areas and by ensuring that supervisors are sufficiently independent from economical and political influence and by incorporating environmental, social and governance related risks.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

### **Proportionality**

The amendment of Directive 2013/36/EU as regards supervisory powers, sanctions, third country branches and environmental, social and governance risks, and the amendment of Directive 2014/59/EU should be coherent with the logic of the banking union and lead to further harmonisation of the single banking market. It should always ensure proportionality of rules and aim at further reducing compliance and reporting costs, in particular for small and non-complex institutions.

### **Conditions for the authorisation of third country branches**

Member States should require that third country undertakings establish a branch in their territory before commencing or continuing activities. New third country branches should not commence their activities in a Member State until the EBA and the third country competent authority have concluded a

**Memorandum of Understanding** ('MoU'). The MoU should provide a clear cooperation framework between the competent authorities, including exchange of information in on-going supervision, crisis management and resolution.

#### ***Classification of third country branches***

The report stated that Member States may apply a stricter regulatory regime to all third country branches or branches from specific third countries.

#### ***Capital endowment requirement***

Member States should require that third country branches maintain at all times a minimum capital endowment that is at least equal to:

(a) for class 1 third country branches, **3% of the branch's average liabilities** as reported for the three immediately preceding annual reporting periods, subject to a minimum of EUR 10 million;

(b) for class 2 third country branches, **0.5% of the branch's average liabilities** as reported for the three immediately preceding annual reporting periods, subject to a minimum of EUR 5 million.

#### ***Joint assessment of systemic third country branches***

The report stipulates that joint assessments should be performed on the third country branches of the same third country group where they are established in two or more Member States and hold assets in an aggregate amount.

#### ***Power to require establishing a subsidiary***

The committee proposed that Member States should ensure that competent authorities have the power to require third country branches to apply for authorisation where: (i) the third country branch has engaged in the past or is currently engaged in the performance of certain activities with customers or counterparties in other Member States or with other third country branches or subsidiary institutions of the same group; or (ii) the third country branch meets the systemic importance indicators or poses significant financial stability risks, or the aggregate amount of assets that a third country branch or branches in the Union that belong to the same group hold on their books in the Union as reported in accordance with Sub-section 4 is **equal or higher to EUR 40 billion**.

#### ***Designation and powers of the competent authorities***

A more proportionate and targeted framework for cooling-off periods has been imposed for staff and members of governance bodies of competent authorities, before they can take up positions in supervised institutions. More specifically, the EBA should issue guidelines by 31 December 2024 on conditions which allow competent authorities to waive, increase or decrease the cooling off periods for specific members of the management governance bodies and staff.

#### ***Regulatory technical standards on cooperation with authorities responsible for supervision of anti-money laundering***

EBA should, after consulting the European Data Protection Board, issue regulatory technical standards on the mechanisms for cooperation and information exchange between competent authorities and:

(a) the authorities responsible for supervision of anti-money laundering in the Member State;

(b) the authorities, in the context of identifying serious breaches of anti-money laundering rules.

The EBA should issue those regulatory technical standards by 12 months from date of entry into force of this amending Directive.

#### ***Environmental, social and governance risk***

The report stated that institution's exposures to environmental, social and governance risks should be assessed also on the basis of institutions' plans. Institutions' governance and risk management processes with regard to environmental, social and governance risks should be brought into line with the objectives set out in those plans.

The review and evaluation performed by competent authorities should include the assessment of the institutions' plans and targets, as well as the progress made towards addressing the environmental, social and governance risks arising from the process of adjustment towards climate neutrality by 2050, as well as towards other relevant Union policy objectives in relation to environmental, social and governance factors.

## **Amendments to the Capital Requirements Directive**

2021/0341(COD) - 24/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 486 votes to 56, with 26 abstentions, a legislative resolution on the proposal for a directive of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, and amending Directive 2014/59/EU.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

#### ***Subject matter***

The purpose of the amendments to Directive 2013/36/EU in connection with supervisory powers, sanctions, third-country branches, and environmental, social and governance (ESG) risks is to further the harmonisation of the banking supervisory framework and, ultimately, deepen the internal market for banking. Competent authorities should seek to ensure that the supervisory framework is applied to institutions, as defined in that Directive, in a proportionate manner and, in particular, they should aim to reduce compliance and reporting costs for small and non-complex institutions, with a view to an average reduction in reporting costs of 10% to 20%.

#### ***Supervisory independence of competent authorities***

Member States should provide for the necessary arrangements to ensure that competent authorities, including their members of staff and the members of their governance bodies, can exercise their supervisory powers **independently and objectively**, without seeking or taking instructions from supervised institutions, from any body of the Union or any government of a Member State or from any other public or private body. The governance bodies of competent authorities should be functionally independent of other public and private bodies.

Member States should ensure that no member of a competent authority's governance body remains in office for more than 14 years. Member States should ensure that members of a competent authority's governance body are appointed on the basis of **published criteria that are objective and transparent** and that those members can be dismissed if they no longer meet the criteria of appointment or have been convicted of a serious criminal offence. The reasons for dismissal should be made public unless the member of the competent authority's governance body concerned objects to the publication.

The cooling-off period should start from the date on which direct involvement in the supervision of the entities ceased. Members of their staff and members of their governance bodies should not have access to confidential or sensitive information relating to these entities during the cooling-off period. In addition, they should be required to submit a declaration of interest.

Where a member of staff or a member of a competent authority's governance body owns, at the time of being hired or appointed or at any time thereafter, financial instruments that may give rise to conflicts of interest, the competent authority should have the power to require on a case-by-case basis that those instruments be sold or disposed of within a reasonable timeframe.

### ***Branches in the EU***

The requirement to establish a branch in the EU should not apply to cases of reverse solicitation, i.e. where a client or counterparty approaches an undertaking established in a third country on its own exclusive initiative for the provision of banking services, including their continuation, or banking services closely related to those initially solicited. The requirement to establish a branch in the EU should also not apply to interbank transactions or interdealer transactions.

### ***Authorisation***

Competent authorities should have the necessary power to **withdraw the authorisation** granted to a credit institution where such a credit institution has been determined as failing or likely to fail, there is no reasonable prospect that any alternative private sector measures or supervisory action would prevent a failure of such a credit institution within a reasonable timeframe and a resolution action is not necessary in the public interest.

### ***Financial holding companies and mixed financial holding companies***

Financial holding companies and mixed financial holding companies that are parent undertakings of banking groups should remain subject to the identification and approval mechanism introduced by Directive (EU) 2019/878 of the European Parliament and of the Council. That mechanism enables competent authorities to bring certain financial holding companies and mixed financial holding companies under the direct scope of their supervision and of their supervisory powers to ensure compliance on a consolidated basis.

Under specific circumstances, competent authorities should have the discretion to exempt from approval a financial holding company or mixed financial holding company set up for the purpose of holding participations in undertakings.

### ***Supervising third country branches***

When authorising and supervising third-country branches, competent authorities should be able to exercise their supervisory functions effectively. To that end they need to have access to all the necessary information on the third-country branch's head undertaking from the supervisory authorities of the relevant third country and be able to effectively coordinate their supervisory activities with those of the third country's supervisory authorities. Before a third-country branch commences its activities in a Member State, competent authorities should endeavour to conclude an agreement with the supervisory authority of the third country concerned to enable cooperation and information exchange.

Competent authorities should have an explicit power to require, on a case-by-case basis, that third-country branches apply for authorisation, at a minimum where those branches engage in activities with clients or counterparties in other Member States in breach of the internal market rules, where they pose a significant risk to the financial stability of the Union or of the Member State where they are established or where the aggregate amount of the assets of all third-country branches in the Union which belong to the same third-country group is equal to or greater than **EUR 40 billion** or the amount of the third-country branch's assets in the Member State where it is established is equal to or greater than **EUR 10 billion**.

### ***Management body and suitability assessment***

Institutions, and financial holding companies and mixed financial holding companies that have been granted approval, should have the primary responsibility for ensuring that members of the management body are at all times of sufficiently good repute, act with honesty, integrity and independence of mind and possess sufficient knowledge, skills and experience to perform their duties. The entities should ensure that members of the management body fulfil at all times the criteria and requirements and should assess the suitability of members of the management body taking into account supervisory expectations, before they take up their position and periodically, as laid down in applicable laws and regulations, guidelines and internal suitability policies.

### ***Crypto-asset technologies***

In particular, in their risk management activities, institutions should consider the crypto-asset technology risks, general information and communication technology (ICT) and cyber risks, legal risks, money laundering and terrorist financing risks and valuation risks. Competent authorities should be able to take the necessary supervisory actions where the institutions' risk management practices are deemed insufficient.

### ***Environmental, social and governance (ESG) risks***

Competent authorities should ensure that institutions have robust strategies, policies, processes and systems in place as part of their governance arrangements to identify, measure, manage and monitor ESG risks in the short, medium and long term.