



PRESS RELEASE

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ECB launches public consultation on Part 2 of the Guide to assessments of licence applications

- Part 2 focuses on assessment criteria for capital requirements and business plans
- Consultation runs until 25 October 2018

The European Central Bank (ECB) has today launched a public consultation on Part 2 of the Guide to assessments of license applications (the “Licensing Guide”). Part 2 complements the Licensing Guide published in March 2018 and both documents should be read together as one guide. This Licensing Guide is intended as a practical tool to support those involved in the process of authorisation and to ensure a smooth and effective procedure and assessment, but it is not legally binding in nature.

The Licensing Guide promotes a common interpretation of the licensing criteria, reflecting the ECB’s commitment to ensuring consistent supervisory practices across the euro area. Part 2 of the Licensing Guide focuses on the assessment criteria for capital requirements and programme of operations, including business plans.

While the national competent authorities act as the first point of contact for licensing applications, their assessments are conducted jointly with the ECB, which is the competent authority for making the final decision to grant, extend or withdraw a banking licence in the euro area. As part of its evaluation of licence applications, the ECB assesses capital needs. Therefore, in order to ensure consistent application of practices within the Single Supervisory Mechanism, Part 2 of the Licensing Guide explains the ECB’s stance on the expected capital at the time of authorisation.

Part 2 also indicates the main topics of interest to supervisors when they assess the programme of operations. These include the business model and associated risk profile, the situation of the credit

institution within the economic context and the business environment, its financial projections, the clarity and effectiveness of its organisational structure, its governance arrangements, the internal control and risk management framework and its IT infrastructure.

Feedback on the draft Part 2 of the Licensing Guide can be submitted until 25 October 2018. The ECB will consider the comments received when finalising this Guide and publish a feedback statement. The key documents – the draft Guide, FAQs and public consultation template – are available on the ECB Banking Supervision website.

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