

Rome, 18 January 2017

Implementation of the capital conservation buffer

In October the Bank of Italy decided to implement the transitional arrangement for the application of the capital conservation buffer (CCoB) provided for by the Capital Requirements Directive 2013/36/EU (CRD IV), which permits its gradual phasing-in. This decision amends the one made in 2013, when the CRD IV was transposed, to bring forward the application of the 'fully loaded' buffer (2.5 per cent of risk-weighted assets) on a consolidated basis for banking groups and individually for stand-alone banks.

The decision responds to the need to align the Italian regulatory framework with that of the majority of euro-area countries. On the one hand, this ensures equal treatment for the banks of different countries, while, on the other, it narrows the gap between national regulatory frameworks, in line with the work undertaken by the Single Supervisory Mechanism (SSM) to minimize the differences in the prudential regulation applicable to banks.

Following this regulatory change, banks are required, both on an individual and consolidated basis, to apply a minimum capital conservation buffer of:

- 1.250 per cent from 1 January 2017 to 31 December 2017;
- 1.875 per cent from 1 January 2018 to 31 December 2018;
- 2.500 per cent from 1 January 2019.

These provisions are contained in the [18th update to Circular No. 285 on prudential regulations for banks](#) (only in Italian).

The Bank of Italy has also decided to amend the legislation implementing the CRD IV with respect to investment firms in order to keep the CCoB regulatory framework applicable to them aligned with that for banks. Further details are available in the [Communication of 30 November 2016](#) (only in Italian).