

# ECB Proposals to Simplify EU Banking Rules: An Overview

## Challenge Today

Too many overlapping capital buffers

Simpler buffer structure with releasable and non-releasable components

Complex leverage ratio framework

Streamlined leverage ratio with core elements

Uncertainty around AT1 and Tier II instruments

Clearer and more consistent treatment of AT1 and Tier II issuances within the capital and resolution framework

One-size-fits-all rules for banks

Expanded and simplified regime for smaller banks

National macroprudential measures with gaps

Automatic reciprocation across borders

Fragmented resolution requirements

Better alignment of resolution frameworks

Complex stress testing frameworks

Streamlined and more focused stress tests

Incomplete Banking Union, including deposit protection

Progress towards greater EU-level integration

Divergent national implementation

Greater use of directly applicable EU regulations

Duplicate and burdensome reporting

Single integrated reporting framework

## Why It Matters

Clearer capital requirements and better usability in stress

Easier compliance while preserving a strong backstop

Greater predictability for banks and investors, supporting market confidence

Greater proportionality without increasing systemic risk

Level playing field and stronger financial stability

Consistency without weakening loss-absorbing capacity

More actionable and policy-relevant insights

Stronger financial integration and confidence across Member States

Less fragmentation and more harmonization

Lower costs and higher data quality

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