

CRD VI: strategy and response planning

CRD VI is now law. Firms with third country banking branches in the EU and non-EU firms that provide certain banking products to EU clients must start planning now.

CRD VI recap for non-EU headquartered firms

- CRD VI is a new EU law which creates broadly harmonised rules relating to cross-border banking business and third-country branches (TCBs).
- Third-country credit institutions, certain third-country investment firms, and certain other deposit-takers, will be prohibited from providing “core banking services” to EU clients, albeit with three important exemptions, some flexibility for ancillary services and grandfathering provisions. MiFID II regulated investment services are not caught.
- “Core banking services” are: accepting deposits and repayable funds; lending activities; providing guarantees and commitments.
- Also from early 2027, new and existing TCBs face (re)authorisation alongside a new EU-wide set of requirements, including on capital, liquidity and governance. These are more stringent than those currently applied in some member states.
- TCBs may be required to subsidiarise if they meet certain conditions, or the NCA can impose additional prudential requirements or require the TCB to restructure its assets and activities.
- Differences between EU member states may result from areas of current ambiguity, national implementation and local regulatory guidance and expectations.

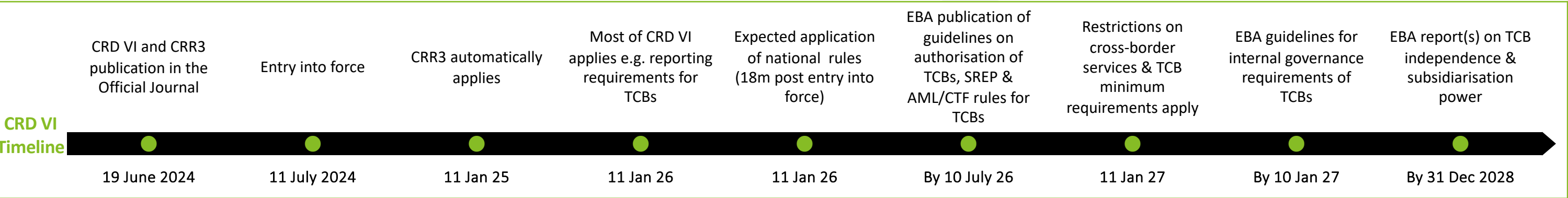
Key steps and strategy planning considerations

Firms now need to move beyond initial assessment and towards a defined strategy for servicing EU clients, to allow time for legal entity changes, staffing adjustments, regulatory applications and smooth client transitions in time for 11 January 2027.

**Finalise impact assessment:** this should cover entities, products, services, client relationships.

**Programme design and governance:** workstreams will include:

- Strategy and Front Office: overall product and services strategy, cost of funding, product pricing
- Legal: interpretation; due diligence and remediation (e.g. contract reviews and amendments)
- Legal entity structure and required regulatory processes
- Regulatory e.g., development of cross-border policies, tools etc.
- Capital & Liquidity



Key  
Deloitte  
contacts



**Vishal Vedi**  
Partner, Regulatory  
Advisory  
vvedi@deloitte.co.uk



**Alex Szmigin**  
Partner, Regulatory  
Advisory  
aszmigin@deloitte.co.uk



**Clare Jenkinson**  
Partner, Financial  
Regulation Legal  
cjenkinson@deloitte.co.uk



**Steffan Adfeldt**  
Partner, Business Tax  
sadfeldt@deloitte.co.uk



**Ciaran Peters**  
Partner, Tax (Transfer  
Pricing)  
ciaranpeters@deloitte.co.uk



**David Strachan**  
Partner, Regulatory  
Advisory  
dastrachan@deloitte.co.uk



**James Henson**  
Director, Financial  
Regulation Legal  
jhenson@deloitte.co.uk



**Richard Tosh**  
Director, Regulatory  
Advisory  
rtosh@deloitte.co.uk

# CRD VI: structuring a CRD VI programme

CRD VI may significantly affect EU operating models, depending on several variables including current EU operating structure as well as if, how and what type of business non-EU entities conduct business with EU clients.

## Establishing your CRD VI programme

- Determine interaction with other programmes of work, esp. around legal entity structures.
  - Consistency with approach to location strategy, Basel 3.1 implementation etc.
- Identify dependencies and high-level approach to regulator engagement.
  - Project timing decisions, no-regrets work.

Third Country Branch Specific Considerations	Key cross-border and general programme considerations					
	Strategy	Legal	Regulatory	Tax	Capital & Liquidity	
	<ul style="list-style-type: none"><li>• Confirm if a TCB remains the preferred EU operating structure; possible cost benefit analysis</li><li>• Confirm if (re) authorisation is required; prepare application and collate information.</li><li>• Regulatory liaison.</li><li>• Consider impact of new prudential and liquidity rules.</li><li>• Consider TCB-specific controls, policies etc. e.g., subsidiarisation triggers.</li><li>• Comply with new reporting rules.</li></ul>	<ul style="list-style-type: none"><li>• Overall product and services strategy.</li><li>• Decide on target EU entity structure and booking model for banking products.</li><li>• Link strategy to prudential requirements (existing and under CRD VI).</li></ul>	<ul style="list-style-type: none"><li>• Interpretation of affected products, availability of exclusions, etc. Confirm nature and extent of permissible cross-border business.</li><li>• Due diligence and remediation.</li><li>• Changes to legal entity structures.</li></ul>	<ul style="list-style-type: none"><li>• Identify possible need for migration of business to EU licensed firm / branch.</li><li>• Assess approach to in-entity systems and controls and impacts on intragroup arrangements.</li></ul>	<ul style="list-style-type: none"><li>• Review transfer pricing policy.</li><li>• Determine tax costs of asset transfers.</li><li>• Determine impact on deferred tax assets, impact of any anti-avoidance legislation e.g., banking surcharge.</li></ul>	<ul style="list-style-type: none"><li>• Analyse CRD VI's impacts on capital and funding structure.</li><li>• Consider any techniques to optimise capital at solo entity level.</li></ul>
	<b>Upgrades to existing TOM and new entity set-up</b> <ul style="list-style-type: none"><li>• Review applicability of existing TOM for transferred business; set up of new TOM where a new entity is required.</li><li>• Update policies and frameworks.</li></ul>	<b>Booking models and cross-border policy</b> <ul style="list-style-type: none"><li>• Update booking model documentation as appropriate for revised lending and deposit flows.</li><li>• Make revisions to cross-border manuals, tools etc. and cross-border MI.</li></ul>	<b>Comms - internal and external</b> <ul style="list-style-type: none"><li>• Comms strategy, drafting and timing to create consistency for clients, market (incl. rating agencies), staff, regulators and others.</li></ul>	<b>Clients</b> <ul style="list-style-type: none"><li>• Identify portfolios in scope for migration and confirm transfer mechanisms (e.g., Part VII/universal succession vs novation).</li><li>• Assess client impact e.g., products and relationships.</li></ul>	<b>Technology and reporting</b> <ul style="list-style-type: none"><li>• Adequacy of systems and tech in entities / branches where additional business will be booked.</li><li>• Application and extent of reporting requirements.</li><li>• Confirm if IT/systems change required.</li></ul>	<b>Entity governance and people</b> <ul style="list-style-type: none"><li>• Employment impacts, talent acquisition in countries of growth / new establishment.</li><li>• Identify potential issues including employee transfer, individual accountability requirements etc.</li></ul>

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. [Please click here to learn more about our global network of member firms.](#)

© 2024 Deloitte LLP. All rights reserved.

RITM1927977