



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

PRESS RELEASE

15 November 2018

ECB promotes a common understanding of the rules on internal models

- ECB publishes first chapter of the guide on internal models after public consultation
- General topics chapter provides transparency on how the ECB understands the existing legal framework
- ECB consultation on additional chapters of guide ran from 7 September to 7 November 2018

The European Central Bank (ECB) today publishes the first chapter of its guide to internal models (the “guide”), following a public consultation which ended on 28 May 2018. The guide provides transparency regarding the ECB’s understanding of the most relevant aspects, for the institutions it directly supervises, of the applicable regulations on internal models.

This first chapter of the guide is devoted to general topics. It contains principles for topics that are not risk-type-specific, in particular for the internal ratings-based (IRB) approach: overarching principles, implementation of the IRB approach, internal governance, internal validation, internal audit, model use, model change management and third-party involvement. The consolidated version of the revised ECB guide will also include risk-type-specific chapters (for credit, market and counterparty credit risk). The ECB launched a [public consultation on these chapters](#) that ran from 7 September to 7 November 2018.

The guide was drafted in close cooperation with the national competent authorities and draws on the experience gained in the context of the targeted review of internal models (TRIM) project. A complete [preliminary version of the guide](#) was made available on 28 February 2017. Before opening the public consultations, the guide was refined on the basis of the feedback received from institutions and the outcomes of the reviews and horizontal analyses on general topics performed as part of the TRIM project.

European Central Bank Directorate General Communications
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

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The first chapter itself, a feedback statement on the public consultation, and the comments received from the industry are available on the ECB's banking supervision website.

For media queries, please contact [Nicos Keranis](#), tel.: +49 69 1344 7806.

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