

LEADERSHIP OF PARTICULARLY SIGNIFICANT SSM PROJECTS

As a member of the Single Supervisory Mechanism (SSM), the Banco de España co-chairs certain projects with the European Central Bank (ECB). Of these, the two working groups described below stand out as particularly significant.

First, the working group on implementation of a new risk-by-risk approach to setting Pillar 2 capital requirements (P2R) in the SSM. After several years of applying the SREP methodology to determine the measures and requirements notified annually to the institutions, the SSM is revising the methodology for calculating institution-specific capital requirements.

The aim is to determine additional capital requirements on a risk-by-risk basis, paying particular attention to Pillar 2 risks, and bolstering the use of all kinds of available information, attaching greater importance to information

stemming from each institution's internal capital adequacy assessment process.

Second, the SSM working group tasked with aligning and proposing improvements for the management of inspection teams in on-site supervisory actions.

To this end, the group is drawing up a document of recommended good practices, taking into account the experience of those who have participated in on-site actions since the SSM's inception, along with the opinions of their managers at the ECB and at the national competent authorities (NCAs).

This document has a dual aim: i) to optimise the utilisation of resources in on-site actions (particularly in cross-border inspections, which involve members of different NCAs and are harder to manage); and ii) to boost all participants' professional development.