Statement Boerse Stuttgart Group

on the ‘Consultation paper on the draft Regulatory Technical Standards on the calculation and aggregation of crypto exposure values under Article 501d(5) of the CRR (EBA/CP/2025/01)

The Boerse Stuttgart Group welcomes the opportunity to comment on the European Banking Authority's (EBA) consultation paper on the draft regulatory technical standards (RTS) for crypto exposures under Article 501d of the Capital Requirements Regulation (CRR). In our statement, we call for technology neutrality to be maintained in regulation; the removal of the hedging restriction in market risk; an increase in the limit for LSIs; standardised framework conditions for the crypto market and positive effects of institutional investors entering the market. In addition, it is important to keep an eye on international developments in the implementation of the Basel standards so as not to risk distorting competition in the EU.

Technology neutrality in regulation

We expressly welcome the fact that the EBA continues to maintain technology neutrality in regulation. This is a decisive factor in ensuring that innovations and technological developments in the crypto market are not disadvantaged. We encourage the EBA to maintain and further expand this approach in future regulations. Technology-neutral regulation makes it possible for new innovative business models to develop freely without being restricted by specific technical requirements.

Removal of the hedging restriction in market risk

Based on BCBS SC060, the EBA proposes that the hedging of crypto assets that fall under Article 501d para. 2 c) and meet the hedging recognition criteria be limited to 65%. This is incomprehensible to us. It sanctions risk-conscious trading and the hedging of positions. This limit makes it more difficult for market participants to manage their risks effectively and can lead to increased volatility in the market. The hedging restriction represents a significant disadvantage, particularly for the issuance of securities such as exchange-traded notes (ETNs) that reference such crypto-assets. Issuers of such instruments have large but risk-neutral (as they are fully hedged) positions. The restriction to 65%, especially in combination with the 1% exposure limit, makes this business very capital-intensive and therefore unprofitable or impossible in practice. However, these types of instruments are important to further professionalize the crypto market as a whole. We do not see any argument against full recognition of hedging, especially as it only concerns crypto assets that meet the hedging recognition criteria and they themselves and the market are therefore at an advanced stage of maturity. The total risk position is additionally restricted by the limit exposure. We therefore strongly recommend that the restriction be lifted.

Increasing the limit exposure for LSIs

For specialized institutions, we suggest a possible increase of the limit exposure to 10% of CET1 capital. LSIs do not pose the same risk as SIs due to their size and the smaller number of branches in the sector. However, the limit exposure affects them disproportionately due to their inevitably lower capitalization.

Standardised framework for the crypto market

The definition of a uniform framework by the EBA provides an urgently needed framework for the further professionalization of the crypto market. A clearly defined and harmonized set of rules creates trust and security for all market participants. It promotes transparency and facilitates compliance with regulatory requirements, which in turn strengthens market integrity and reduces the risk of market manipulation.

Positive effect of institutional investors entering the market

The entry of institutional investors into the crypto market will have a positive effect on consumer protection and market efficiency. Institutional investors not only bring capital, but also expertise and strict risk management practices that help to stabilize and professionalize the market. This leads to increased market liquidity and improved price discovery, which ultimately benefits consumers.

Global Basel III Uncertainty Prompts EU Regulatory Review for Competitive Balance

The current implementation plans of the US and the UK for the Basel III standards remain unclear, which creates uncertainty regarding global competitive conditions and possible effects on the European financial sector. This situation requires an assessment of whether the EU needs to make regulatory adjustments to ensure a balanced competitive environment. These developments underline the challenges in harmonising banking regulations globally and raise the question of the extent to which the EU should take additional measures to ensure the stability and competitiveness of its financial system.

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