Banking 1 Jan 2027

FRTB, the new market risk framework

On 1 January 2027, the new market risk framework applies in the European Union, after two postponements. Capital requirements for the trading book change method. The Commission has provided for temporary adjustments for three years.

APPLICATION DATE	WHO REQUIRES IT	WHO YOU ANSWER TO	NATURE OF THE REQUIREMENT
1 Jan 2027	EU legislator (CRR3), European Commission	ECB or ACPR	Prudential supervision

INSTITUTIONS CONCERNED

- **Large banking group** (solid)
- Mid-sized bank (dashed)
- Private bank (dashed)
- Public financial institution (dashed)

Solid: concerned. Dashed: depending on status or activity.

MILESTONES

The timeline of the text.

12 Jun 2025 — The Commission postpones application to 1 January 2027

4 Jun 2026 — Temporary adjustments adopted by the Commission

1 Jan 2027 — Application

End of 2029 — End of the three years of adjustments

IN DETAIL

What is changing.

Three calculation approaches

TRADING BOOK

- **Alternative standardised approach**
- **Alternative internal model approach**
- **Simplified standardised approach, for small trading books**

FOR THREE YEARS

Temporary adjustments, including a multiplier, soften the new requirements.

INTERNAL MODELS

Approval and monitoring by trading desk.

BOOK BOUNDARY

Classification between the banking book and the trading book is regulated.

The CRR3 Regulation replaces the current calculation of own funds for market risk with the framework stemming from the fundamental review of the trading book (FRTB). Its application, postponed twice by delegated act, is set for 1 January 2027: the Commission has stated that the two-year postponement option is exhausted.

On 4 June 2026, the Commission adopted temporary adjustments, applicable for three years and including a multiplier, to safeguard the position of EU banks relative to other jurisdictions. The act has been published in the Official Journal as Delegated Regulation (EU) 2026/1221. On 3 August 2026, the EBA recommended that authorities not prioritise supervisory action on the rules governing the boundary between the banking book and the trading book.

OUR VIEW

The temporary adjustments shift the amount of the requirement, not the work: sensitivities by risk factor, data histories, controls by trading desk. The calculations must run on 1 January 2027 and remain reconciled with accounting and management P&L.

WHAT WE DO

Impact analysis on market risk templates, feeding and control of calculation data, reconciliation between accounting P&L, management P&L and reported requirements.

FRTB CRR3 Market risk

FINANCE ADVISORY→

FURTHER READING

Official sources.

European Commission, 4 June 2026	https://finance.ec.europa.eu/news/commission-adopts-temporary-adjustments-basel-iii-market-risk-rules-safeguard-eu-banks-2026-06-04_en
EUR-Lex, Delegated Regulation (EU) 2026/1221	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AL_202601221
EBA, no-action letter of 3 August 2026	https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-no-action-letter-and-technical-considerations-support-implementation-market-risk
European Commission, postponement of 12 June 2025	https://finance.ec.europa.eu/news/commission-proposes-postpone-one-additional-year-market-risk-prudential-requirements-under-basel-iii-2025-06-12_en
EUR-Lex, Regulation (EU) 2024/1623 (CRR3)	https://eur-lex.europa.eu/eli/reg/2024/1623/oj

Links checked on 23 November 2026.