

EU REGULATORY UPDATE ON FUNDAMENTAL REVIEW OF THE TRADING BOOK (FRTB)

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The implementation of the **Fundamental Review of the Trading Book (FRTB)** has been a long journey. Initially introduced by the Basel Committee on Banking Supervision (BCBS) in January 2016 as part of the Basel III post-crisis reforms, the timeline for implementation has been postponed in major jurisdictions due to concerns about the competitiveness of large banks active in international capital markets.

Will there be a second postponement of the FRTB by the EU?

After the [first delay of FRTB](#) to 1 January 2026, the European Commission launched [a consultation](#) in March 2025 to gather industry feedback on three options regarding the next steps:

1. Implementing the FRTB from 1 January 2026.
2. Postponing the date of application by a further year (1 January 2027).
3. Introducing temporary and targeted amendments to the market risk framework for up to three years.

This decision aims to align the EU's timeline with that of the UK and the US. The UK has postponed its Basel IV implementation to January 1, 2027. In the US, geopolitical tensions remain unresolved in the near term, and policymakers are moving to ease capital regulations, continuing the deregulatory trend initiated under the Trump administration. EU policymakers are closely monitoring global developments, reflecting concerns about maintaining the competitiveness of EU banks, particularly given the ongoing uncertainties in the US.

A one-year delay was the preferred option for many industry participants, especially those active in the US and UK markets. The European Central Bank (ECB) agrees that it is important to ensure a globally level playing field in applying internationally agreed standards. The ECB also considers that a delay does not remove uncertainty on how FRTB will finally be implemented. At the same time, EU banks are already reporting under the FRTB in parallel with the existing market risk capital rules, which increases operational complexity and adds to compliance costs.

Current discussions appear to signal a second delay. However, a final decision regarding the implementation timeline and any related measures is anticipated by the end of June 2025.