

## Regulatory Blog

By PwC Deutschland | 19. Januar 2026

# Booking arrangements of third country branches in the EU – EBA publishes final RTS complementing the ongoing work on EU market access by non-EU banks

**Third country branches in the European Union need to adapt their business to new CRD6 requirements**

The European Banking Authority recently published its **final draft RTS on booking arrangements of third country branches (TCB) in the EU**. As part of the harmonization of third country branch regulation triggered by the CRD6, the new RTS forces TCBs to record any booked or originated activities. This bookkeeping, which leverages existing accounting rules, serves as the basis for the classification of TCBs that in turn impacts the severity of applicable regulation and supervision. For many TCBs, the new requirements will demand comprehensive changes and investments into the necessary systems and processes.

## Background

Third country banks can make use of branches to provide financial services in the European Union without establishing a licensed and regulated subsidiary. Regulation and supervision of these third country branches is heterogenous within the EU with some countries subjecting them to the same regulation as licensed credit institutions and more lenient approaches in other countries. As part of the EU's banking package, the revised Capital Requirements Directive (CRD6) sets out to harmonize the treatment by providing a comprehensive set of rules for the regulation and supervision of TCBs. Most of these rules are set to enter into force on January 11th, 2027.

The EBA is mandated to provide a number of level-2-texts (RTS, ITS) specifying the rules in greater detail. In particular, the EBA has published a consultation for an **ITS on TCB reporting requirements** that is set to be finalized in the near future as well as Guidelines on **TCB's capital endowment** and on their **authorization**. In addition, the **EBA's SREP Guideline** has been adapted to explicitly take into account TCBs. In a previous **blog post**, we already explained a number of these new requirements.

## TCB booking arrangements

CRD6 requires that third country banks must access EU markets either via fully licensed subsidiaries or third country branches to provide core banking services to clients in the European Union (Article 21c CRD6). The regulation and supervision of TCBs is harmonized at the same time (Articles 47 to 48r CRD6). Based on the principle of proportionality, TCBs are distinguished into class 1 and class 2 (Article 48a) as well as tested for systemic importance (Article 48i CRD6). Besides other factors, these classifications rest on the concept of assets booked or originated by the TCBs.

As branches do not have a legal personality of their own but are local establishments through which the third country bank performs certain activities, they are not in all cases and member states subject to the requirement to book their activities. In practice, booking and non-booking branches can be distinguished with the activities of non-booking branches being booked directly in their headquarters. Due to the importance of the size of a TCB's activities for the CRD6 rules, Article 48h established the requirement for all TCBs "to maintain a registry book enabling those third-country branches to track and keep a comprehensive and precise record of all the assets and liabilities booked or originated by the third-country branch in the Member State and to manage those assets and liabilities autonomously within the third-country branch". The now final draft RTS explains this requirement in greater detail.

In particular, TCBs need to record in their registry book all assets and liabilities recognized in accordance with the accounting framework that is used for financial reporting to the supervisor (Article 48k CRD6) as well as assets and liabilities originated (i.e. with a full or partial transfer of risk and rewards to other entities) and off-balance sheet items including derivatives if these are not accounted for as assets or liabilities according to the accounting framework used. These requirements apply independent from the fact if any position or activity results from the TCB's regulated business or does not require authorization. Also, all intragroup transactions will need to be booked as if they were conducted with third parties.

The booking of positions and activities must include a minimum set of information as laid down in Article 3 of the final draft RTS, covering inter alia information on the counterparty, the instrument and any collateral or protection received. Finally, qualitative and quantitative information on the risks related to the positions and activities needs to be collected according to Article 4 of the final draft RTS.

### **Impact on TCBs**

Unless already required to record their positions and activities in an accounting-like manner, the new RTS requires TCBs to establish processes, systems and procedures to comply with the booking requirements - or at least make sure that existing ones fulfill all EBA's requirements regarding scope of positions and activities included as well as information required to be recorded. This is very likely to present a major investment, particularly for TCBs from Member States that had more lenient TCB regulation prior to CRD6 and for non-booking branches.

However, as compared to the consultation paper, the final draft RTS now allows to leverage group processes, systems and procedures for this purpose, rather than expecting TCBs to have separate ones.

PwC can provide expert guidance and implementation support for all aspects of the new TCB framework. With regards to the booking arrangements in particular, we can draw upon our expertise in banking regulation and finance transformation to ensure regulatory compliant and cost-efficient implementation.

**You have questions regarding the consultation paper or want to discuss your views?** Please reach out to us. Our team of accounting and regulation experts is happy to support you!

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