

US Corporate Law News: French banks win leverage requirement case against the ECB

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The European Court of Justice has ruled that lenders may exclude exposure from French consumer savings accounts deposited with state owned funds from leverage ratio requirements. Under European Union rules, banks must maintain capital buffers worth at least 3 percent (3%) of total assets. Since French banks are required by law to deposit most sums collected in savings accounts with state owned funds to finance state sponsored projects, the banks argued that they should not be penalized for this forced exposure. Due to this decision, leverage requirements for major French consumer banks are now lower than 3%. This case also represents the first time the European Central Bank has been overruled on a supervisory matter. For more information visit: <https://amp.ft.com/content/e6a784dc-8690-11e8-96dd-fa565ec55929>

This article was written with contributions by Timothy Moore.