

31 October, 2025

European Banking Authority
Tour Europlaza, 20 avenue André Prothin,
92400 Courbevoie, France



Japanese Bankers Association

JBA comments on the EBA Consultation Paper on Draft revised Guidelines on internal governance

Dear Sirs/Madams:

The Japanese Bankers Association¹ (JBA) appreciates the opportunity to provide our comments on the European Banking Authority's (EBA) Consultation Paper on draft revised guidelines on internal governance, published on 7 August 2025.

We support the overarching objective of the proposed revised guidelines (Guidelines), which aim to harmonise institutions' internal governance frameworks.

However, some of the terms and requirements are open to interpretation and may pose practical challenges in implementation, potentially leading to an unnecessary increase in operational burden. Therefore, we believe that certain revisions are necessary to ensure practical and proportionate implementation.

We hope that our comments will contribute to constructive discussions at the EBA and help refine the framework in a manner that reflects practical realities.

Question 3: Are the changes made in Title III (governance framework) section 6 appropriate and sufficiently clear?

Article 51 requires ESG-related expertise at the individual level for members of the remuneration committee. However, we consider this requirement to be excessive, particularly as it is not mandated under CRD VI. Furthermore, while Section 2.4.1 of the EBA Guidelines on sound remuneration policies referenced in Article 51 requires collective knowledge as a general principle, Article 51 also introduces a requirement for ESG-related knowledge at the individual level. We respectfully request that the EBA revise Article 51 to align with the EBA Guidelines on sound remuneration policies.

In addition, Article 68 explicitly requires firms to have sufficient substance. While this is not a new norm, it has been the subject of extensive discussion.

¹ The Japanese Bankers Association is the leading trade association for banks, bank holding companies and bankers associations in Japan. As of 1 July, 2025, the JBA has 112 Full Members (banks), 3 Bank Holding Company Members (bank holding companies), 76 Associate Members (banks & bank holding companies), 49 Special Members (regionally-based bankers associations) and one Sub-Associate Member for a total of 241 members.

We would appreciate more detailed guidance from the EBA, as further guidance on this norm would ensure a level playing field and consistent interpretation across the EU.

Question 4: Are the changes made in Title III section 7 (third-country branches) appropriate and sufficiently clear?

We welcome the new guidelines as they enhance clarity and promote harmonisation. However, the statement in Article 90a that “references to the management body in its supervisory function should be understood as the management body in its supervisory function of the head undertaking” may impose unnecessary burdens on both the third-country branch and its head undertaking.

Third-country branch operations are generally small in scale and are physically and organisationally distant from the head undertaking's supervisory board. As a result, it is generally not feasible for the supervisory board of the head undertaking to fulfil the position of “supervisory function” with respect to a third-country branch. We therefore respectfully request that the EBA delete this sentence as this will be impractical and disproportionate.

Additionally, Article 90g refers to “service agreements and transactions” between third-country branches and their head undertaking. However, from a legal perspective, third-country branches cannot enter into a legally binding contract with their head undertaking. We therefore suggest using a more neutral term such as “arrangements” instead of “agreements.”

Question 5: Are the changes made in Title IV (risk culture) appropriate and sufficiently clear?

The cooling-off period lasting three years or more, as proposed in Article 107b, is considered to be excessive. Given that institutions should continuously monitor conflicts of interest, a one-year cooling-off period would be more appropriate for the special additional measures introduced under Article 107b.

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We thank the EBA for the opportunity to comment on the Consultation Paper and hope our comments will contribute to further consideration by the EBA.

Yours faithfully,

Japanese Bankers Association