

Austria completes CRD VI transposition: Key takeaways

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October 2026 - Austria has implemented the sixth Capital Requirements Directive (“CRD VI”, Directive (EU) 2024/1619) through comprehensive amendments to the Austrian Banking Act (Bankwesengesetz, BWG), the Austrian Financial Market Authority Act (Finanzmarktaufsichtsbehörden-gesetz), and several related financial market laws. The reform represents one of the most significant updates to the Austrian prudential framework in recent years and aligns Austrian banking regulation with the latest developments in EU banking supervision.

Most provisions entered into force 15 October 2026, the day following publication in the Austrian Federal Law Gazette (*Bundesgesetzblatt*). However, the new framework for third-country branches will apply from 11 January 2027.

Our previous Insight of March 2026, “CRD VI explained: What the new EU bank M&A rulebook means for Austria”, examined the new regime for prudentially relevant transactions. The final text of the legislation contains no significant amendments compared to the ministerial draft.

However, the legislative act contains a number of additional measures that deserve equal attention. In particular, institutions should assess the impact of the new rules on governance, fit-and-proper assessments, environmental, social and governance (ESG) risk management, and the treatment of third-country banking business.

This Insight therefore focuses on these remaining key reforms and practical implications.

Austria maintains existing approach to licensing and reverse solicitation

CRD VI introduces, for the first time, a harmonised European framework for branches of third-country credit institutions. From 11 January 2027, third-country branches operating in the EU will become subject to a more consistent regulatory framework, including classification requirements, minimum prudential standards, and enhanced supervisory oversight.

The Austrian legislator has taken the view that no specific transposition of Article 21c CRD VI was necessary. This is because the BWG already requires a third-country institution providing regulated banking services in Austria to establish either a licensed Austrian credit institution or a duly authorised third-country branch.

As a result, the exemptions expressly recognised by Article 21c CRD VI, including reverse solicitation, are not reflected in the BWG. While reverse solicitation remains available under Austrian regulatory practice, it does not constitute a statutory safe harbour and must instead be assessed on the specific facts of each case.

For third-country institutions, this further increases the importance of maintaining clear documentation demonstrating that the initial contact originated from the client and that no prohibited marketing or solicitation activities took place.

Practical implication: The traditionally restrictive Austrian approach to licensing remains unchanged. Institutions should assess whether their existing Austrian servicing model remains sustainable, review any reliance on reverse solicitation, and ensure that internal documentation and governance processes are sufficient to withstand supervisory scrutiny.

Key function holders and suitability assessment (Sec 39f BWG)

The substantive suitability requirements applicable to members of management boards and supervisory boards remain largely unchanged. However, Austria's implementation of CRD VI extends the fit-and-proper framework by introducing more detailed requirements for key function holders.

In particular, key function holders must satisfy the standards set out in Sec 5 para 1 Numbers 6 and 7 BWG. This means that they must, at all times, be of sufficiently good repute, act with honesty and integrity, and possess sufficient knowledge, skills, and experience necessary for the performance of their duties.

Importantly, institutions are now required to assess the suitability of key function holders before appointment and on an ongoing basis thereafter.

Practical implication: Institutions should review their fit-and-proper frameworks to ensure that they adequately cover key function holders, including initial assessments, periodic reviews, and procedures for addressing circumstances that may affect an individual's suitability over time.

Enhanced ESG risk management requirements

Another important aspect of CRD VI is the integration of ESG risks into the prudential framework.

While Austrian credit institutions have already been subject to increasing regulatory expectations in this area, the new rules significantly strengthen the obligation to identify, assess, and manage ESG risks as part of their overall risk management framework.

In particular, institutions must develop and monitor the implementation of dedicated plans addressing ESG-related risks (Sec 39 para 7 BWG). These plans must include quantifiable targets and processes for identifying, measuring, and managing ESG-related financial risks over the short, medium, and long term.

Institutions are further required to assess the extent to which their business model and portfolios align with the EU's objective of achieving climate neutrality by 2050, while contributing to the prevention of environmental degradation and biodiversity loss. Further guidance on supervisory expectations can already be derived from the FMA's Guide for Managing Sustainability Risks published in March 2025.

Practical implication: For many institutions, the primary challenge will be ensuring that ESG considerations are embedded consistently across risk management, strategic planning, capital allocation, and sustainability reporting processes.

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