



Imposition of an administrative penalty on BofA Securities Europe SA

The EUROPEAN CENTRAL BANK,

decided on 20 February 2026 to impose an administrative penalty on BofA Securities Europe SA in the total amount of EUR 6 200 000. The penalty is imposed in respect of a breach of Article 430(1), point (a), of Regulation (EU) No 575/2013 of the European Parliament and of the Council¹, committed with intent for six consecutive quarterly reporting periods from 31 December 2022 to 31 March 2024. The breach occurred as the entity reported inaccurate information on risk-weighted assets (RWA) for market risk and consequently misstated capital ratios on a quarterly basis.

The decision to impose the administrative penalty was made pursuant to Article 18(1) of Council Regulation (EU) No 1024/2013².

When determining an administrative penalty, the ECB follows the principles laid down in the ECB's Guide to the method of setting administrative pecuniary penalties pursuant to Article 18(1) and (7) of Regulation (EU) No 1024/2013. In accordance with the Guide, the ECB considered all the relevant circumstances of the case, in particular the degree of the misconduct of BofA Securities Europe SA, the impact of the breach, the size of the entity and the applicable mitigating factors.

The degree of BofA Securities Europe SA's misconduct was assessed as 'high'. The breach was committed intentionally in view of the fact that the entity calculated the own funds requirements for the general position risk of sovereign bond options under the internal models approach being aware that these were not covered by its supervisory permission. Despite this awareness, BofA Securities Europe SA applied its internal model for the calculation without seeking the extension of its permission, which led to the underestimation of the entity's RWA for market risk and the corresponding misstatement of its capital ratios. In doing so, the entity accepted that its conduct would almost inevitably result in a failure to comply with reporting requirements.

The ECB assessed the impact of the breach as 'medium' based on its duration and the effect that the breach had on the prudential situation of BofA Securities Europe SA and its effective supervision. The effect of the breach was determined on the basis of the importance of reporting obligations for the day-to-day supervision and the underlying requirement to obtain permission for the use of internal models,

¹ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oj>).

² Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63, ELI: <http://data.europa.eu/eli/reg/2013/1024/oj>).



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as well as the extent to which the reported RWA figures differed from the actual prudential situation of the supervised entity and the deviation this represented in its total capital ratios. These elements prevented the ECB from obtaining a comprehensive view of BofA Securities Europe SA's risk profile in the relevant period.

Out of the severity categories 'minor', 'moderately severe', 'severe', 'very severe', and 'extremely severe', the ECB classified the breach as 'severe' due to the misconduct and impact being determined as 'high' and 'medium' respectively.

In addition, the ECB considered as mitigating circumstances the remedial actions taken by the supervised entity to prevent similar breaches from occurring in the future.

The administrative penalties are published in accordance with Article 18(6) of Regulation (EU) No 1024/2013 and Article 132 of Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17)³.

The ECB's decision to impose these administrative penalties on BofA Securities Europe SA may be challenged before the Court of Justice of the European Union under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.

³ Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141, 14.5.2014, p. 1, ELI: <http://data.europa.eu/eli/reg/2014/468/oj>).