

EZELMAN THESIS · 2026-2030 CYCLE

Four theses for the 2026-2030 regulatory cycle. The boutique view — compressed to one page.

The next prudential cycle is not a continuation of the last. Basel IV is being productionised unevenly, Pillar 2 is being re-weaponised in a way the market has not priced, the GCC is running at twice the European pace, and the US Endgame will land on a timeline that is handed, not chosen. The four theses below are structural calls — testable, dated, and paired with observable indicators.

THE FOUR THESES

CRR3 · BASEL IV PRODUCTIONISATION

01

CRR3 is not complete. 2026-2028 is where the output floor quietly bites.

Level 1 is the paperwork. The operational phase is 2026-2028 — when the output floor transitions are fully phased, when more than one hundred EBA mandates crystallise, and when the banks that under-invested in data lineage discover the floor is not a capital metric but a data-governance one. **Expect a cluster of G-SIB P2G moves driven by floor-related control gaps in 2027.** The banks that rebuild lineage early will outperform on disclosure quality and funding cost by 10-20 bps.

Indicator · EBA Pillar 3 data-quality benchmarking (semi-annual) · Test by 2027 Q4

PILLAR 2 · SUPERVISORY RESET

02

Pillar 2G will move from guidance to operating capital tax — and dispersion will widen.

The ECB has signalled it intends to narrow the 'zero-bps' bucket and make reverse stress testing a first-tier input into SREP. The result will be **greater dispersion of P2G across the SSM perimeter** and a three-cycle memory effect that locks poor performers into elevated capital tax through 2030. Individual G-SIB outcomes will diverge by 50-100 bps. The banks rebuilding ICAAP, RST and JST relationship now will end the cycle at the top of the P2G distribution. The rest will not.

Indicator · SREP Aggregate (annual), Banking Supervision speeches · Test by 2028 Q1

GCC · BASEL CONVERGENCE

03

The GCC will reach European prudential parity by 2029 — faster than the US.

The CBUAE, SAMA and QCB are moving from rule-adoption to supervisory-capacity build. On current run-rate, the GCC's three largest systemic banks will be operating on a CRR3-equivalent framework, a mature stress-testing cycle, and a credible on-site supervision cadence by 2029 — ahead of the full US Basel-III Endgame production phase. **GCC banks will therefore front-run the US on both disclosure quality and cross-border regulatory dialogue.** European G-SIBs with Gulf subsidiaries should reset their booking-model assumptions; the cost-of-capital advantage of regional centres will narrow materially.

Indicator · CBUAE & SAMA annual reports, IMF FSAP updates · Test by 2029 Q2

US ENDGAME · UK CONVERGENCE

04

The US Basel-III Endgame will converge on CRR3 by policy drift, not by design.

The US Endgame proposal as re-tabled will be softened on headlines but hardened on operational reporting, model validation and stress-testing. The operational consequence — the part the day-rate market will not sell — is that **US regional and super-regional banks will converge toward the CRR3 operating-model inside three cycles**, and the UK PRA will play bridge. European implementation experience becomes directly importable. The real cost of the Endgame is not the headline ratio. It is the build-out that the US banks have not yet priced into their 2026 capital plans.

Indicator · FRB / OCC / FDIC re-proposal text, PRA CP updates · Test by 2028 Q3

FIVE-YEAR PRUDENTIAL TIMELINE · WHAT ACTUALLY MOVES

2026

- CRR3 full Day-1 reporting
- EBA stress test (odd-year pause)
- US Endgame re-proposal tabled
- CBUAE CRR3-equivalent guidance

2027

- Output floor phase-in accelerates
- ECB SREP Pillar 2G reset
- PRA Basel IV UK Day-1
- SAMA stress-testing refresh

2028

- EBA biennial stress test
- First full CRR3 SREP cycle
- US Endgame Day-1 (anticipated)
- QCB consolidation framework

2029

- Output floor fully phased
- GCC prudential parity test
- CCyB recalibration in EU
- EBA transparency pack redesign

2030

- Basel IV first full cycle
- ECB OSI programme refresh
- US · EU dialogue on floor
- Next Basel process opens

REGIONAL POSITIONING · WHAT YOUR JURISDICTION IS RUNNING INTO

REGION	DOMINANT RISK 2026-2028	DOMINANT RISK 2028-2030	EZELMAN CALL
EU	Output-floor productionisation. Data-lineage gaps surface in the first post-CRR3 SREP. P2G dispersion widens.	Pillar 2 dispersion. The banks that rebuilt RST and ICAAP through 2026-2027 take a visible capital-cost advantage.	Rebuild the ICAAP and RST now. P2G memory is three cycles.
UK	Basel IV UK Day-1. PRA framework diverges from CRR3 on leverage and RST expectations.	Convergence drift. PRA tightens behind US policy shifts; banks with EU-style infrastructure outperform.	Import CRR3 operating-model patterns. Do not rebuild from scratch.
US	Endgame re-proposal uncertainty. Business planning under unset capital rules.	Operational build-out. Reporting, validation, stress-test infrastructure catches up by 2030.	The headline is not the cost. The build-out is. Plan for a three-year operating-model rebuild.
GCC	Supervisory capacity build. CBUAE, SAMA, QCB move from rule to on-site cadence.	Parity moment. GCC systemic banks reach European prudential parity — and on some dimensions lead.	The conversation is not 'catch up'. It is 'run'. Reset your booking-model assumptions.

THE OUTLOOK · COMPRESSED TO ONE SENTENCE PER COHORT

For CROs: 2026-2027 is your Pillar 2 rebuild window; the number is fixed in 2028. **For CFOs:** output-floor data-lineage is a 10-20 bps funding-cost call, not a compliance project. **For Boards:** reverse stress testing is the only lever you can personally pull on the P2G trajectory, and the ECB is now reading it as a governance artefact. **For GCC C-suites:** you are ahead of the narrative; act on the parity moment, don't wait for recognition.