BRIEFING

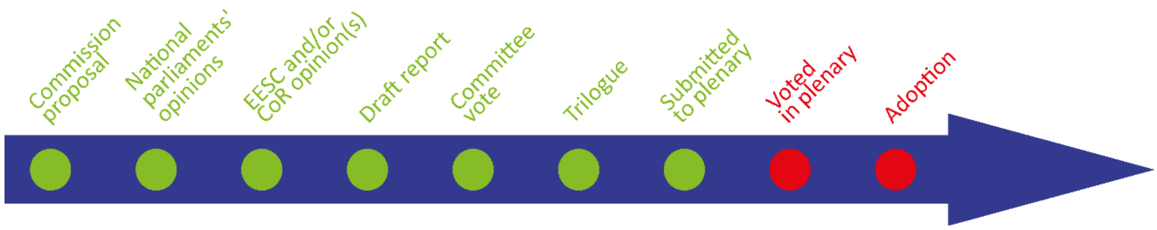
EU Legislation in Progress

Minimum loss coverage for non-performing loans

OVERVIEW

The recessions resulting from the financial crisis that broke out at the end of the last decade have caused economic difficulties for more and more EU companies and citizens in recent years, leaving them unable to repay their loans. As a result many EU banks have accumulated high volumes of non-performing loans (NPLs) on their balance-sheets. Although it has almost halved since December 2014, the ratio between NPLs and total loans extended by EU banks (the NPL ratio) remains historically high when measured against the ratios of other advanced economies. NPLs represent a risk to banks' balance sheets inasmuch as future losses they might generate are not sufficiently covered by appropriate reserves. To tackle this issue, in March 2018 the Commission adopted a comprehensive package of measures, including a proposal for a regulation amending the Capital Requirements Regulation (CRR) to introduce common minimum loss coverage levels (a 'statutory backstop') for newly originated loans that become non-performing.

Proposal for a regulation of the European Parliament and of the Council on amending Regulation (EU) No 575/2013 as regards minimum loss coverage for nonperforming exposures		
Committee responsible:	Economic and Monetary Affairs (ECON)	COM(2018) 134 14.3.2018
Co-rapporteurs:	Esther de Lange (EPP, Netherlands); Roberto Gualtieri (S&D, Italy)	2018/0060(COD)
Shadow rapporteurs:	Bernd Lucke (ECR, Germany); Ramon Tremosa i Balcells (ALDE, Spain); Matt Carthy (GUE/NGL, Ireland); Sven Giegold (Greens/EFA, Germany); Marco Zanni (ENF, Italy)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
Next steps expected:	Vote in plenary	



Author: Carla Stamegna
Members' Research Service

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Introduction

When a borrower has failed to make a scheduled payment for a loan over a certain period of time or is likely to be unable to repay it in full, the loan is considered 'non-performing'. The recessions provoked by the financial crisis since the end of the past decade have led to more and more EU citizens and companies experiencing economic difficulties or even facing bankruptcy, leaving them unable to repay their loans. This is particularly true of Member States that have faced prolonged periods of recession. As a result, many EU banks now have high volumes of NPLs on their balance-sheets.

According to some commentators, excessive stocks of NPLs can limit a bank's lending ability and even impair the monetary policy transmission mechanism. Some others argue that this proposition is not theoretically or empirically grounded. What is commonly acknowledged is that NPLs are heterogeneous assets of an illiquid nature, that their value is difficult to identify and that they do not normally generate stable returns. Therefore, high NPL levels require banks to hold higher amounts of regulatory capital and pay a risk premium on liquidity markets, reducing their profitability and growth prospects. To tackle this issue, a number of different initiatives have been adopted at both national and EU levels (see 'Preparation of the proposal'). In this context, in March 2018 the Commission adopted a comprehensive package of measures including a proposal for a regulation amending the capital requirement regulation (CRR) to introduce common minimum coverage levels for potential losses stemming from newly originated loans that become non-performing.

Context

NPLs are commonly defined as loans that are either more than 90 days past due, or that are unlikely to be fully repaid. Closely related to this concept is that of non-performing exposures (NPEs). These are a more comprehensive class of debt instruments for which a common EU definition was devised by the European Banking Authority (EBA) for the purposes of Commission Implementing Regulation (EU) No 680/2014, referred to as the 'EBA implementing technical standard on supervisory reporting'. This definition covers loans and other debt instruments such as advances, debt securities and off-balance-sheet items, and is wider than that of the relevant accounting standards. It builds on the 'more than 90 days past due' criterion and/or on an 'unlikely to pay' assessment, with a list of conditions triggering the 'unlikely to pay' situation. Although this definition is formally binding only for the supervisory reporting requirements set out in the CRR, it is referred to in several works addressing the NPL issue, including the EBA guidelines and ECB guidance. That is why the terms NPL and NPE are often used interchangeably.

According to EBA data, in June 2016 EU banks held approximately €1 trillion worth of NPLs, equal to 5.5 % of total loans. Two years later (June 2018), this percentage (NPL ratio) had fallen to 3.6 %, thanks to both a reduction in the gross amount of NPLs and to an increase in loans. Although almost halved since the 6.4 % recorded in December 2014, the EU banks' NPL ratio remains at historically high levels when measured against the NPL ratios of other advanced economies (about 1.0 % for both the United States and Japan at the end of 2017, according to the World Bank).

NPLs represent a risk to banks' balance sheets as future losses they might generate are not sufficiently covered. To mitigate this risk, banks set aside annual 'loan loss provisions' (LLPs) as a buffer to absorb incurred and expected losses on loans. Annual LLPs feature as a negative item on banks' income statements, reducing earnings. At the same time, the cumulative amount of LLPs set aside over the years (the loan loss reserve or loan loss allowance) is accounted for among liabilities on banks' balance sheets, thus lowering the net book value of loans.

Existing situation

Losses on credit exposures, including those on NPLs, are subject to both accounting standards and prudential regulation. However, neither the international accounting nor the prudential framework currently provides for common minimum treatment of incurred/expected losses on NPLs. In July 2014, the International Accounting Standards Board (IASB) published international financial reporting standard (IFRS) 9, an international accounting standard for financial instruments responding to the G20's call to move to a more forward-looking model for estimating expected credit losses on financial assets. IFRS 9 entered into force on 1 January 2018. Its most significant innovation is the change from an incurred credit loss (ICL) to an expected credit loss (ECL) approach. In essence, while under the previously applicable international accounting standard (IAS) 39 the provisioning requirements for individual loans were triggered by actual credit events (such as the loan becoming past due for more than 90 days), under the new standard the credit loss that is expected over the entire lifetime of the loan needs to be provisioned once there is a significant increase in credit risk. Not all banks apply IFRSs however: in several Member States and in many third countries national generally accepted accounting principles apply that might take different provisioning approaches. Furthermore, some jurisdictions have adopted specific provisioning rules for NPLs, while a few others have applied provisioning guidelines to implement IFRSs.

Current prudential requirements under Pillar 1, which set the binding minimum level of capital that banks and investment firms must set aside to face major risks, differentiate between provisions depending on whether banks are using the standardised approach or the internal ratings based (IRB) approach to calculate their credit risk. Only under the IRB approach are regulatory minimum provisions envisaged following an ECL approach, although with differences to IFRS 9. In that case, when regulatory expected losses exceed accounting provisions, the 'provisioning shortfall' is deducted from the bank's own funds (Common Equity Tier 1 (CET1) capital). For credit exposures that are in default (such as NPLs), banks adopting advanced IRB models must assess the 'expected losses best estimate' (ELBE) which should include additional unexpected losses emerging during the recovery period. However methodologies for ELBE vary pointedly, which has made the treatment of NPL provisioning very heterogeneous across banks.

Under Pillar 2, which allows supervisors to evaluate institution-specific risks in the context of the supervisory review and evaluation process (SREP) and impose additional capital charges to face those risks, competent authorities have the power to influence the provisioning policy of financial institutions. However, accounting powers do not fall into the competent authorities' remit. Therefore, they cannot require a bank to register specific provisions in its financial accounts, but rather impose specific adjustments to the own funds calculations if they find, on a case-by-case assessment, that the provisioning policy chosen by the institution is not adequate or sufficiently prudent from a supervisory point of view. That means that under the current rules, no harmonised (minimum) treatment for NPLs can be imposed by competent authorities.

The coverage level of potential losses stemming from NPLs is measured by the 'NPL coverage ratio', which essentially sets the loan loss reserves set aside by banks against the NPL volumes accounted in their balance-sheets. According to EBA data, in June 2018 EU banks' coverage ratio was set at 46.0 % on average. However, when measured at national level, this indicator differs significantly from one Member State to another, currently ranging from 24.1 % in Finland to 66.2 % in Hungary. Differences are also registered across different bank-size categories. This varied landscape may mirror different collateral features (depending on lending practices) or divergent accounting and supervisory practices and tax regimes, but may also point to differing levels of residual risk.

Parliament's starting position

In its annual resolution on banking union in 2016, the European Parliament considered that reducing high levels of NPLs was crucial, yet noted that hitherto efforts to do so had taken place mainly at national level. While restating the need to resolve this issue as soon as possible, it acknowledged that a definitive solution would take time. Parliament also considered that any suggested solution should take into account the source of NPLs, the impact on banks' lending capacity to the real economy, and the need to develop a primary and secondary market for NPLs, possibly in the form of safe and transparent securitisation,[1] that involves both Union and national levels. In its annual resolution on banking union in 2017, the Parliament appreciated the efforts made to reduce the level of NPLs in EU banks and called on the Commission to take action to speed that process up, for example, by encouraging the creation of dedicated asset management companies ('bad banks') and secondary markets for NPLs. It also noted the need to improve and harmonise the early restructuring and insolvency framework. Furthermore, since mandatory offloading of NPLs in illiquid and opaque markets can cause bank balance sheet losses, Parliament reiterated its concern regarding the targets set out in the draft addendum to the ECB guidance on NPLs (see 'Preparation of the proposal') and reasserted the prerogatives of the EU legislators.

Council starting position

On 31 May 2017, the Council's Financial Services Committee (FSC) subgroup on non-performing loans submitted a report to the Council in which it analysed the situation of NPLs in Europe as well as the policies implemented since then, and made a number of policy option proposals. Based on the recommendations of the FSC report, the ECOFIN Council adopted an action plan to tackle NPLs at its meeting on 11 July 2017. Ministers agreed that the current pace of NPL reduction appeared inadequate, and that even though NPL stocks were concentrated in a number of countries, an integrated EU strategy was required. The Council conclusions endorsed several proposals on market functioning (for instance through the development of a standardised data template for NPLs, and possibly a single transaction platform), better supervision (in terms of strengthened provisioning guidelines and better scrutiny by the European Systemic Risk Board), and also called for a 'blueprint for the potential set up of national asset management companies' to be developed by the Commission.

Preparation of the proposal

In its reflection paper of 31 May 2017 on deepening economic and monetary union, the Commission stressed the importance of a European strategy for non-performing loans to help address the issue and support national action. In its communication of 11 October 2017 on completing the banking union, the Commission also committed to adopt a comprehensive package of measures to tackle NPLs by spring 2018. These included:

- a blueprint on how national asset management companies (AMCs) can be set up;
- measures to further develop secondary markets for NPLs;
- measures to enhance the protection of secured creditors;
- a benchmarking exercise of loan enforcement regimes to get a reliable picture of the delays banks experience and the value recovery efforts they make when facing with borrowers' defaults;
- a report, accompanied, where appropriate, with the necessary legislative proposals, on the possible introduction of minimum levels of provisioning for future NPLs; and
- a proposal to foster transparency on NPLs by improving data availability and comparability.

On 18 January 2018, the Commission tabled its first progress report on the action plan to tackle non-performing loans proposed by the Council. The report highlights that the positive trend of falling NPL ratios and growing coverage ratios continued into the second half of 2017. The same trend is registered in the second progress report, published in March 2018, and in the third progress report, issued in November 2018. However, NPL ratios remain uneven across the EU – ranging from 0.6 % to 44.9 % – and slow progress in some Member States remains a source of concern.

On the supervisory side, the EBA worked to set out a common EU definition of non-performing exposures that banks are encouraged to use, even if it is only binding for supervisory reporting purposes (see 'Context'). In January 2017, Andrea Enria, then EBA chairman, presented a proposal for an EU-wide asset management company that could help free up EU banks from the burden of NPLs. In March 2017, the ECB published its guidance to banks on tackling non-performing loans, complemented by a draft addendum, published for consultation on 4 October 2017, which aimed to reinforce the guidance with regard to promoting timely provisioning and write-off practices, and in particular laid down 'prudential quantitative backstops' for newly originated NPLs. In a letter to the ECB dated 9 October 2017, European Parliament President Antonio Tajani asked to what extent additional obligations could be imposed on supervised entities without the appropriate involvement of co-legislators. The then Chair of the ECB Supervisory Board, Danièle Nouy, responded a few days later, explaining that the draft addendum was not intended to go beyond the existing regulatory framework, as it did not impose automatic additional obligations on banks. Similar arguments were raised during a hearing with Nouy in the ECON committee on 9 November 2017, followed up by an exchange of letters with ECON Chair Roberto Gualtieri. The final version of the addendum published in March 2018 clarifies that the quantitative supervisory expectations for minimum levels of prudential provisions for NPLs originated as of 1 April 2018 onwards do not bind banks but serve as a basis for a supervisory dialogue in the context of the SREP (see 'Context').

On 14 March 2016, the Commission published an impact assessment (IA) accompanying its legislative proposal to introduce statutory backstops for 'non-performing exposures'. An EPRS initial appraisal of the IA notes that the 'general and specific objectives [of the proposal] are consistent with one another, but could have been more precise and better connected to the problem definition [...]. The analysis contains qualitative and quantitative elements, with a clear focus on the potential impacts on banks' capital, but neglecting other implications, such as social, territorial or macro-economic effects. The analysis relies heavily on EBA advice and could have been more complete, transparent and accessible. In fact, the decision to introduce statutory prudential backstops is a pre-requisite and not part of the assessment, which is why the range of the assessed options is limited. The IA stresses that the impacts of the preferred option depend largely on the flanking initiatives of the legislative package related to NPLs.

The changes the proposal would bring

Against the background outlined above, on 14 March 2018 the Commission adopted a comprehensive package of measures to speed up progress already made in reducing NPL stocks and prevent their renewed build-up. The package comprises:

- a proposal for a directive on credit servicers, credit purchasers and the recovery of collateral;
- a proposal for a regulation introducing common minimum coverage levels (acting as a prudential 'statutory backstop') for newly originated loans that become non-performing;
- a Commission staff working document containing a blueprint for the set-up of national asset management companies (AMCs). The document provides non-binding guidance for national authorities on how they can set up AMCs dealing with NPLs.

The proposal for a regulation amends the Capital Requirements Regulation (CRR) in order to establish a requirement for credit institutions to build their loan loss reserve up to common minimum levels to cover the incurred and expected losses on newly originated loans that become non-performing ('minimum coverage requirement'). Where the minimum coverage requirement is not met, the difference between the actual coverage level and the requirement should be deducted from a bank's own funds (CET1) (articles 36(1)(m) and 47c). The minimum coverage levels would thus act as a 'statutory prudential backstop', conceived as a Pillar 1 requirement. This architecture would ensure that the risks associated with NPL losses that are not sufficiently covered are reflected in institutions' CET1 capital ratios.

Different coverage requirements apply depending on the classification of the NPLs as 'secured' (i.e. covered by eligible credit protection as determined in the CRR) or 'unsecured'. However, after a certain number of years without being successfully enforced (i.e. the collateral/guarantee could not be realised), the credit protection should not be seen as effective anymore. In such cases, full coverage of the exposure amount of secured NPEs is also deemed necessary (article 47c(2) and (3)).

The minimum coverage requirement increases gradually depending on how long an exposure has been classified as non-performing, being lower during the first years, as follows:

Minimum coverage level (in %)								
After year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Unsecured	35	100						
Secured	5	10	17.5	27.5	40	55	75	100

Source: Magnus M., Deslandes J. and Dias C., Non-performing loans in the Banking Union – Stocktaking and challenges, Economic Governance Support Unit (EGOV), IPOL, European Parliament, October 2018, p. 9.

This gradual increase reflects the fact that the longer an exposure has been non-performing, the lower the probability is of recovering the amounts due. The level of the backstop also depends on whether the debtor is still paying instalments. A loan can be an NPL not only because it is past due, but also because the borrower is considered unlikely to pay in the future, despite still paying currently. In cases where the bank still receives full payment from the borrower without excessive delay, the losses for the bank are in general expected to be lower and it is justified to apply a lower minimum coverage requirement (up to 80 %, instead of up to 100 %). The prudential backstop would apply only to exposures originated after 14 March 2018.

For the purposes of the prudential backstop, the Commission proposes (in article 47a) to introduce a common definition of non-performing exposures (NPE), in accordance with the one already used for supervisory reporting purposes (see 'Context'). This definition includes defaulted exposures as defined for the purposes of calculating own funds requirements for credit risk and exposures impaired pursuant to the applicable accounting framework. As forbearance measures may influence whether an exposure is classified as non-performing, the proposed regulation introduces strict conditions to discontinue the treatment of such exposures as non-performing in the event that refinancing and other forbearance measures are granted.

Advisory committees

The European Economic and Social Committee (EESC) adopted its opinion on the non-performing loans package on 11 July 2018 (rapporteur Juan Mendoza Castro (Group II – Workers, Spain)). The EESC welcomes the Commission's package as it is seen as key in the EU strategy to address the long-standing issue of NPLs and fundamental to progress towards banking union. The advisory body agrees with the application of statutory prudential backstops as a preventive measure to ensure that credit losses on future NPLs are sufficiently provisioned. However, while pointing out that the calendar for the provisioning of new NPLs may force the banks to sell them quickly, it is of the view that regulators must not encourage the sale of NPLs. The EESC also calls on the Commission to consider the specific situation of smaller and specialised firms with a less complex asset structure and deems that a specific impact analysis aimed at estimating the potential impact of the proposed regulation on banks, on the transmission of credit to households, on SMEs and on GDP growth is needed. Finally, it considers that IFRS 9 should be mandatory for all EU banks to further mitigate the differences in provisioning stemming from differing accounting frameworks.

National parliaments

The deadline for the submission of reasoned opinions on the grounds of subsidiarity was 5 June 2018. The Italian Senate, the Portuguese Assembleia da República and the Spanish Cortes Generales opened political dialogue with the Commission. No objections were raised on the grounds of subsidiarity.

Stakeholders' views[2]

In its response to the Commission's proposal, the European Banking Federation (EBF) rejects the proposed statutory prudential backstop for newly originated NPLs, arguing, in the first place, that it would be likely to lead to a more restrictive lending policy by banks, especially for low-rated counterparties, such as retail customers and SMEs. Among other things, the EBF questions the proportionality of the application of the proposal and considers that it does not take into account the functioning of the recovery process on NPLs. In its view, furthermore, the proposal has the potential to hamper the mobilisation of NPLs in the secondary market, which does not seem to be in line with the Commission's intention to expand and improve those markets. Ultimately, it complains about the unjustified urgency with which the new requirements would be adopted.

As a general remark, the European Savings and Retail Banking Group considers the NPL prudential provisioning backstop to be superfluous, as the SREP already gives sufficient tools and information to impose additional own funds requirements on 'outlier institutions'. It then elaborates in detail on the proposal's shortcomings. A similar view is expressed by the Association for Financial Markets in Europe (AFME), according to which 'potential shortcomings in provisioning which have not been clearly justified should be addressed in an institution-specific manner under Pillar 2'.

Finance Watch, a not-for-profit association of 48 civil society organisations, in principle supports the Commission's attempt to force banks to provision for distressed loans in a prudent and timely way. However, the association is of the view that the proposed approach tackles the effects of the NPL issue, but not the causes.

Legislative process

On 31 October 2018, the Permanent Representatives Committee (Coreper) approved the **Council**'s position on the proposed regulation and gave the Presidency a mandate to negotiate with the European Parliament. According to the Council's text, different coverage requirements would apply depending on the classification of the NPLs as unsecured or secured and whether the collateral was movable or immovable. More specifically:

- unsecured NPLs require higher and timelier minimum loss coverage because they are not backed by collateral. Therefore, the maximum coverage requirement would apply fully after three years;

- regarding NPLs secured by immovable collateral (commercial or residential real estate) it can be reasonably assumed that immovable property will have a remaining value for a longer period of time after the loan turned non-performing. Thus, the proposal provides a gradual increase of the minimum loss coverage level over a period of nine years. Full coverage of 100 % for NPLs secured by movable and other CRR eligible collateral will have to be built up after seven years.

According to the Council's position, the new rules would apply only to loans allocated after the date of entry into force of the regulation.

On 31 May 2018, **Parliament**'s Committee on Economic and Monetary Affairs (ECON) appointed Esther de Lange (EPP, Netherlands) and Roberto Gualtieri (S&D, Italy) as co-rapporteurs for this file. Their draft report was published on 8 November 2018. The ECON committee adopted its report on the proposal on 6 December 2018. The report proposes to amend the NPE definition to also include loan commitments and financial guarantees given and sets out stricter criteria to discontinue the classification of an exposure as non-performing when it is granted a forbearance measure.

The report also states that a calendar of nine years should apply for NPEs secured with immovable collateral and residential loans guaranteed by an eligible protection provider as defined in CRR, recognising that they would have a remaining value for a longer period of time after the loan turned non-performing. For other secured NPEs a calendar of seven years should apply until full coverage has to be built up. Given the higher loss expected on unsecured NPEs, a stricter calendar should apply, i.e. a calendar of three years.

Furthermore, a uniform provisioning calendar should be applied irrespective of whether the exposure is non-performing because the obligor is past due more than 90 days or because of other triggers. The prudential backstop should apply on an exposure-by-exposure level.

Finally, the report provides that NPEs purchased by an institution on the secondary market should be subject to an increasing provisioning calendar, starting to run from the date on which the NPE has originally been classified as such, and not from the date of its purchase. It further envisages that for NPEs purchased by an institution at a price lower than the amount owed by the debtor, the purchaser should treat the difference between the purchase price and the amount owed by the debtor in the same way as a partial write-off for the purposes of the prudential backstop, meaning that said difference would go towards meeting the minimum coverage requirement.

Following interinstitutional (trilogue) negotiations, the co-legislators reached a **provisional agreement** on the proposal on 18 December 2018. The deal was endorsed by Coreper on 7 January 2019 and approved in the ECON committee meeting of 22 January 2019. It confirms that coverage requirements vary in terms of calendar and amount depending on whether NPLs are classified as unsecured or secured and the kind of collateral. More specifically, unsecured loans would be fully provisioned three years after they are classified as non-performing, while for loans secured by immovable collateral or other CRR eligible collateral, a gradual increase of the annual minimum loss coverage would apply over a period of nine or seven years respectively, starting three years after the loans are classified as non-performing. Compared with the Council's position, the provisioning requirements agreed by the two co-legislators increase at a more gradual pace, especially in the central part of the build-up period. That will allow banks to deal with NPLs smoothly without disruptive effects on the real economy.

Minimum coverage level (in %)									
After year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Unsecured	0	35	100						
Secured by other CRR eligible collateral	0	0	25	35	55	80	100		
Secured by immovable collateral	0	0	25	35	55	70	80	85	100

The agreed text confirms the Parliament's proposal on the treatment applicable to NPEs purchased on the secondary market. This will reduce possible disincentives for credit purchasers, while protecting borrowers by granting that purchasers are subject to the same rules as the banks which originated their loans and therefore they are supposed not to treat those loans in a less favourable way.

Co-legislators agreed that the regulation would apply solely to loans issued after the new regulation comes into force. This is an important difference from the Addendum to the ECB guidelines (see 'Preparation of the proposal') which applies to loans that become non performing as of 1 April 2018, regardless of the date on which they were allocated. Another important difference is that the proposed regulation sets out mandatory requirements (Pillar 1 requirements) for all EU banks, while the requirements laid down in the Addendum only apply on a case-by-case basis (Pillar 2 requirement) to institutions qualified as 'significant' under the SSM regulation.

The agreed text now needs to be formally adopted by Parliament. The vote is expected in plenary in March 2019.

EP SUPPORTING ANALYSIS

Collova C., Initial appraisal of a Commission impact assessment on the proposal for a directive on loan servicers and buyers and recovery of collateral, EPRS, European Parliament, November 2018.

Delivorias A., Common rules and new framework for securitisation, EPRS, European Parliament, January 2018.

Kramer E., Initial appraisal of a Commission impact assessment on the proposal for a regulation on minimum loss coverage for non-performing exposures, EPRS, European Parliament, June 2018.

Magnus M., Deslandes J. and Dias C., Non-performing loans in the Banking Union – Stocktaking and challenges, Economic Governance Support Unit (EGOV), IPOL, European Parliament, October 2018.

Magnus M., Margerit A., Mesnard B. and Katopodi C., Non-performing loans in the Banking Union: state of play, EGOV, IPOL, European Parliament, July 2017.

Stamegna C., Credit servicers, credit purchasers and the recovery of collateral - Fostering secondary markets for non-performing loans (NPLs) and easing collateral recovery, EPRS, European Parliament, February 2019.

Stamegna C., New EU insolvency rules give troubled businesses a chance to start anew, EPRS, European Parliament, June 2018.

Stamegna C., Arrangements for mitigating the impact of IFRS 9, EPRS, European Parliament, November 2017.

OTHER SOURCES

Minimum loss coverage for non performing exposures, Legislative Observatory (OEIL), European Parliament.

ENDNOTES

1. Regulation (EU) 2017/2402 setting a framework for simple, transparent and standardised securitisation products was adopted by Parliament and Council in 2017, entered into force on 17 January 2018 and applies as from 1 January 2019.
2. This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.

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eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

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