



2016/0360A(COD)

5.2.2018

AMENDMENTS

936 - 1100

Draft report

Peter Simon

(PE613.409v03-00)

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements and amending Regulation (EU) No 648/2012

Proposal for a regulation

(COM(2016)0850 – C8-0480/2016 – 2016/0360A(COD))

Amendment 936
Mady Delvaux

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 430 a – paragraph 1 – point e

Text proposed by the Commission

Amendment

(e) *the total value of the institution's assets is equal to or larger than EUR 5 billion and the ratio of its total assets relative to the GDP of the Member State where it is established is on average equal to or larger than 20 % over the four-year period immediately preceding the current annual disclosure period.* **deleted**

Or. en

Justification

The amendment aims at avoiding discrimination and thus preserves a level playing field among institutions within the single market. Proportionality rules should apply to institutions independently from the size of the Member State in which they are located.

Amendment 937

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 430 a – point 4

Text proposed by the Commission

Amendment

(4) "small institution" means an institution the value of the assets of which is on average equal to or less than EUR 1.5 billion over the four-year period immediately preceding the current **annual disclosure period.**

(4) "small **and non-complex** institution" means an institution **which fulfils all of the following criteria:**

(a) the value of the assets of which is on average equal to or less than EUR 5

billion over the four-year period immediately preceding the current *financial year*;

(b) the resolution assessment in accordance with Articles 15 and 16 of Directive 2014/59/EU concludes that the liquidation of the institution in normal insolvency proceedings is feasible and credible;

(c) the institution is not a large institution or large subsidiary as defined in point (1) or (2);

(d) its trading activities are classified as small within the meaning of Article 94;

(e) the total value of its derivative positions is less than or equal to 2% of its total on- and off-balance sheet assets, where only derivatives which qualify as positions held with trading intent are included in calculating the derivative positions;

(f) the institution does not use internal models for calculating own funds requirements;

(g) the institution's total CET 1 ratio exceeds 15% and the institution's leverage ratio exceeds 6%.

(Definition of small and non-complex institutions benefitting from various simplified procedures in CRR and CRD)

Or. en

Amendment 938

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 430 a – point 4

Text proposed by the Commission

(4) "small institution" means an

Amendment

(4) "small ***and non-complex***

institution the value of the assets of which is on average equal to or less than EUR 1.5 billion over the four-year period immediately preceding the current annual disclosure period.

institution" means an institution *which fulfils all the following criteria:*

- (a) the value of the assets of which is on average equal to or less than EUR 1.5 billion *or less than 0.1 per cent of GDP of the Member State where it is established*, over the four-year period immediately preceding the current annual disclosure period;
- (b) *the institution is not having significant cross-border activities;*
- (c) *the institution is not using internal model-based approach for managing risk weighted assets;*
- (d) *the size of the institution's on- and off- balance sheet trading book does not exceeds 5% of total assets;*
- (e) *the total value of its derivative positions is less than or equal to 2% of its total on- and off-balance sheet assets;*

Or. en

Amendment 939
Caroline Nagtegaal

Proposal for a regulation
Article 1 – paragraph 1 – point 116
Regulation (EU) No 575/2013
Article 430 a – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

The competent authority shall make sure that no more than 10% of the total value of the assets of all institutions in a Member States is subject to lower reporting requirements.

Or. en

Amendment 940

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 431 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. By way of derogation from paragraph 1, small and non-complex institutions may decide not to publicly disclose the information referred to in Title III.

Or. en

Amendment 941

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 431 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

The management body or senior management of institutions shall adopt formal policies to comply with the disclosure requirements laid down in this Part and put in place internal processes, systems and controls to verify that the institutions' disclosures are appropriate and in compliance with the requirements laid down in this Part. ***At least one member of the management body or senior management of institutions shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the policies and internal processes, systems and controls referred to in this paragraph. The written attestation referred to in this paragraph shall be included in institutions' disclosures.***

The management body or senior management of institutions shall adopt formal policies to comply with the disclosure requirements laid down in this Part and put in place internal processes, systems and controls to verify that the institutions' disclosures are appropriate and in compliance with the requirements laid down in this Part.

Justification

In the light of existing liability rules, written declarations on compliance with rules by a member of senior management are not necessary.

Amendment 942
Costas Mavrides

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 432 – paragraph 2 – subparagraph 3

Text proposed by the Commission

Information shall be regarded as confidential where the institutions are obliged by customers or other counterparty relationships to keep that information confidential or where, in exceptional cases **and subject to the competent authority's prior consent**, that information may significantly affect the institution's competitive position.

Amendment

Information shall be regarded as confidential where the institutions are obliged by customers or other counterparty relationships to keep that information confidential or where, in exceptional cases, that information may significantly affect the institution's competitive position.

Justification

The CRR Review proposes that institutions would only be allowed to restrain from disclosing confidential information provided that this has met with the prior consent of their supervisor. There is no trace of such a requirement in the Guidelines that EBA has issued in this respect nor in the Basel papers. The EBA 2014 Guidelines merely specify that “A general reference to confidentiality is not a sufficient reason to avoid disclosure: institutions should identify specifically and analyse to what extent the disclosure of a specific item of information would affect the rights of their customers or counterparties or would constitute a breach of legally established confidentiality obligations. The input of an institution’s legal unit or of any legal expert should be considered while performing this analysis. “ The requirement is most unpractical considering that the administrative procedure which institutions are expected to initiate will be likely to take some weeks to be finalised (also considering the possibility which must be provided to institutions to appeal against the decision taken by their supervisor). As a consequence, the publication of the institutions’ disclosures will suffer delays and will it make difficult for them to be published together with the financial reports or as soon as possible thereafter (as required under Article 433). The proposed measure is, moreover, unnecessary

considering that the Guidelines which EBA produced in 2014 have introduced a range of safeguards to prevent abuse and, furthermore, that supervisors are entitled to impose remedial action whenever they would discover a posteriori that institutions have restrained from disclosing information which does not significantly affect their competitive position.

Amendment 943

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 a – paragraph 1 – point b

Text proposed by the Commission

(b) the disclosures referred to in points (e) and (f) of Articles 439, point (1) of point (e) and point (3) of Article 442, point (e) of Article 444, point (a) and (b) of Article 448, point (k) to (m) of Article 449, point (a) and (b) of Article 451, Article 451a(2) and (3), point (f) of Article 452, point (f) of Article 453 and point (a) of Article 455(2) on *a semi-annual* basis;

Amendment

(b) the disclosures referred to in points (e) and (f) of Articles 439, point (1) of point (e) and point (3) of Article 442, point (e) of Article 444, point (a) and (b) of Article 448, point (k) to (m) of Article 449, point (a) and (b) of Article 451, Article 451a(2) and (3), point (f) of Article 452, point (f) of Article 453 and point (a) of Article 455(2) on *an annual* basis;

Or. de

Amendment 944

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 a – paragraph 1 – point c

Text proposed by the Commission

(c) the disclosures referred in point (a) of Article 437, point (c) of Article 438, point (c) of Article 442 and the key metrics referred to in Article 447 on a *quarterly* basis.

Amendment

(c) the disclosures referred in point (a) of Article 437, point (c) of Article 438, point (c) of Article 442 and the key metrics referred to in Article 447 on a *semi-annual* basis.

Or. de

Amendment 945

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 1 – point b

Text proposed by the Commission

(b) the key metrics referred to in Article 447 on *a semi-annual*/ basis.

Amendment

(b) the key metrics referred to in Article 447 on *an annual*/ basis.

Or. de

Amendment 946

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – introductory part

Text proposed by the Commission

2. By way of derogation from paragraph 1, small institutions that are non-listed institutions shall *disclose the following information at least on an annual basis*:

Amendment

2. By way of derogation from paragraph 1, small institutions that are non-listed *and non-complex* institutions shall *be exempt from the obligation to publish a disclosure report*.

Or. de

Amendment 947

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – introductory part

Text proposed by the Commission

Amendment

2. By way of derogation from paragraph 1, small institutions that are non-listed institutions ***shall disclose the following information at least on an annual basis:***

2. By way of derogation from paragraph 1, ***competent authorities may waive for*** small institutions that are non-listed institutions ***the requirement to issue any disclosure reports.***

Or. en

Amendment 948

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – point a

Text proposed by the Commission

Amendment

(a) the information referred to in points (a), (e) and (f) of Article 435(1);

deleted

Or. de

Amendment 949

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – point a

Text proposed by the Commission

Amendment

(a) the information referred to in points (a), (e) and (f) of Article 435(1);

deleted

Or. en

Amendment 950

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) the information referred to in points (a), (b) and (c) of Article 435(2); *deleted*

Or. de

Amendment 951

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) the information referred to in points (a), (b) and (c) of Article 435(2); *deleted*

Or. en

Amendment 952

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – point c

Text proposed by the Commission

Amendment

(c) the information referred to in Article 450; *deleted*

Or. en

Amendment 953

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – point c

Text proposed by the Commission

Amendment

(c) the information referred to in Article 450; *deleted*

Or. de

Amendment 954

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – point d

Text proposed by the Commission

Amendment

(d) the key metrics referred to in Article 447. *deleted*

Or. de

Amendment 955

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 b – paragraph 2 – point d

Text proposed by the Commission

Amendment

(d) the key metrics referred to in Article 447. *deleted*

Or. en

Amendment 956

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 c – paragraph 1 – point b

Text proposed by the Commission

(b) the key metrics referred to in Article 447 on *a semi-annual* basis.

Amendment

(b) the key metrics referred to in Article 447 on *an annual* basis.

Or. de

Amendment 957

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 c – paragraph 2 – introductory part

Text proposed by the Commission

2. By way of derogation from paragraph 1, other institutions that are non-listed institutions shall disclose the information outlined below and, *at least*, with the following frequency:

Amendment

2. By way of derogation from paragraph 1, other institutions that are non-listed institutions shall disclose the information outlined below and with the following frequency:

Or. en

Amendment 958

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 c – paragraph 2 – point a

Text proposed by the Commission

Amendment

(a) the information referred to in **Articles 435 and 450, in point (a) of Article 437, point (c) of Article 438**, points (e) and (f) of Article **439, point (c) and (e) of point (1) and point (3) of Article 442, point (e) of Article 444, points (a) and (b) of Article 448, points (k) to (m) of Article 449, points (a) and (b) of Article 451, Article 451a(2) and (3), point (f) of Article 452, point (f) of Article 453 and point (a) of Article 455 (2)** on an annual basis;

(a) the information referred to in points **(a)**, (e) and (f) of Article **435(1)** on an annual basis;

Or. en

Amendment 959

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 c – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) the key metrics referred to in Article 447 on **a semi-annual** basis.

(b) the key metrics referred to in Article 447 on **an annual** basis.

Or. de

Amendment 960

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 c – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) the key metrics referred to in Article 447 on **a semi-annual** basis.

(b) the key metrics referred to in Article 447 on **an annual** basis;

Amendment 961

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 433 c – paragraph 2 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the information referred to in Article 450 on an annual basis;

Or. en

Amendment 962

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 116 (new)

Regulation (EU) No 575/2013

Article 433 c – paragraph 2 – point b b (new)

Text proposed by the Commission

Amendment

(bb) the information referred to in points (a), (b) and (c) of Article 435(2) every two years.

Or. en

Amendment 963

Costas Mavrides

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 435 – paragraph 1 – point f – point ii

Text proposed by the Commission

Amendment

(ii) *information on intra-group transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group.* **deleted**

Or. en

Justification

Reporting of intra-group transactions and transactions with related parties which may have a material impact on the risk profile of the consolidated group requires the disclosure of quantitative information which was not previously required. Intragroup balances already form part of financial statement disclosures and provide market participants an aggregated view of intragroup positions. Additionally, more granular quantitative disclosure would provide market participants, including competitors, with a view of an institution's internal transactions, which is highly confidential and proprietary information.

Amendment 964
Peter Simon

Proposal for a regulation
Article 1 – paragraph 1 – point 116
Regulation (EU) No 575/2013
Article 438 – point b

Text proposed by the Commission

Amendment

(b) the composition of *the additional* common equity Tier 1 own funds requirements based on the supervisory review process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU;

(b) the composition *in terms* of Common Equity Tier 1, ***Additional Tier 1 and Tier 2 of the additional*** own funds requirements based on the supervisory review process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU;
(*See the ECB's opinion (CON/2017/46)*)

Or. en

Justification

It should be clarified that the quality of additional own funds (CET 1/AT 1/T 2) is targeted. Disclosure requirements in relation to Pillar 2 requirements have not gone as far as necessary. Going one step further would help to emphasise the quality of institutions' capital

bases.

Amendment 965

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 438 – point b a (new)

Text proposed by the Commission

Amendment

(ba) The amounts and compliance dates of any guidance on additional own funds issued in accordance with Article 104b of Directive 2013/36/EU;

Or. en

Amendment 966

Costas Mavrides

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 438 – point c

Text proposed by the Commission

Amendment

(c) upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process; ***deleted***

Or. en

Justification

As a general rule, competent authorities should not be entitled to impose disclosure of the Pillar 2 guidance provided to institutions as such guidance does not contain any additional risk-related information and, moreover, does not lend itself to making comparisons with the Pillar 2 guidance provided to other banks. There may be specific circumstances under which such disclosure would nevertheless be warranted. However, the CRR should specify under which precise circumstances such a measure may be envisaged instead of leaving it up to the

discretion of each competent authority, to decide on whether it would be appropriate to impose disclosure.

Amendment 967

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 438 – point d

Text proposed by the Commission

(d) the total risk weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three *and, where applicable, an explanation of the effect on the calculation of own funds and risk weighted exposure amounts that results from applying capital floors and not deducting items from own funds.*

Amendment

(d) the total risk weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three

Or. en

Justification

Output floors are not introduced in this revision of the CRR/CRD. Therefore the text should not anticipate the future application of Basel 4.

Amendment 968

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 438 – point f

Text proposed by the Commission

(f) *the exposure value and the risk-weighted exposure amount of own fund instruments held in any insurance*

Amendment

deleted

undertaking, re- insurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis;

Or. en

Justification

Article 49 CRR entitle competent authorities to require or permit institutions to not deduct holdings in an insurance undertaking provided a range of stringent criteria have been met. The disclosure requirements which are being proposed in relation to holdings in insurance undertakings would defeat the purpose of Article 49(1) of the CRR and the associated exemption decisions made by competent authorities.

Amendment 969

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 438 – point i

Text proposed by the Commission

Amendment

(i) for institutions authorised to use internal models, the hypothetical risk-weighted exposure amounts that would result if the applicable standardised approach was used for the relevant exposures. ***deleted***

Or. en

Justification

Considering that the stated objective of the Basel Committee’s Pillar 3 framework is to allow for comparisons to be made across banks from different jurisdictions, it is obvious that the CRR-CRD IV review should restrain from anticipating market risk proposals which are still being considered by the Basel Committee and of which the impact on Pillar 3 disclosures are uncertain.

Amendment 970

Ashley Fox

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 439 – point d

Text proposed by the Commission

(d) the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions, and the amount of collateral the institution would have to provide if its credit rating was downgraded;

Amendment

(d) the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions, and the amount of collateral the institution would have to provide if its credit rating was downgraded;

In Member States for which the relevant central bank provides liquidity assistance in the form of collateral swap transactions, the competent authorities should determine whether the application of point (d) could reveal the provision of emergency liquidity assistance. The requirements of point (d) shall not apply where, based on their activities, competent authorities consider it could reveal such assistance.

Or. en

Amendment 971

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 443 a (new)

Text proposed by the Commission

Amendment

The following new Article 443a is inserted:

"Article 443a

Disclosure of non-cash collateral re-use

1. Credit institutions shall disclose information concerning the total market value of their re-used non-cash collateral, with breakdowns by type of collateral and jurisdiction of the issuer of the security used as collateral, in accordance with the measure developed by the EBA, as referred to in paragraph 2.

2. EBA shall develop draft regulatory technical standards to specify the measure of non-cash collateral re-use to be used by credit institutions as referred to in paragraph 1.

EBA shall submit those draft regulatory technical standards to the Commission by 1 February 2020.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of regulation (EU) No 1093/2010."

Or. en

Justification

The requirements of high-quality collateral contained in a number of new European regulations (Solvency II, CRD IV, EMIR, etc.) have profoundly transformed the collateral market, by increasing the demand for high-quality collateral and drying up a portion of the supply. Consequently, collateral reuse transactions are more and more considered by market participants as an option for increasing the availability of high-quality collateral. However, collateral re-use poses financial stability risks, by contributing to the build-up of excessive leverage of individual entities and increasing the interconnectedness of market participants. It is therefore crucial to develop measures and metrics allowing for the monitoring of the re-use of collateral as well as to explore the opportunity to further restrict the possibility of reusing collateral provided as security for financial transactions.

Amendment 972

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Text proposed by the Commission

Amendment

The following new Article 443b is inserted:

"Article 443b

Disclosure of data on the use of synthetic leverage

1. Credit institutions shall disclose data on their use of leverage created synthetically, through the use of derivatives, in accordance with the methodology developed by the EBA, as referred to in paragraph 2.

2. EBA shall develop draft regulatory technical standards to specify the methodology to be used by credit institutions to calculate their synthetic leverage, as referred to in paragraph 1.

EBA shall submit those draft regulatory technical standards to the Commission by 1 February 2020.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of regulation (EU) No 1093/2010."

Or. en

Justification

There is currently no mandatory reporting of synthetic leverage at EU level. Although data reported under EMIR and SFTR on derivatives exposures may be used to approximate synthetic leverage, such reporting does not deliver all the information needed for assessing synthetic leverage.

Amendment 973

Ashley Fox

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Present text

The *institutions* calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those provisions. In addition, the own funds requirement for specific interest rate risk of securitisation positions shall be disclosed separately.

Amendment

1. Institutions *using the standardised approach for the calculation of own funds requirements for market risk shall disclose:*

(a) *the objectives of the institution in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control market risks;*

(b) *the policies referred to in Article 104(1) for determining which position is to be included in the trading book in accordance with Article 104;*

(c) *a general description of the structure of the trading desks covered by the internal models referred to in the first subparagraph, including for each desk a broad description of the desk's business strategy, the instruments permitted therein and the main risk types in relation to that desk;*

(d) *a general overview of the trading book positions not covered by the internal models referred to in the first subparagraph;*

(e) *the structure and organisation of the market risk management function and governance;*

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=FR>)

Amendment 974

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation
Article 1 – paragraph 1 – point 116
Regulation (EU) No 575/2013
Article 446 – title

Text proposed by the Commission

Amendment

Article 446

deleted

**Disclosure of operational risk
management**

Or. en

Justification

It is premature to report operational risk amount of losses and numbers. The requirement to report operational losses should be the same across all geographies; it would be better to wait for the introduction of operational risk standards in EU framework.

Amendment 975

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 446 – paragraph 1 – subparagraph a, b, c

Text proposed by the Commission

Amendment

***Institutions shall disclose information
about their operational risk management
including:***

deleted

***(a) the total losses incurred from
operational risk over the last ten years,
with historical losses broken down by year
and a separate identification of the
amounts of losses exceeding EUR 1
million;***

***(b) the number of losses exceeding
EUR 1 million, the total amounts related
to those losses over the last three years, as
well as the total amounts of the five
largest losses;***

***(c) the indicators and components for
the calculation of the own fund***

requirements, broken down per relevant business indicator.

Or. en

Justification

It is premature to report operational risk amount of losses and numbers. The requirement to report operational losses should be the same across all geographies; it would be better to wait for the introduction of operational risk standards in EU framework

Amendment 976
Costas Mavrides

Proposal for a regulation
Article 1 – paragraph 1 – point 116
Regulation (EU) No 575/2013
Article 446 – point a

Text proposed by the Commission

(a) the total **losses** incurred from operational risk over the last **ten** years, **with historical losses broken down by year and a separate identification of the amounts of losses exceeding EUR 1 million;**

Amendment

(a) the total **loss** incurred from operational risk over the last **three** years **and;**

Or. en

Justification

The proposals made by the CRR Review in this respect are premature considering that the Basel Committee has not yet published its findings following its public consultation on the Standard Measurement Approach to Operational Risk and particularly considering that the industry had commented that the Basel proposals raised significant issues of non-comparability and volatility in the proposal, which would flow through to affect the quality of related disclosures. One of the basic issues is whether the ten-year look-back or three-year look-back requirements are meaningful as proposed. Going back ten years, especially, may pick up losses from businesses that have been sold or discontinued, or have become much less material to the bank overall, or which are highly unlikely to recur because of subsequent remedial action. There will at least be a need for a clear definition of operational losses, and this is lacking in the proposal.

Amendment 977
Costas Mavrides

Proposal for a regulation
Article 1 – paragraph 1 – point 116
Regulation (EU) No 575/2013
Article 446 – point b

Text proposed by the Commission

(b) the number of **losses exceeding EUR 1 million, the total amounts related to those losses over the last three years, as well as the total amounts of the five largest losses;**

Amendment

(b) the number of those losses **which are most significant in relation to the nature, scale and complexity** of the **institution including;**

Or. en

Justification

The proposals made by the CRR Review in this respect are premature considering that the Basel Committee has not yet published its findings following its public consultation on the Standard Measurement Approach to Operational Risk and particularly considering that the industry had commented that the Basel proposals raised significant issues of non-comparability and volatility in the proposal, which would flow through to affect the quality of related disclosures. One of the basic issues is whether the ten-year look-back or three-year look-back requirements are meaningful as proposed. Going back ten years, especially, may pick up losses from businesses that have been sold or discontinued, or have become much less material to the bank overall, or which are highly unlikely to recur because of subsequent remedial action. There will at least be a need for a clear definition of operational losses, and this is lacking in the proposal.

Amendment 978
Ashley Fox

Proposal for a regulation
Article 1 – paragraph 1 – point 116
Regulation (EU) No 575/2013
Article 447 – point f

Text proposed by the Commission

(f) the average or averages, as applicable, **for each quarter of the relevant disclosure period** of their liquidity coverage ratio as calculated in accordance

Amendment

(f) the average or averages, as applicable, **over the preceding twelve month** of their liquidity coverage ratio as calculated in accordance with Delegated

with Delegated Regulation (EU) 2015/61,
based on monthly figures;

Regulation (EU) 2015/61;

Or. en

Amendment 979
Esther de Lange

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 448 – paragraph 1 – point b

Text proposed by the Commission

(b) the changes in the net interest income calculated under the *six* supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;

Amendment

(b) the changes in the net interest income calculated under the *two* supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;

Or. en

Amendment 980
Esther de Lange

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 448 – paragraph 1 – point c

Text proposed by the Commission

(c) a description of key modelling and parametric assumptions, other than those referred to in paragraph 2 of this Article and in Article 98(5a)(b) of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph;

Amendment

(c) a description of key modelling and parametric assumptions, other than those referred to in paragraph 2 of this Article and in Article 98(5a)(b) *and (c)* of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph;

Or. en

Amendment 981
Caroline Nagtegaal

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 448 – paragraph 1 – point e – point ii

Text proposed by the Commission

(ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems ***that would differ from the common modelling and parametric assumptions referred to in Article 98(5a) of Directive 2013/36/EU and paragraph 2 of this Article for the purpose of calculating changes to the economic value of equity and to the net interest income under the six supervisory scenarios, including the rationale for those differences;***

Amendment

(ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems;

Or. en

Amendment 982
Esther de Lange

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 448 – paragraph 3 – subparagraph 1

Text proposed by the Commission

EBA shall develop draft regulatory technical standards to specify the common modelling and parametric assumptions that institutions shall reflect in their calculation of the net interest income referred to in ***point*** (b) of paragraph 1.

Amendment

EBA shall develop draft regulatory technical standards, ***in line with internationally agreed standards***, to specify the common modelling and parametric assumptions, ***including behavioural assumptions***, that institutions shall reflect in their calculation of the ***economic value of equity and the*** net interest income referred to in ***points (a) and*** (b) of paragraph 1.

Or. en

Amendment 983

Sven Giegold, Ernest Urtasun, Philippe Lamberts, Bas Eickhout, Molly Scott Cato

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 448 a (new)

Text proposed by the Commission

Amendment

Article 448a

Disclosure of environmental, social and governance risk

1. From [1 year after entry into force of this Regulation], institutions shall disclose the following information related to environmental, social and governance risks in accordance with Article 98 of Directive 2013/36/EU:

- (a) A description of specific environmental, social and governance risks, which could arise in the short-, medium-, or long-term and could have a material and financial impact on the institution;***
- (b) A description of the processes that are used to determine which risks could have a material or financial impact on the institution and how these are integrated into the overall risk management;***
- (c) A description of significant concentrations of credit exposures against greenhouse gas-related assets, including risks related to the depreciation of assets, due to regulatory change if these are material;***
- (d) A description of the impact of environmental, social and governance risks on the business, strategy and financial planning of the institution, if these are material;***
- (e) A description of the processes that the institution uses to identify, evaluate and manage these risks;***

(f) The parameters that the institution used to evaluate the impact of short-, medium- and long-term environmental, social and governance risks on lending and financial intermediary services, if these are material;

(g) A description of the role of the board with regard to the evaluation and management of environmental, social and governance risks.”

(h) Whether the fiduciary duty within the institution encompasses ESG factors

(i) Whether model contracts with clients incorporate the transmission of the beneficiary interest as well as clear expectations on the identification and integration of ESG risks

(j) whether a the do-no-harm principle according to ESG risk analysis is effectively integrated by the institution management;

2. For the purpose of paragraph 1 EBA shall develop by 1 June 2020 draft regulatory technical standards to specify further details on the disclosure requirements provided for in paragraph 1. Power is conferred on the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

Or. en

Amendment 984

Paul Tang, Jakob von Weizsäcker, Udo Bullmann, Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 449 a (new)

Article 449a

Disclosure of the climate-related risks

1. From... [3 years after entry into force of this Regulation], institutions disclose the following information on climate-related risks in accordance with Article 84a of Directive 2013/36/EU, and in alignment with the recommendations from the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD):

- (a) A description of the specific problems relating to climate, which could arise in the short, medium, or long-term and could have a material or financial impact on the institution, and whether these are physical or transition risks;**
- (b) A description of the processes that are used to determine which risks could have a material or financial impact on the institution and how these are integrated into the overall risk management;**
- (c) A description of significant concentrations of credit exposures against carbon-related assets, if these are material. This should include a forward-looking climate scenario analysis assessing how the lending portfolio aligns with the Paris Agreement' objective of limiting global warming well below 2°C, as recommended by the TCFD**
- (d) A description of the impact of climate-related risks on the business, strategy and financial planning of the institution, if these are material;**
- (e) A description of the processes that the institution uses to identify, evaluate and manage risks;**
- (f) The parameters and metrics that the institution used to evaluate the impact of short-, medium- and long-term climate-related risks on lending and financial**

intermediary services, if these are material;

(g) A description of the role of the board with regard to the evaluation and management of climate-related risks.

2. The management body, as defined in article 88 of 2013/36/EU, will sign for the correctness of the information on climate-related risks described in this article.

3. For the purpose of implementing the definition referred to in this article the EBA may prepare draft technical regulatory standards.

Or. en

Justification

In the context of climate change and the requirements of the energy transition, institutions should also integrate climate-specific risks in their risk management and disclose this.

Amendment 985 Sirpa Pietikäinen

Proposal for a regulation
Article 1 – paragraph 1 – point 116
Regulation (EU) No 575/2013
Article 449 a (new)

Text proposed by the Commission

Amendment

Article 449a

Disclosure of the ESG-related risks in annual report

1. From... [3 years after entry into force of this Regulation], institutions disclose the following information on material Environmental, Social and Governance (ESG)-related risks in accordance with Article 84a of Directive 2013/36/EU and, for climate-related risks, in accordance with the recommendations of the Task Force on Climate-related

Financial Disclosure:

- (a) A description of the specific problems relating to material ESG risks, which could arise in the short, medium, or long-term and could have a material or financial impact on the institution, and whether these are physical or transition risks;***
- (b) A description of the processes that are used to determine which risks could have a material or financial impact on the institution and how these are integrated into the overall risk management;***
- (c) A description of significant concentrations of credit exposures against carbon-related assets, if these are material;***
- (d) A description of the impact of material ESG-related risks on the business, strategy and financial planning of the institution, if these are material;***
- (e) A description of the processes that the institution uses to identify, evaluate and manage risks;***
- (f) The parameters that the institution used to evaluate the impact of short-, medium- and long-term climate-related risks on lending and financial intermediary services, if these are material;***
- (g) A description of the role of the board with regard to the evaluation and management of climate-related risks.***
- (h) For climate-related risks, as per the recommendations of the Task Force on Climate-related Financial Disclosure and the Article 2c of the Paris Agreement, a forward-looking scenario analysis disclosing how the lending portfolio aligns with the Paris Agreement' objective of limiting global warming well below 2°C.***

Or. en

Justification

In the context of climate change and the requirements of the energy transition, institutions should also integrate climate-specific risks in their risk management and disclose this. Beyond climate issues, wider sustainability elements should be disclosed by banks, mirroring the requirements of the Non-Financial Reporting Directive.

Amendment 986

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 449 a (new)

Text proposed by the Commission

Amendment

Article 449a

Disclosure of ESG-related risks

1. From [3 years after entry into force of this Regulation], institutions disclose the following information on material risks relating to environmental, social and governance factors (ESG), as referred to in the Principles for Responsible Investment supported by the United Nations, including climate-related risks in accordance with the recommendations of the FSB Task Force on Climate-related Financial Disclosures:

(a) A description of the risks relating to the environment, use of resources, climate change, as well as social and governance risks, which could arise in the short, medium, or long-term and could have a material or financial impact on the institution;

(b) A description of the processes that are used to identify, evaluate and manage those risks and how these are integrated into the institution's overall risk management;

(c) A description of significant concentrations of credit exposures against carbon-related assets;

(d) A description of the impact of environmental, climate, social and governance-related risks on the business, strategy and financial planning of the institution;

(f) A description of the metrics used by the institution to assess and manage relevant ESG-risk, where these are material;

Or. en

Amendment 987

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 449 a (new)

Text proposed by the Commission

Amendment

Article 449a (new)

Disclosure of exposures to shadow banking entities

1. Credit institutions shall disclose information concerning their individual exposures to shadow banking entities, all potential risks to the institution arising from those exposures, and the potential impact of those risks, as well as the supervisory treatment of their shadow banking counterparties.

2. EBA shall develop draft regulatory technical standards to further specify the information that credit institutions must disclose, as referred to in paragraph 1.

EBA shall submit those draft regulatory technical standards to the Commission by 1 February 2020.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of

Justification

Almost 90% of shadow banking counterparties were classified as “other” in the EBA data collection exercise carried out in 2015, reflecting the fact that these entities were either not supervised or were not further identified by the reporting bank.

Amendment 988

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 449 b (new)

Text proposed by the Commission

Amendment

Article 449b

1. By 1 January 2021, credit institutions shall include in their annual financial statements accurate comprehensive and detailed data on the contribution of complex structured finance transactions to their earnings before interest, taxes, depreciation, and amortization (EBITDA) and earnings after taxes (EAT);

2. EBA shall develop draft regulatory technical standards to further specify the information referred to in paragraph 1 that credit institutions must disclose. For the purpose of defining complex structured finance transactions, the following characteristics shall be taken into account:

- (a) a non-standard product;**
- (b) generating higher than normal returns or significant fees;**
- (c) involving the creation and use of Special Purpose Entities and/or the combination of cash and derivative**

products;

(d) involving exposure to elevated levels of market /credit risk;

(e) lacking economic substance, or

(f) being designed or used primarily for questionable accounting or tax objectives (i.e. transactions executed at year-end or at the end of a reporting period for the customer);

EBA shall submit those draft regulatory technical standards to the Commission by 1 December 2019;

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of regulation (EU) No1093/2010.

Or. en

Justification

While the OECD acknowledges that not all complex structured finance transactions (CSFTs) - including, but not limited to, derivatives, securities financing transactions, equity-linked instruments, or inter-bank transactions - have a dominant tax motivation, and that solely predominantly tax-driven products are only a small part of overall CSFT business, it however underlines the fact that the amounts involved in aggressive tax planning transactions can be very large, with single deals involving sometimes funding of €billions and tax advantages of €100s millions.

Amendment 989

Peter Simon

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 450 – paragraph 1 – point e a (new)

Text proposed by the Commission

Amendment

(ea) the exposure values calculated in accordance with Article 429(h) for large institutions according to Article 4 paragraph 1 point 144b

Justification

Large institutions should report their average exposure values of the leverage ratio, in order to ensure that large institutions are not intentionally leveraging and deleveraging of the course of the reporting period. This will allow supervisory authorities to identify how institutions are meeting the leverage ratio requirement on an ongoing basis.

Amendment 990
Fulvio Martusciello

Proposal for a regulation
Article 1 – paragraph 1 – point 116
 Regulation (EU) No 575/2013
 Article 450 – point h – point vii a (new)

Text proposed by the Commission

Amendment

(viiia) the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person;

The disclosure of any additional data based on the quantitative information referred to in this Article is optional for institutions.

Or. en

Amendment 991
Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation
Article 1 – paragraph 1 – point 116
 Regulation (EU) No 575/2013
 Article 451 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) a breakdown of the total exposure measure, as well as *a reconciliation* of the total exposure measure *with the relevant information* disclosed in published

(b) a breakdown of the total exposure measure, as well as *an explanation of the differences in measurement between the components* of the total exposure measure

financial statements;

and the corresponding balance sheet and off-balance sheet items disclosed in published financial statements;

Or. en

Amendment 992

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 116

Regulation (EU) No 575/2013

Article 455 – paragraph 2

Text proposed by the Commission

2. Where applicable in accordance with Article 104b, institutions shall disclose *individually for the main trading desks and* on an aggregate basis *for the remaining* trading desks the following:

(a) *the highest, lowest and mean value over the reporting period of the following items:*

(i) *unconstrained expected shortfall measure as determined in Article 325 ba(2)(a) ;*

(ii) *the own funds requirements for market risks that would be calculated in accordance with Chapter 1a of this Title had the institutions not been granted the permission to use their internal models for the relevant trading desk as determined in Article 325 ba(2)(b).*

(b) *for the expected shortfall models:*

(i) *the number of back testing over shootings over the last 250 business days;*

Amendment

2. Where applicable in accordance with Article 104b, institutions shall disclose on an aggregate basis *on the perimeter of* trading desks *that have been granted internal model approval in accordance with Article 325ba*

Highest, lowest and mean value over the reporting period of the following *items:*

(a) *unconstrained expected shortfall measure UES_t as determined in Article 325bc ba(2)(a) ;*

(b) *unconstrained expected shortfall measure UES_i^i for broad risk factor category i as determined in accordance with Article 325.bc*

(ii) the number of P&L attribution breaches over the last 12 months;

Or. en

Justification

The required desk-level information belongs to the category of “proprietary” and “confidential” information. Considering, moreover, that investors do not invest in a separate desk of a bank but in the capital or debt instruments of the bank itself, total capital and RWA figures matter for the investor community rather than the level of charges presented in MR2

Amendment 993

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 117 a (new)

Regulation (EU) No 575/2013

Article 458 – paragraphs 2 and 4

Present text

Amendment

(117 a) In Article 458, paragraphs 2 and 4 are replaced by the following:

"Article 458

"Article 458

Macroprudential or systemic risk identified at the level of a Member State

Macroprudential or systemic risk identified at the level of a Member State

1. Member States shall designate the authority in charge of the application of this Article. This authority shall be the competent authority or the designated authority.

1. Member States shall designate the authority in charge of the application of this Article. This authority shall be the competent authority or the designated authority.

2. Where the authority determined in accordance with paragraph 1 identifies changes in the intensity of macroprudential or systemic risk in the financial system with the potential to have serious negative consequences to the financial system and the real economy in a specific Member State and which that authority considers would better be addressed by means of stricter national measures, it shall notify the European Parliament, the Council, the Commission, the ESRB and EBA of that fact and submit relevant quantitative or

2. Where the authority determined in accordance with paragraph 1 identifies changes in the intensity of macroprudential or systemic risk in the financial system with the potential to have serious negative consequences to the financial system and the real economy in a specific Member State and which that authority considers would better be addressed by means of stricter national measures, it shall notify the European Parliament, the Council, the Commission, the ESRB and EBA of that fact and submit relevant quantitative or

qualitative evidence of all of the following:

- (a) the changes in the intensity of macroprudential or systemic risk;
- (b) the reasons why such changes could pose a threat to financial stability at national level;

(c) a justification of why Articles 124 and 164 of this Regulation and Articles 101, 103, 104, 105, 133, and 136 of Directive 2013/36/EU cannot adequately address the macroprudential or systemic risk identified, taking into account the relative effectiveness of those measures;

(d) draft national measures for domestically authorised institutions, or a subset of those institutions, intended to mitigate the changes in the intensity of risk and concerning:

- (i) the level of own funds laid down in Article 92;
 - (ii) the requirements for large exposures laid down in Article 392 and Article 395 to 403;
 - (iii) the public disclosure requirements laid down in Articles 431 to 455;
 - (iv) the level of the capital conservation buffer laid down in Article 129 of Directive 2013/36/EU;
 - (v) liquidity requirements laid down in Part Six;
 - (vi) risk weights for targeting asset bubbles in the residential property and commercial immovable property sector; or
 - (vii) intra financial sector exposures;
- (e) an explanation as to why the draft measures are deemed by the authority determined in accordance with paragraph 1 to be suitable, effective and proportionate to address the situation; and
- (f) an assessment of the likely positive or negative impact of the draft measures on the internal market based on information which is available to the Member State

qualitative evidence of all of the following:

- (a) the changes in the intensity of macroprudential or systemic risk;
- (b) the reasons why such changes could pose a threat to financial stability at national level;

(c) draft national measures for domestically authorised institutions, or a subset of those institutions, intended to mitigate the changes in the intensity of risk and concerning:

- (i) the level of own funds laid down in Article 92;
 - (ii) the requirements for large exposures laid down in Article 392 and Article 395 to 403;
 - (iii) the public disclosure requirements laid down in Articles 431 to 455;
 - (iv) the level of the capital conservation buffer laid down in Article 129 of Directive 2013/36/EU;
 - (v) liquidity requirements laid down in Part Six;
 - (vi) risk weights for targeting asset bubbles in the residential and commercial property sector; or
 - (vii) intra financial sector exposures;
- (d) an explanation as to why the draft measures are deemed by the authority determined in accordance with paragraph 1 to be suitable, effective and proportionate to address the situation; and
- (e) an assessment of the likely positive or negative impact of the draft measures on the internal market based on information which is available to the Member State

concerned.

3. When authorised to apply national measures in accordance with this Article, the authorities determined in accordance with paragraph 1 shall provide relevant competent authorities or designated authorities in other Member States with all relevant information.

4. The power to adopt an implementing act to reject the draft national measures referred to in point (d) of paragraph 2 is conferred on the Council, acting by qualified majority, on a proposal from the Commission.

Within one month of receiving the notification referred to in paragraph 2, the ESRB and EBA shall provide their opinions on the points mentioned in that paragraph to the Council, the Commission and the Member State concerned.

Taking utmost account of the opinions referred to in the second subparagraph and if there is robust, strong and detailed evidence that the measure will have a negative impact on the internal market that outweighs the financial stability benefits resulting in a reduction of the macroprudential or systemic risk identified, the Commission may, within one month, propose to the Council an implementing act to reject the draft national measures.

In the absence of a Commission proposal within that period of one month, the Member State concerned may immediately adopt the draft national measures for a period of up to two years or until the macroprudential or systemic risk ceases to exist if that occurs sooner.

The Council shall decide on the proposal

concerned.

(f) an explanation as to how the outcome of the coordination mechanism between national designated authorities and the ECB as set out in Article 5(4) of Council Regulation (EU) No 1024/2013, have been considered in the draft national measures.

3. When authorised to apply national measures in accordance with this Article, the authorities determined in accordance with paragraph 1 shall provide relevant competent authorities or designated authorities in other Member States with all relevant information.

4. The power to adopt an implementing act to reject the draft national measures referred to in point (d) of paragraph 2 is conferred on the Council, acting by qualified majority, on a proposal from the Commission.

Within one month of receiving the notification referred to in paragraph 2, the ESRB and EBA shall provide their opinions on the points mentioned in that paragraph to the Council, the Commission and the Member State concerned.

Taking utmost account of the opinions referred to in the second subparagraph and if there is robust, strong and detailed evidence that the measure will have a negative impact on the internal market that outweighs the financial stability benefits resulting in a reduction of the macroprudential or systemic risk identified, the Commission may, within one month, propose to the Council an implementing act to reject the draft national measures.

In the absence of a Commission proposal within that period of one month, the Member State concerned may immediately adopt the draft national measures for a period of up to two years or until the macroprudential or systemic risk ceases to exist if that occurs sooner.

The Council shall decide on the proposal

by the Commission within one month after receipt of the proposal and state its reasons for rejecting or not rejecting the draft national measures.

The Council shall only reject the draft national measures if it considers that one or more of the following conditions are not complied with:

- (a) the changes in the intensity of macroprudential or systemic risk are of such nature as to pose risk to financial stability at national level;
- (b) ***Articles 124 and 164 of this Regulation and Articles 101, 103, 104, 105, 133, and 136 of Directive 2013/36/EU cannot adequately address the macroprudential or systemic risk identified, taking into account the relative effectiveness of those measures;***
- (c) the draft national measures are more suitable to address the identified macroprudential or systemic risk and do not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or in the Union as a whole, thus forming or creating an obstacle to the functioning of the internal market;
- (d) the issue concerns only one Member State; and
- (e) the risks have not already been addressed by other measures in this Regulation or in Directive 2013/36/EU.

The assessment of the Council shall take into account the opinion of the ESRB and EBA and shall be based on the evidence presented in accordance with paragraph 2 by the authority determined in accordance with paragraph 1.

In the absence of a Council implementing act to reject the draft national measures within one month after receipt of the proposal by the Commission, the Member State may adopt the measures and apply them for a period of up to two years or

by the Commission within one month after receipt of the proposal and state its reasons for rejecting or not rejecting the draft national measures.

The Council shall only reject the draft national measures if it considers that one or more of the following conditions are not complied with:

- (a) the changes in the intensity of macroprudential or systemic risk are of such nature as to pose risk to financial stability at national level;
- (b) the draft national measures are more suitable to address the identified macroprudential or systemic risk and do not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or in the Union as a whole, thus forming or creating an obstacle to the functioning of the internal market;
- (c) the issue concerns only one Member State; and
- (d) the risks have not already been addressed by other measures in this Regulation or in Directive 2013/36/EU.

The assessment of the Council shall take into account the opinion of the ESRB and EBA and shall be based on the evidence presented in accordance with paragraph 2 by the authority determined in accordance with paragraph 1.

In the absence of a Council implementing act to reject the draft national measures within one month after receipt of the proposal by the Commission, the Member State may adopt the measures and apply them for a period of up to two years or

until the macroprudential or systemic risk ceases to exist if that occurs sooner."

until the macroprudential or systemic risk ceases to exist if that occurs sooner."

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=FR>)

Amendment 994
Peter Simon

Proposal for a regulation
Article 1 – paragraph 1 – point 117 a (new)
Regulation (EU) No 575/2013
Article 458 – paragraph 2

Present text

"2. Where the authority determined in accordance with paragraph 1 identifies changes in the intensity of macroprudential or systemic risk in the financial system with the potential to have serious negative consequences to the financial system and the real economy in a specific Member State and which that authority considers would better be addressed by means of stricter national measures, it shall notify the European Parliament, the Council, the Commission, the ESRB and EBA of that fact and submit relevant quantitative or qualitative evidence of all of the following:

- (a) the changes in the intensity of macroprudential or systemic risk;
- (b) the reasons why such changes could pose a threat to financial stability at national level;
- (c) *a justification of why Articles 124 and 164 of this Regulation and Articles 101, 103, 104, 105, 133, and 136 of Directive 2013/36/EU cannot adequately address the macroprudential or systemic risk identified, taking into account the relative effectiveness of those measures;*

Amendment

(117a) In Article 458, paragraph 2 is replaced by the following:

"2. Where the authority determined in accordance with paragraph 1 identifies changes in the intensity of macroprudential or systemic risk in the financial system with the potential to have serious negative consequences to the financial system and the real economy in a specific Member State and which that authority considers would better be addressed by means of stricter national measures, it shall notify the European Parliament, the Council, the Commission, the ESRB and EBA of that fact and submit relevant quantitative or qualitative evidence of all of the following:

- (a) the changes in the intensity of macroprudential or systemic risk;
- (b) the reasons why such changes could pose a threat to financial stability at national level;
- (c) draft national measures for domestically authorised institutions, or a subset of those institutions, intended to mitigate the changes in the intensity of risk and concerning:

(d) draft national measures for domestically authorised institutions, or a subset of those institutions, intended to mitigate the changes in the intensity of risk and concerning:

(i) the level of own funds laid down in Article 92;

(ii) the requirements for large exposures laid down in Article 392 and Article 395 to 403;

(iii) the public disclosure requirements laid down in Articles 431 to 455;

(iv) the level of the capital conservation buffer laid down in Article 129 of Directive 2013/36/EU;

(v) liquidity requirements laid down in Part Six;

(vi) risk weights for targeting asset bubbles in the residential and commercial property sector; or

(vii) intra financial sector exposures;

(e) an explanation as to why the draft measures are deemed by the authority determined in accordance with paragraph 1 to be suitable, effective and proportionate to address the situation; and

(f) an assessment of the likely positive or negative impact of the draft measures on the internal market based on information which is available to the Member State concerned.

(i) the level of own funds laid down in Article 92;

(ii) the requirements for large exposures laid down in Article 392 and Article 395 to 403;

(iii) the public disclosure requirements laid down in Articles 431 to 455;

(iv) the level of the capital conservation buffer laid down in Article 129 of Directive 2013/36/EU;

(v) liquidity requirements laid down in Part Six;

(vi) risk weights for targeting asset bubbles in the residential and commercial property sector; or

(vii) intra financial sector exposures;

(d) an explanation as to why the draft measures are deemed by the authority determined in accordance with paragraph 1 to be suitable, effective and proportionate to address the situation; and

(e) an assessment of the likely positive or negative impact of the draft measures on the internal market based on information which is available to the Member State concerned.

(f) an explanation as to how the outcome of the coordination mechanism between national designated authorities and the ECB as set out in Article 5(4) of Council Regulation (EU) No 1024/2013, have been considered in the draft national measures."

*(See the ECB's opinion (CON/2017/46)
See Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central*

(<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=FR>)

Justification

The purpose of this amendment is to enhance the efficiency, effectiveness and timeliness of macroprudential policy by simplifying the activation procedure for measures set out in this Article by removing the mandatory sequencing requirements (i.e. the requirement that certain CRR/CRD measures should be considered first and that authorities should justify why those measures cannot adequately address macroprudential or systemic risk). In line with the Commission's proposal, the amendment clarifies that Pillar 2 measures should not be used for macroprudential purposes. Therefore the references to Articles 101, 103, 104 and 105 should be removed. Furthermore, as regards measures under Articles 124 and 164 of the CRR (real-estate risk weights and loss given default (LGD floors)), the CRR does not currently set a mandatory sequencing requirement. Therefore, the removal of the mandatory sequencing requirement from Article 458 would ensure the equal treatment of CRR measures from this perspective. It should be noted that the removal of this requirement does not impact on the notification procedures and the role of Union authorities in the authorisation process. The reference to the coordination mechanism between ECB and designated authorities should ensure that the revised framework avoids facilitating ring-fencing decisions which could increase the risk of market fragmentation and impediments to banking system consolidation.

Amendment 995 **Othmar Karas**

Proposal for a regulation
Article 1 – paragraph 1 – point 118 a (new)
Regulation (EU) No 575/2013
Article 461 a (new)

Text proposed by the Commission

Amendment

(118a) The following new Article 461a is inserted after Article 461:

"Taking into account of developments in international regulatory standards, the Commission shall review and report on the following elements of the own funds requirements for market risk by the [date of entry into force + 1 year]:

(a) *the Profit & Loss attribution requirement, set out in Articles 325ba and 325bh;*

(b) *the modellability of risk factors, set out in Articles 325bf and 325bi;*

(c) *other remaining changes in the market risk standards which are set out in Part III, Title IV of this Regulation;*

(d) *the appropriateness of developments in international regulatory standards as regards to own fund requirements for market risk, other than the developments referred to in (a), (b) and (c) above, in particular on calibration.*

The Commission shall submit the report to the European Parliament and the Council, together with a legislative proposal, if appropriate."

Or. en

Justification

This amendment shall ensure that the results of the on-going work at the Basel Committee on Banking Supervision with regards to refinements to the profit & loss attribution test and the modellability of risk factors are reflected in the CRR. At the same time, the appropriateness of developments in international regulatory standards concerning the own fund requirements for market risk, including calibration, shall be assessed.

Amendment 996

Roberto Gualtieri, Andrea Cozzolino, Luigi Morgano

Proposal for a regulation

Article 1 – paragraph 1 – point 118 a (new)

Regulation (EU) No 575/2013

Article 471 – paragraph 1

Present text

"1. By way of derogation from Article 49(1), during the period from **1 January**

Amendment

(118a) In Article 471, paragraph 1 is replaced by the following:

"1. By way of derogation from Article 49(1), during the period from **31 December**

2014 to 31 December 2022, competent authorities may permit institutions to not deduct equity holdings in insurance undertakings, reinsurance undertakings and insurance holding companies where the following conditions are met:"

- (a) the conditions laid down in points (a), (c) and (e) of Article 49(1);
- (b) the competent authorities are satisfied with the level of risk control and financial analysis procedures specifically adopted by the institution in order to supervise the investment in the undertaking or holding company;
- (c) the equity holdings of the institution in the insurance undertaking, reinsurance undertaking or insurance holding company do not exceed 15 % of the Common Equity Tier 1 instruments issued by that insurance entity **as at 31 December 2012 and during the period from 1 January 2013 to 31 December 2022;**
- (d) **the amount of the equity holding which is not deducted does not exceed the amount held in the Common Equity Tier 1 instruments in the insurance undertaking, reinsurance undertaking or insurance holding company as at 31 December 2012."**

2018 to 31 December 2023, institutions shall not deduct equity holdings in insurance undertakings, reinsurance undertakings and insurance holding companies where the following conditions are met:"

- (a) the conditions laid down in points (a), and (e) of Article 49(1);
- (b) the competent authorities are satisfied with the level of risk control and financial analysis procedures specifically adopted by the institution in order to supervise the investment in the undertaking or holding company;
- (c) the equity holdings of the institution in the insurance undertaking, reinsurance undertaking or insurance holding company do not exceed 15 % of the Common Equity Tier 1 instruments issued by that insurance entity;"

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R0575&from=IT>)

Amendment 997
Fulvio Martusciello

Proposal for a regulation
Article 1 – paragraph 1 – point 118 a (new)
Regulation (EU) No 575/2013
Article 471 – paragraph 1

"1. By way of derogation from Article 49(1), during the period from **1 January 2014 to 31 December 2022, competent authorities may permit** institutions **to** not deduct equity holdings in insurance undertakings, reinsurance undertakings and insurance holding companies where the following conditions are met:"

- (a) the conditions laid down in points (a), (c) and (e) of Article 49(1);
- (b) the competent authorities are satisfied with the level of risk control and financial analysis procedures specifically adopted by the institution in order to supervise the investment in the undertaking or holding company;
- (c) the equity holdings of the institution in the insurance undertaking, reinsurance undertaking or insurance holding company do not exceed 15 % of the Common Equity Tier 1 instruments issued by that insurance entity **as at 31 December 2012 and during the period from 1 January 2013 to 31 December 2022;**
- (d) **the amount of the equity holding which is not deducted does not exceed the amount held in the Common Equity Tier 1 instruments in the insurance undertaking, reinsurance undertaking or insurance holding company as at 31 December 2012."**

(118a) In Article 471, paragraph 1 is replaced by the following:

"1. By way of derogation from Article 49(1), during the period from (...) **to** (...), institutions **shall** not deduct equity holdings in insurance undertakings, reinsurance undertakings and insurance holding companies where the following conditions are met:"

- (a) the conditions laid down in points (a), and (e) of Article 49(1);
- (b) the competent authorities are satisfied with the level of risk control and financial analysis procedures specifically adopted by the institution in order to supervise the investment in the undertaking or holding company;
- (c) the equity holdings of the institution in the insurance undertaking, reinsurance undertaking or insurance holding company do not exceed 15 % of the Common Equity Tier 1 instruments issued by that insurance entity;"

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0575-20180101&qid=1516096790798&from=EN>)

Amendment 998
Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 118 b (new)

Regulation (EU) No 575/2013

Article 471 – paragraph 1 – point a

Present text

"(a) the conditions laid down in points (a), (c) and (e) of Article 49(1);"

Amendment

(118 b) point (a) of paragraph 1 is replaced by the following:

"(a) the conditions laid down in points (a), and (e) of Article 49(1);"

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1516959916742&uri=CELEX:02013R0575-20180101>)

Amendment 999

Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 118 c (new)

Regulation (EU) No 575/2013

Article 471 – paragraph 1 – point c

Present text

"(c) the equity holdings of the institution in the insurance undertaking, reinsurance undertaking or insurance holding company do not exceed 15 % of the Common Equity Tier 1 instruments issued by that insurance entity ***as at 31 December 2012 and during the period from 1 January 2013 to 31 December 2022;***"

Amendment

(118c) point (c) of paragraph 1 is replaced by the following:

"(c) the equity holdings of the institution in the insurance undertaking, reinsurance undertaking or insurance holding company do not exceed 15 % of the Common Equity Tier 1 instruments issued by that insurance entity;"

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1516959916742&uri=CELEX:02013R0575-20180101>)

Amendment 1000
Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 118 d (new)

Regulation (EU) No 575/2013

Article 471 – paragraph 1 – point d

Present text

Amendment

(118d) Point (d) of paragraph 1 is deleted.

"(d) the amount of the equity holding which is not deducted does not exceed the amount held in the Common Equity Tier 1 instruments in the insurance undertaking, reinsurance undertaking or insurance holding company as at 31 December 2012."

Or. en

(<http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex%3A32013R0575>)

Amendment 1001
Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 118 e (new)

Regulation (EU) No 575/2013

Article 471 – paragraph 2

Present text

Amendment

(118e) paragraph 2 is replaced by the following:

"2. The equity holdings which are not deducted pursuant to paragraph 1 shall qualify as exposures and be risk weighted at **370 %**."

"2. The equity holdings which are not deducted pursuant to paragraph 1 shall qualify as exposures and be risk weighted at **250 %**."

Or. en

(<http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex%3A32013R0575>)

Amendment 1002
Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 120 – point a a (new)

Regulation (EU) No 575/2013

Article 493 – paragraph 3

Present text

Amendment

3. [...]]

*(aa) paragraph 3 is deleted;
deleted*

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&qid=1516804302212&from=EN>)

Amendment 1003
Caroline Nagtegaal

Proposal for a regulation

Article 1 – paragraph 1 – point 120 – point a a (new)

Regulation (EU) No 575/2013

Article 493 – paragraph 3 – point c

Present text

Amendment

(c) exposures, including participations or other kinds of holdings, incurred by an institution to its parent undertaking, to other subsidiaries of that parent undertaking or to its own subsidiaries, in so far as those undertakings are covered by the supervision on a consolidated basis to which the institution itself is subject, in accordance with this Regulation, Directive 2002/87/EC or with equivalent standards in force in a third country. Exposures that do not meet those criteria, whether or not exempted from Article 395(1) of this Regulation, shall be treated as exposures to a third party;

*(aa) in paragraph 3, point (c) is deleted;
deleted*

Justification

This will ease the process of waivers, while not limiting the responsibilities of the competent authority.

Amendment 1004
Costas Mavrides

Proposal for a regulation

Article 1 – paragraph 1 – point 120 – point b

Regulation (EU) No 575/2013

Article 493 – paragraph 4

Text proposed by the Commission

4. By way of derogation from Article 395, **competent authorities may allow** institutions to incur one of the exposures provided for in points (a) (c) (d) (e) of Article 400(1) denominated and funded in the currency of any Member States up to the following values, after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403:

Amendment

4. By way of derogation from Article 395, **and only for exposures to central governments or central banks laid down in articles 114(5), 114(6) and article 495(2)**, institutions **are allowed** to incur one of the exposures provided for in points (a) (c) (d) (e) of Article 400(1) denominated and funded in the currency of any Member States up to the following values, after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403:

Or. en

Justification

It is our understanding that paragraphs (4) and (5) were defined to allow that exposures to central governments or central banks as defined in paragraphs (5) and (6) of article 114 will be subject to larger exposure limits than the 25% Tier 1 limit prescribed as a general rule for the Large Exposures Framework. We acknowledge the need for these two new paragraphs as those exposures will start to be subject to risk weights greater than 0% from 2018 onwards (RW of 20% in 2018, 50% in 2019, and 100% after 2019) which will exclude them from the exemptions prescribed in article 400, as those require a RW of 0%. However, the current wording generates some confusion as it does not explicitly refer it applies only to these two paragraphs. This situation creates undesirable uncertainty concerning the treatment of exposures denominated and funded in the domestic currency, as defined in article 114(4). These exposures should continue to be subject to a 0% RW and, accordingly, should continue to be exempted from the Large Exposures framework. Furthermore, we consider this

transitional arrangement to be very meaningful. However, we would suggest to refrain from a permission of the competent authority. This would save institutions and authorities effort and would also assure a uniform application within the EU.

Amendment 1005

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 121

Regulation (EU) No 575/2013

Article 494 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. For the purposes of paragraph 3 of Article 72b, until the resolution authority assesses for the first time the elements referred to in points (b) and (c) of Article 45b(3) of Directive 2014/59/EU [NWCO test] and confirms there is no material adverse impact on the resolvability of the institution, liabilities shall qualify as eligible liabilities instruments up to an aggregate amount that does not exceed, until 31 December 2021, 2.5% and, after that date, 3.5% of the total risk exposure amount calculated in accordance with paragraphs 3 and 4 of Article 92, provided that they meet the conditions laid down in points (a) and (b) of Article 72b(3).

Or. en

Justification

The TLAC standard allows banks to cover part of the TLAC requirement with senior liabilities instead of subordinated liabilities. This provision was crucial in striking the final balance of the agreement because it maintains the level playing field between different banking structures, in particular for groups headed by an operational company (most banking groups in continental Europe) vs. groups headed by pure holding companies which already have a large amounts of debt recognised as subordinated debt (« structural subordination »). It would be disproportionate to plan to issue 18 % RWA in subordinated liabilities when eventually, the resolution authority may allow the use of senior debt to cover 3,5 % in the TLAC ratio and therefore only 14,5 % RWA may be required in the form of subordinated debt.

Amendment 1006

Thierry Cornillet

Proposal for a regulation

Article 1 – paragraph 1 – point 121

Regulation (EU) No 575/2013

Article 494 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. For the purposes of paragraph 3 of Article 72b, until the resolution authority assesses for the first time the elements referred to in points (b) and (c) of Article 45b(3) of Directive 2014/59/EU [NWC0 test] and confirms there is no material adverse impact on the resolvability of the institution, liabilities shall qualify as eligible liabilities instruments up to an aggregate amount that does not exceed, until 31 December 2021, 2.5% and, after that date, 3.5% of the total risk exposure amount calculated in accordance with paragraphs 3 and 4 of Article 92, provided that they meet the conditions laid down in points (a) and (b) of Article 72b(3).

Or. en

Justification

The TLAC standard allows banks to cover part of the TLAC requirement with senior liabilities instead of subordinated liabilities (as of 2022 in the steady state, 3,5% RWA within the total 18 % RWA requirement), subject to the condition that it does not adversely impact resolvability, as assessed by resolution authorities (NCWO test). A transitional provision allowing banks to plan their issuance on the basis that the 3,5 % provision could be granted, pending the first NCWO assessment by authorities which would remain free to eventually impose subordination for the whole TLAC ratio (18 % RWA).

Amendment 1007

Anne Sander, Alain Cadec, Alain Lamassoure

Text proposed by the Commission

Amendment

(122a) The following Article 494b is inserted after Article 494a:

"Article 494b

Grandfathering of own funds instruments and eligible liabilities instruments

1. By way of derogation from Articles 51 and 52 of this Regulation, instruments issued prior to [date of entry into force of CRR 2] may qualify as Additional Tier 1 instruments at the latest until [10 years after the date of entry into force of CRR 2], where they meet the conditions laid down in Articles 51 and 52, except for the conditions referred to in points (q) and (r) of Article 52.

2. By way of derogation from Articles 62 and 63, instruments issued prior to [date of entry into force of CRR 2] may qualify as Tier 2 instruments at the latest until [10 years after the date of entry into force of CRR 2] where they meet the conditions laid down in Articles 62 and 63, except for the conditions referred to in points (o) and (p) of Article 63.

3. By way of derogation from Article 72a(1)(a), liabilities issued before prior to [date of entry into force] are considered eligible liabilities provided they meet the criteria of may qualify as eligible liabilities items where they satisfy the conditions laid down in Article 72b, with the exception of the criteria of except for the conditions referred to in points (f) to (m) of Article 72b(2)."

Or. en

Justification

This amendment is necessary to provide clarity for banks on their current shortfall and enable them to continue issuance over the next months without uncertainty as to whether further issuances will ultimately be eligible.

Amendment 1008

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 122 a (new)

Regulation (EU) No 575/2013

Article 494 b (new)

Text proposed by the Commission

Amendment

(122a) The following Article 494b is inserted after Article 494a:

"Article 494b

Grandfathering of own funds instruments and eligible liabilities instruments

1. By way of derogation from Articles 51 and 52 of this Regulation, instruments issued prior to [date of entry into force of this Regulation] may qualify as Additional Tier 1 instruments at the latest until [3 years after the date of entry into force of this Regulation], where they meet the conditions laid down in Articles 51 and 52, except for the conditions referred to in points (q) and (r) of Article 52.

2. By way of derogation from Articles 62 and 63, instruments issued prior to [date of entry into force of this Regulation] may qualify as Tier 2 instruments at the latest until [3 years after the date of entry into force of this Regulation] where they meet the conditions laid down in Articles 62 and 63, except for the conditions referred to in points (o) and (p) of Article 63.

3. By way of derogation from Article 72a(1)(a), liabilities issued prior to [date of entry into force of this Regulation] may qualify as eligible liabilities items where

they satisfy the conditions laid down in Article 72b, except for the conditions referred to in points (f) to (n) of Article 72b(2)."

Or. en

Justification

It is important that institutions fulfil the requirements for own funds and eligible liabilities as soon as possible to ensure a smooth absorption of losses and recapitalisation in the case of resolution. Therefore, grandfathering for own funds instruments and eligible liabilities instruments which meet the respective criteria as set out above, shall be introduced.

Amendment 1009 **Burkhard Balz**

Proposal for a regulation
Article 1 – paragraph 1 – point 122 a (new)
Regulation (EU) No 575/2013
Article 494 b (new)

Text proposed by the Commission

Amendment

(122a) The following Article 494b is inserted after Article 494a:

"Article 494b

By way of derogation from Article 72a (1) (a) liabilities issued prior to [the date of entry into force] shall qualify as eligible liabilities items where they satisfy the conditions laid down in Article 72b, except for the conditions referred to in points (f) to (n) of Article 72b (2)."

Or. en

Amendment 1010 **Thierry Cornillet**

Proposal for a regulation
Article 1 – paragraph 1 – point 123

Regulation (EU) No 575/2013
Article 497 – paragraph 1 – point b – point ii

Text proposed by the Commission

(ii) **five** years after the date of submission of the application.

Amendment

(ii) **two** years after the date of submission of the application.

Or. en

Justification

Third country CCPs to automatically benefit from an equivalent status for a period of 5 years. Transition period is necessary but no so long.

Amendment 1011
Pervenche Berès

Proposal for a regulation
Article 1 – paragraph 1 – point 123
Regulation (EU) No 575/2013
Article 497 – paragraph 1 – point b – point ii

Text proposed by the Commission

(ii) **five** years after the date of submission of the application.

Amendment

(ii) **two** years after the date of submission of the application.

Or. en

Amendment 1012
Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation
Article 1 – paragraph 1 – point 123
Regulation (EU) No 575/2013
Article 497 – paragraph 1 – point b – point ii

Text proposed by the Commission

(ii) **five** years after the date of submission of the application.

Amendment

(ii) **two** years after the date of submission of the application.

Or. en

Amendment 1013

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 126

Regulation (EU) No 575/2013

Article 501 – paragraph 1 – introductory part

Text proposed by the Commission

Risk-weighted exposure amounts for exposures to SMEs shall be ***adjusted in accordance with the following formulae:***

Amendment

Risk-weighted exposure amounts for exposures to SMEs shall be ***multiplied by the factor 0,7619.***

Or. en

Justification

Extension of the SME supporting factor to support the real economy. A discount on RW for SMEs loans is also justified by the lower correlation among the individual PDs of small and medium enterprises, contrary to that of larger firms, which over time could generate lower unexpected losses.

Amendment 1014

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 126

Regulation (EU) No 575/2013

Article 501 – paragraph 1 – point i

Text proposed by the Commission

(i) *if E' <= EUR 1 500 000, RW* = RW0.7612;*

Amendment

deleted

Or. en

Amendment 1015

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 126

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Regulation (EU) No 575/2013
Article 501 – paragraph 1 – point i

Text proposed by the Commission

(i) if $E' \leq \text{EUR } 1\,500\,000$, $RW^* = RW\,7612$;

Amendment

(i) if $E' \leq \text{EUR } 3\,000\,000$, $RW^* = RW\,7612$;

Or. de

Amendment 1016
Marco Valli

Proposal for a regulation
Article 1 – paragraph 1 – point 126
Regulation (EU) No 575/2013
Article 501 – paragraph 1 – point ii

Text proposed by the Commission

(ii) if $E' > \text{EUR } 1\,500\,000$, $RW^* = \min \{RW; \text{EUR } 1\,500\,000\}0.7612 + \max \{0; RW - 1\,500\,000\}0.85$;

Amendment

deleted

Or. en

Amendment 1017
Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation
Article 1 – paragraph 1 – point 126
Regulation (EU) No 575/2013
Article 501 – paragraph 1 – point ii

Text proposed by the Commission

(ii) if $E' > \text{EUR } 1\,500\,000$, $RW^* = \min \{RW; \text{EUR } 1\,500\,000\}0.7612 + \max \{0; RW - 1\,500\,000\}0.85$;

Amendment

(ii) if $E' > \text{EUR } 1\,500\,000$ **and** $E' \leq \text{EUR } 2\,500\,000$, $RW^* = \min \{RW; \text{EUR } 1\,500\,000\}0.7612 + \max \{0; RW - 1\,500\,000\}0.85$;

Or. en

Amendment 1018

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 126

Regulation (EU) No 575/2013

Article 501 – paragraph 1 – point ii

Text proposed by the Commission

(ii) if $E' > \text{EUR } 1\,500\,000$, $RW^* = \min$
 $RW; \text{EUR } 1\,500\,000 \cdot 0.7612 + \max 0; RW$
 $- 1\,500\,000 \cdot 0.85$;

Amendment

(ii) if $E' > \text{EUR } 3\,000\,000$, $RW^* = \min$
 $RW; \text{EUR } 3\,000\,000 \cdot 0.7612 + \max 0; RW$
 $- 3\,000\,000 \cdot 0.85$;

Or. de

Amendment 1019

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 126

Regulation (EU) No 575/2013

Article 501 – paragraph 1 – subparagraph 1

Text proposed by the Commission

where:

RW^ = adjusted risk weighted exposure
amount for an exposure to an SME;*

*E' = the total amount owed to the
institution and parent undertakings and
its subsidiaries, including any exposure in
default, by the obligor client or group of
connected clients, but excluding claims or
contingent claims secured on residential
property collateral;*

*RW = risk weighted exposure amount for
an exposure to an SME calculated in
accordance with Title II, part II and the
present Article.*

Amendment

deleted

Or. en

Amendment 1020
Marco Zanni, Bernard Monot, Gerolf Annemans

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501a

Text proposed by the Commission

Amendment

Article 501a

deleted

[...]

Or. en

Amendment 1021
Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501a

Text proposed by the Commission

Amendment

Article 501a

deleted

[...]

Or. en

Amendment 1022
Marco Valli

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 a – title

Text proposed by the Commission

Amendment

Article 501a

Article 501a

Adjustment to capital requirements for credit risk for exposures to entities that operate or finance physical structures or

Adjustment to capital requirements for credit risk for exposures to entities that operate or finance **fully sustainable**

facilities, systems and networks that provide or support essential public services

physical structures or facilities, systems and networks that provide or support essential public services

Or. en

Amendment 1023
Barbara Kappel

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 a – paragraph 1 – point b

Text proposed by the Commission

(b) the exposure is to an entity which was created specifically to finance or operate physical structures or facilities, systems and networks that provide or support essential public services;

Amendment

(b) the exposure is to an entity ***or – under specific conditions – to an affiliated holding company*** which was created specifically to finance or operate physical structures or facilities, systems and networks that provide or support essential public services; ***the entity can be an affiliated holding company structure if the sources, use and purpose of the loan is adequately fixed by contractual obligations and the cash-flows for repayment are adequately separated and controlled.***

Or. en

Amendment 1024
Anne Sander, Alain Cadec, Alain Lamassoure

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 a – paragraph 1 – point b

Text proposed by the Commission

(b) the exposure is to an entity which was created specifically to finance or operate physical structures or facilities,

Amendment

(b) the exposure is to an entity which was created specifically to finance or operate ***(either directly or through***

systems and networks that provide or support essential public services;

affiliates) physical structures or facilities, systems and networks that provide or support essential public services *or to finance the rights to operate such assets or is an economically comparable exposure.*

Or. en

Amendment 1025

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point b

Text proposed by the Commission

(b) the exposure is to an entity which was created specifically to finance or operate physical structures or facilities, systems and networks that provide or support essential public services;

Amendment

(b) the exposure is to an entity which was created specifically to finance or operate *fully sustainable* physical structures or facilities, systems and networks that provide or support essential public services;

Or. en

Amendment 1026

Caroline Nagtegaal

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point c

Text proposed by the Commission

(c) *the primary source of* repayment of the obligation is the income generated by the assets being financed, *rather than the independent capacity of a broader commercial enterprise;*

Amendment

(c) *at least 50% of the* repayment of the obligation is the income generated by the assets being financed, *or comes from regional, national or international subsidies, guarantees or investments from public bodies or other legal entities in the area of public services.*

Amendment 1027

Barbara Kappel

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point c

Text proposed by the Commission

(c) the primary source of repayment of the obligation is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise;

Amendment

(c) the primary source of repayment of the obligation is the income generated by ***or associated with*** the assets being financed (***i.e. including concession based business***), rather than the independent capacity of a broader commercial enterprise;

Or. en

Amendment 1028

Barbara Kappel

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point d

Text proposed by the Commission

(d) the obligor can meet its financial obligations even under ***severely*** stressed ***conditions*** that are relevant for the risk of the project;

Amendment

(d) the obligor can meet its financial obligations even under stressed ***scenarios*** that are relevant for the risk of the project;

Or. en

Amendment 1029

Anne Sander

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point g – point i

Text proposed by the Commission

(i) where the revenues of the obligor are not funded by payments from a large number of users, the contractual arrangements shall include provisions that effectively protect lenders against losses resulting from the termination of the project by the party which agrees to purchase the goods or services provided by the obligor;

Amendment

(i) where the revenues of the obligor are not funded **directly or indirectly** by payments from a large number of users, the contractual arrangements shall include provisions that effectively protect lenders against losses resulting from the termination of the project by the party which agrees to purchase the goods or services provided by the obligor;

As long as the project meets conditions of 501a. paragraph 2.a.(iv) last indent, with an existing spot market or existing other possible offtakers, termination amount for the project is not requested;

Or. en

Justification

Requesting termination amounts covering debt amount in case of termination of the offtake contract would exclude the majority of projects which benefit from offtake contracts.

Amendment 1030

Barbara Kappel

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point g – point i

Text proposed by the Commission

(i) where the revenues of the obligor are not funded by payments from a large number of users, the contractual arrangements shall include provisions that effectively protect lenders against losses resulting from the termination of the project by the party which agrees to

Amendment

(i) where the revenues of the obligor are not funded by payments from a large number of users, ***the revenues are covered by law or*** the contractual arrangements shall include provisions that effectively protect lenders against losses resulting from the termination of the project by the

purchase the goods or services provided by the obligor;

party which agrees to purchase the goods or services provided by the obligor;

Or. en

Amendment 1031

Barbara Kappel

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point g – point ii

Text proposed by the Commission

(ii) the obligor has sufficient reserve funds fully funded in cash or other financial arrangements with **highly** rated guarantors to cover the contingency funding and working capital requirements **over lifetime** of the assets referred to in point b) of this paragraph;

Amendment

(ii) the obligor has sufficient reserve funds fully funded in cash or other financial arrangements with **adequately** rated guarantors to cover the contingency funding and working capital requirements **covering a substantial tenor of the financing** of the assets referred to in point b) of this paragraph. **The guarantor should have an ECAI rating with a credit quality step of at least 3, or a corresponding internal rating, at the time of the financing. A credit quality step of 4 should be allowed when tariffs are fixed by law;**

Or. en

Amendment 1032

Barbara Kappel

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point g – point iii

Text proposed by the Commission

(iii) the lenders have a substantial degree of control over the assets and the income generated by the obligor;

Amendment

(iii) the lenders have a substantial degree of control over the assets and the income generated by the obligor **to be**

ensured by adequate contractual covenants;

Or. en

Amendment 1033

Barbara Kappel

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point g – point v

Text proposed by the Commission

(v) equity is pledged to lenders *such that they are able* to take control of the entity upon default;

Amendment

(v) equity is pledged to lenders *or other measures (e.g. step-in rights) are agreed in order to ensure ability* to take control of the entity upon default;

Or. en

Amendment 1034

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point j

Text proposed by the Commission

(j) the obligor has adequate safeguards to ensure completion of the project according to the agreed specification, budget or completion date; including strong completion guarantees;

Amendment

(j) the obligor has adequate safeguards to ensure completion of the project according to the agreed specification, budget or completion date; including strong completion guarantees *or experienced constructor providing adequate liquidated damages as confirmed by the technical advisor (to be provided by credit worthy counterparts or covered by acceptable LC)*”;

Or. en

Justification

Completion guarantees are not frequent and it seems very restrictive. Reducing the cases of projects eligible to article 501a to the ones with completion guarantees would strongly reduce the number of projects eligible.

Amendment 1035

Thierry Cornillet

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point j

Text proposed by the Commission

(j) the obligor has adequate safeguards to ensure completion of the project according to the agreed specification, budget or completion date; including strong completion guarantees;

Amendment

(j) the obligor has adequate safeguards to ensure completion of the project according to the agreed specification, budget or completion date; including strong completion guarantees ***or experienced constructor providing adequate liquidated damages as confirmed by the technical advisor (to be provided by credit worthy counterparts or covered by acceptable LC)***;

Or. en

Justification

Completion guarantees are not frequent and it could be therefore very restrictive. Reducing the cases of projects eligible to article 501a to the ones with completion guarantees would strongly reduce the number of projects eligible going against the will to boost investment on infrastructure.

Amendment 1036

Pervenche Berès

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 – point j

Text proposed by the Commission

(j) the obligor has adequate safeguards to ensure completion of the project according to the agreed specification, budget or completion date; including strong completion guarantees;

Amendment

(j) the obligor has adequate safeguards to ensure completion of the project according to the agreed specification, budget or completion date; including strong completion guarantees *or experienced constructor providing adequate liquidated damages*;

Or. en

Amendment 1037

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. For the purpose of this Article, an infrastructure qualifies as a fully sustainable physical structure or facility, system and network which does not include any of the following:

(i) fossil fuel infrastructures related to the use, transportation or storage of coal, oil and gas;

(ii) high carbon-intensive transport infrastructures, such as airports and motorways;

(iii) construction of nuclear power stations.

Or. en

Amendment 1038

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Text proposed by the Commission

Amendment

2. For the purposes of paragraph 1(e), the cash flows generated shall not be considered predictable unless a substantial part of the revenues satisfies the following conditions:

deleted

(a) one of the following criteria is met:

(i) the revenues are availability-based;

(ii) the revenues are subject to a rate-of-return regulation;

(iii) the revenues are subject to a take-or-pay contract;

(iv) the level of output or the usage and the price shall independently meet one of the following criteria:

– **it is regulated,**

– **it is contractually fixed,**

– **it is sufficiently predictable as a result of low demand risk;**

(b) where the revenues of the obligor are not funded by payments from a large number of users, the party which agrees to purchase the goods or services provided by the obligor shall be one of the following:

(i) a central government, regional government or local authority;

(ii) a PSE with an ECAI rating with a credit quality step of at least 3;

(iii) a corporate entity with an ECAI rating with a credit quality step of at least 3;

(iv) an entity that is replaceable without a significant change in the level and timing of revenues.

Or. en

Amendment 1039
Thierry Cornillet

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 2 – point a – point iv – indent 3 a (new)

Text proposed by the Commission

Amendment

- *it is partly regulated or contractually fixed and, in addition, the project is resilient to downside sensitivities regarding price or volume risk, or a combination of both;*

Or. en

Justification

The 3 criteria could be very restrictive and therefore reduce the cases of projects eligible to Article 501a going against the will to boost investments on infrastructure.

Amendment 1040

Anne Sander, Alain Cadec, Alain Lamassoure

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 2 – point a – point iv – indent 3 a (new)

Text proposed by the Commission

Amendment

- *it is partly regulated or contractually fixed and in addition the project is resilient to downside sensitivities regarding price or volume risk, or a combination of both;*

Or. en

Justification

Due to their low risk profile, it is considered that the vast majority of renewables power

generation projects financed on a limited-recourse basis should be included in the scope of the revised Article 501a.

Amendment 1041

Matt Carthy, Martin Schirdewan

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. For the purpose of paragraph 1(b) essential public services have to deliver a positive social impact and have to meet core values of the European Union notably human rights, inclusion, respect and justice, preferably but not exclusively aimed at:

(i) health and safety, human rights and labour rights;

(ii) organic farming, circular economy, biodiversity, renewable energy, water preservation, preservation of natural resources;

Or. en

Amendment 1042

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 3

Text proposed by the Commission

Amendment

3. Institutions shall report to competent authorities every 6 months on the total amount of exposures to infrastructure project entities calculated in accordance with this Article.

deleted

Amendment 1043

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 4

Text proposed by the Commission

Amendment

4. The Commission shall, by [three years after the entry into force] report on the impact of the own funds requirements laid down in this Regulation on lending to infrastructure project entities and shall submit that report to the European Parliament and to the Council, together with a legislative proposal, if appropriate. *deleted*

Or. en

Amendment 1044

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 a – paragraph 5

Text proposed by the Commission

Amendment

5. For the purpose of paragraph 4, EBA shall report on the following to the Commission: *deleted*

(a) an analysis of the evolution of the trends and conditions in markets for infrastructure lending and project finance over the period referred to in paragraph 4;

(b) an analysis of the effective riskiness of entities referred to in paragraph 1 (b) of paragraph 1 over a full

economic cycle;

(c) the consistency of own funds requirements laid down in this Regulation with the outcomes of the analysis under points (a) and (b).

Or. en

Amendment 1045

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 b – title

Text proposed by the Commission

Amendment

Article 501b

deleted

Own funds requirements for market risks

Or. en

Justification

In accordance with new amended article 3, the Commission shall submit to the European Parliament and to the Council a report, by two years after the entry into force, which will cover the Profit & Loss attribution requirement and the modelability of international regulatory developments. In this new approach a discount factor is no longer warranted.

Amendment 1046

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 b – paragraph 1

Text proposed by the Commission

Amendment

1. Until [date of application + 3 years], institutions that use the approaches set out in Chapters 1a and 1b, Title IV, Part Three to calculate the own

deleted

funds requirement for market risks shall multiply their own funds requirements for market risks calculated under these approaches by a factor of 65%.

Or. en

Justification

In accordance with new amended article 3, the Commission shall submit to the European Parliament and to the Council a report, by two years after the entry into force, which will cover the Profit & Loss attribution requirement and the modelability of international regulatory developments. In this new approach a discount factor is no longer warranted.

Amendment 1047

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 b – paragraph 1

Text proposed by the Commission

Amendment

1. Until [date of application + 3 years], institutions that use the approaches set out in Chapters 1a and 1b, Title IV, Part Three to calculate the own funds requirement for market risks shall multiply their own funds requirements for market risks calculated under these approaches by a factor of 65%. *deleted*

Or. en

Amendment 1048

Ashley Fox

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 b – paragraph 1

1. Until [date of application + 3 years], institutions that use the approaches set out in Chapters 1a and 1b, Title IV, Part Three to calculate the own funds requirement for market risks shall multiply their own funds requirements for market risks calculated under these approaches by ***a factor of 65%***.

1. Until [date of application + 3 years], institutions that use the approaches set out in Chapters 1a and 1b, Title IV, Part Three to calculate the own funds requirement for market risks shall multiply their own funds requirements for market risks calculated under these approaches by ***the following factors:***

(a) 65% in the first year after [date of application];

(b) 75% in the second year after [date of application] and

(c) 85% in the third year after [date of application].

The requirements of the first sub-paragraph shall not apply where an institution had determined it would be appropriate for the remainder of the three year period to calculate own funds requirements for market risk without applying the factors set out in points (a) to (c). Institutions shall notify the competent authorities in such cases.

1a. Where an institution calculates its own funds requirements in accordance with the first sub-paragraph of paragraph 1, it shall hold own funds for market risk that meet or exceed the higher of the amounts specified in points (a) and (b):

(a) the own funds requirements calculated in accordance with paragraph 1;

(b) the own funds requirements for market risk that the institution would be required to hold under Part Three of Regulation (EU) No 575/2013 as that Regulation stood prior to [date of entry into force].

1b. EBA shall develop draft regulatory standards to specify conditions for the modellability of risk factors under Articles 325ba and 325bh and for the treatment of

Profit & Loss attribution under Articles 325bf and 325bi. In doing so it shall take into account international developments. EBA shall submit those draft regulatory technical standards to the Commission [within 6 months of entry into force] of this Regulation.

Or. en

Amendment 1049
Matt Carthy, Martin Schirdewan

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 b – paragraph 1

Text proposed by the Commission

1. Until [date of application + 3 years], institutions that use the approaches set out in Chapters 1a and 1b, Title IV, Part Three to calculate the own funds requirement for market risks shall multiply their own funds requirements for market risks calculated under these approaches by a factor of **65%**.

Amendment

1. Until [date of application + 3 years], institutions that use the approaches set out in Chapters 1a and 1b, Title IV, Part Three to calculate the own funds requirement for market risks shall multiply their own funds requirements for market risks calculated under these approaches by a factor of **80% for institutions that use the IRB approach and 40% for institutions that use the standardised approach.**

Or. en

Amendment 1050
Pervenche Berès

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 b – paragraph 1

Text proposed by the Commission

1. ***Until [date of application + 3***

Amendment

1. Institutions that use the approaches

years], institutions that use the approaches set out in Chapters 1a and 1b, Title IV, Part Three to calculate the own funds requirement for market risks shall multiply their own funds requirements for market risks calculated under these approaches by a factor of 65%.

set out in Chapters 1a and 1b, Title IV, Part Three to calculate the own funds requirement for market risks shall multiply their own funds requirements for market risks calculated under these approaches by a factor of 65%.

Or. en

Amendment 1051

Ashley Fox

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501b – paragraph 2

Text proposed by the Commission

Amendment

2. EBA shall monitor the appropriateness of the level of own funds requirement for market risks calculated in accordance with the approaches set out in Chapters 1a and 1b, Title IV, Part Three by institutions in the Union and report to the Commission on the opportunity to change the calibration of these approaches by [date of application + 2 years]. This report shall at least assess:

deleted

(a) for the most common financial instruments assigned to the trading book of institutions in the Union, whether the level of own funds requirements for market risks calculated by institutions in accordance with the approach set out in Chapters 1a, Title IV, Part Three is excessive as compared to the own funds requirements for market risks calculated by institutions in accordance with the approach set out in point (a) of paragraph 1 of Article 325.

(b) for the most common financial instruments assigned to the trading book of institutions in the Union, whether the level of own funds requirements for

market risks calculated by institutions in accordance with the approach set out in Chapters 3, Title IV, Part Three is excessive as compared to the own funds requirements for market risks calculated by institutions in accordance with the approach set out Chapters 7, Title IV, Part 3.

(c) for the most common financial instruments assigned to the trading book of institutions in the Union, whether the level of own funds requirement for market risks calculated by institutions in accordance with the approach set out in Chapters 2, Title IV, Part Three is excessive as compared to the level of own funds requirement for market risks calculated by institutions in accordance with the approach set out in Chapters 3, Title IV, Part Three.

Or. en

Amendment 1052

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 b – paragraph 2

Text proposed by the Commission

Amendment

2. EBA shall monitor the appropriateness of the level of own funds requirement for market risks calculated in accordance with the approaches set out in Chapters 1a and 1b, Title IV, Part Three by institutions in the Union and report to the Commission on the opportunity to change the calibration of these approaches by [date of application + 2 years]. This report shall at least assess:

deleted

(a) for the most common financial instruments assigned to the trading book of institutions in the Union, whether the

level of own funds requirements for market risks calculated by institutions in accordance with the approach set out in Chapters 1a, Title IV, Part Three is excessive as compared to the own funds requirements for market risks calculated by institutions in accordance with the approach set out in point (a) of paragraph 1 of Article 325.

(b) for the most common financial instruments assigned to the trading book of institutions in the Union, whether the level of own funds requirements for market risks calculated by institutions in accordance with the approach set out in Chapters 3, Title IV, Part Three is excessive as compared to the own funds requirements for market risks calculated by institutions in accordance with the approach set out Chapters 7, Title IV, Part 3.

(c) for the most common financial instruments assigned to the trading book of institutions in the Union, whether the level of own funds requirement for market risks calculated by institutions in accordance with the approach set out in Chapters 2, Title IV, Part Three is excessive as compared to the level of own funds requirement for market risks calculated by institutions in accordance with the approach set out in Chapters 3, Title IV, Part Three.

Or. en

Justification

In accordance with new amended article 3, the Commission shall submit to the European Parliament and to the Council a report, by two years after the entry into force, which will cover the Profit & Loss attribution requirement and the modelability of international regulatory developments. In this new approach a discount factor is no longer warranted.

Amendment 1053
Ashley Fox

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 b – paragraph 3

Text proposed by the Commission

Amendment

3. *Within the three years after the date of application of the approaches set out in Chapters 1a and 1b, Title IV, Part Three , the Commission shall be empowered to adopt a delegated act in accordance with Article 462 of this Regulation to prolong the application of the treatment referred to in paragraph 1 or amend the factor referred to in that paragraph, if considered appropriate and taking into account the report referred to in paragraph 2, international regulatory developments and the specificities of financial and capital markets in the Union.* *deleted*

Or. en

Amendment 1054
Pervenche Berès

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 b – paragraph 3

Text proposed by the Commission

Amendment

3. *Within the three years after the date of application of the approaches set out in Chapters 1a and 1b, Title IV, Part Three , the Commission shall be empowered to adopt a delegated act in accordance with Article 462 of this Regulation to prolong the application of the treatment referred to in paragraph 1 or amend the factor referred to in that paragraph, if considered appropriate and taking into account the report referred to* *deleted*

in paragraph 2, international regulatory developments and the specificities of financial and capital markets in the Union.

Or. en

Amendment 1055
Ashley Fox

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 b – paragraph 4

Text proposed by the Commission

Amendment

4. *In the absence of adoption of the delegated act referred to in the previous subparagraph within the specified timeframe, the treatment set out in paragraph 1 shall cease to apply.* **deleted**

Or. en

Amendment 1056
Pervenche Berès

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 b – paragraph 5

Text proposed by the Commission

Amendment

4. *In the absence of adoption of the delegated act referred to in the previous subparagraph within the specified timeframe, the treatment set out in paragraph 1 shall cease to apply.* **deleted**

Or. en

Amendment 1057

Simona Bonafè, Roberto Gualtieri, Luigi Morgano, Andrea Cozzolino, Renato Soru

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Support factor for green assets

1. Risk weighted exposure amounts for green exposures, used for a unit that exists or was created to finance, refinance or operate green assets as described in paragraph 2, shall be adjusted in accordance with the factor 0.75.

2. For the purpose of this article, the following shall apply:

Green assets are defined in accordance with the definition provided by the Climate Bonds Initiative.

For the purpose of implementing the definition referred to in subparagraph 1, the EBA shall prepare draft technical regulatory standards.

The EBA shall submit those draft regulatory technical standards to the Commission by... (one year after the entry into force of this Regulation).

The Commission is empowered to supplement this Regulation by adopting delegated acts in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010 with the regulatory technical standards specified in subparagraph 3 of this paragraph.

3. Institutions shall report the total amount of green assets, calculated in accordance with paragraph 2, to the relevant authorities every three months.

4. The EBA shall, (three years after entry into force of this regulation), report to the Commission on the impact of the

own funds requirement on the financing of, and investment in, green assets.

For the purposes of this article, the EBA report to the Commission shall include the following:

(a) An analysis of the developments in financing and investments in green assets over the period specified in subparagraph I of this article;

(b) An analysis of the effective risk profile of green assets over an entire economic cycle;

(c) Any additional points which the EBA regards as important in this report.

5. The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.

6. The Green Support Factor cannot be combined with the SME support factor referred to in Article 501, the infrastructure support factor referred to in Article 501a or the support factor for social enterprises referred to in Article 501db

Or. en

Amendment 1058

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Support factor for green assets

1. Risk-weighted exposure amounts for green assets, used for a unit that exists or was created to finance, refinance or

operate green assets as described in paragraph 2, shall be multiplied by a factor of 0.7612.

2. For the purpose of this Article, the following shall apply:

Green assets are defined in accordance with the related European green taxonomy as recommended by the High Level Expert Group on Sustainable Finance.

For the purpose of implementing the definition referred to in subparagraph 1, the EBA shall prepare draft technical regulatory standards.

The EBA shall submit those draft regulatory technical standards to the Commission by ... [one year after entry into force of this Regulation]

Power is conferred on the Commission to supplement this Regulation by adopting delegated acts in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010 with the regulatory technical standards specified in subparagraph 3 of this paragraph.

3. Institutions shall report the total amount of green assets, calculated in accordance with paragraph 2, to the relevant authorities every three months.

4. The EBA shall, [three years after entry into force of this regulation], report to the Commission on the impact of the own funds requirement on the financing of, and investment in, green assets.

For the purposes of this article, the EBA report to the Commission shall include the following: (a) An analysis of the developments in financing and investments in green assets over the period specified in subparagraph 1 of this article; (b) An analysis of the effective risk profile of green assets over an entire economic cycle; (c) Any additional points which the EBA regards as important in this report.

5. *The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.*

6. *The Green Support Factor cannot be combined with the SME support factor referred to in Article 501, the infrastructure support factor referred to in Article 501a or the support factor for social enterprises referred to in Article 501db.*

Or. en

Amendment 1059

Paul Tang, Udo Bullmann, Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Support factor for green assets

1. *Risk-weighted exposure amounts for green exposures to corporates, used for a unit that exists or was created to finance, refinance or operate green assets as described in paragraph 3, and which meet the prudential criteria as set out in Article 501a(1)(c)-(n) and Article 501a(2), shall be adjusted in accordance with the following formulae:*

(i) *if $E' \leq EUR\ 1\ 500\ 000$, $RW^* = RW\ 0.7612$;*

(ii) *if $E' > EUR\ 1\ 500\ 000$, $RW^* = \min\{RW; EUR\ 1500\ 000\} * 0.7612 + \max\{0; RW - 1\ 500\ 000\} * 0.85$;*

where:

$RW^ =$ adjusted risk-weighted exposure amount for green exposure;*

E' = the total amount in green exposures owed to the institution and parent undertakings and its subsidiaries, including any exposure in default, by the obligor client or group of connected clients, but excluding claims or contingent claims secured on residential property collateral;

RW= risk-weighted exposure amount for green exposure, calculated in accordance with Part II, Title II and this Article.

2. For the purpose of this Article, the following shall apply:

The Commission is empowered supplement this Regulation by adopting delegated acts in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010 to define a carbon footprint methodology, in order to compile a list of exposures that are defined as green exposures.

For the purpose of implementing the definition referred to in this paragraph and the compilation of the green exposures list, the EBA shall prepare draft technical regulatory standards. The EBA shall submit those draft regulatory technical standards to the Commission by ... [two years after entry into force of this Regulation].

4. Institutions shall report the total amount of green assets, calculated in accordance with paragraph 2, to the relevant authorities every three months.

5. The EBA shall, [three years after entry into force of this regulation], report to the Commission on the impact of the own funds requirement on the financing of, and investment in, green assets.

For the purposes of this article, the EBA report to the Commission shall include the following:

(a) An analysis of the developments in financing and investments in green assets over the period specified in in this paragraph;

(b) An analysis of the effective risk profile of green assets over an entire economic cycle;

(c) Any additional points which the EBA regards as important in this report.

6. The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.

7. The Green Support Factor cannot for the same assets be combined with the SME support factor referred to in Article 501, the infrastructure support factor referred to in Article 501a or the support factor for social enterprises referred to in Article 501db.

Or. en

Justification

Appropriate regulatory handling of green assets would create incentives to increase investments in the energy transition and lead to a decarbonisation of bank balance sheets. It is from a regulatory point of view, therefore, that an adjustment to the own funds requirements for financing and investing in these assets is proposed and a support factor introduced.

Amendment 1060 **Fulvio Martusciello**

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 a a (new)

Text proposed by the Commission

Amendment

Article 501aa

Supporting factor for financing and investing in Green assets

1. Capital requirements and investing in Green assets (as defined in paragraph 2) shall be multiplied by the factor 0.75. The factor shall be applied to exposures to

an entity which already exist or which has been created specifically, and which finances, refinances, operates in Green assets or is an holding company of entities which performs the same activities.

2. For the purpose of this Article, the following shall apply:

Green assets are defined in accordance with the definition provided by the Climate Bonds Initiative 1a or with the Green Bond Principles or any other label with the same level of acceptance in the market.

For the purpose of implementing the definition referred to in subparagraph 1, the EBA shall prepare draft technical regulatory standards.

The EBA shall submit those draft regulatory technical standards to the Commission by... (one year after entry into force of this Regulation).

Power is conferred on the Commission to supplement this Regulation by adopting delegated acts in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010 with the regulatory technical standards specified in subparagraph 3 of this paragraph.

3. Institutions shall report the total amount of green assets, calculated in accordance to paragraph 2, to the relevant authorities annually.

4. The EBA shall, (three years after entry into force of this regulation), report to the Commission on the impact of the own funds requirement on the financing of, and investment in, green assets.

For the purposes of this article, the EBA report to the Commission shall include the following:

(a) an analysis of the developments in financing and investments in green assets over the period specified in subparagraph 1 of this article;

(b) an analysis of the effective risk profile of green assets over the entire economic cycle;

(c) any additional points which the EBA regards as important in this report.

5. The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.

6. The Green Support Factor cannot be combined with the SME support factor referred to in Article 501, the infrastructure support factor referred to in Article 501a or the support factor for social enterprises referred to in Article 501db.

Or. en

Amendment 1061
Fulvio Martusciello

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Supporting factor for ECC loans.

1. Capital requirements for exposures granted after an auditable Environmental and Climate Change (ECC) screening process (as defined in paragraph 2) shall be multiplied by the factor 0,75.

2. For the purpose of this Article, the following shall apply:

An ECC screening process is one that takes into account the potential exposure to environmental and climate change risk factors such as;

- I. environmental improvements;**
- II. potential losses arising from more intense climate events (physical risks); potential financial difficulties stemming from non-compliance with environmental and climate change rules (fines, withdrawal of production authorisation etc., liability risks);**
- III. potential risk of market share reduction (e.g. as a result on increased demand for green products and development on new technologies redundant (transition risks; damage to brand or image, reputational risk);**
- IV. others (e.g. increased energy costs).**

For the purpose of implementing the definition referred to in subparagraph 1, the EBA shall prepare draft technical regulatory standards.

The EBA shall submit those draft regulatory technical standards to the Commission by... (one year entry into force of this Regulation).

Power is conferred on the Commission to supplement this Regulation by adopting delegated acts in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010 with the regulatory technical standards specified in subparagraph 3 of this paragraph.

3. Institutions shall report the total amount of loans that are consistent with the definition set out in paragraph 2, to the relevant authorities annually.

4. The EBA shall, (three years after entry into force of this regulation), report to the Commission on the impact of the own funds requirement on the financing of, and investment in, green assets.

For the purposes of this Article, the EBA report to the Commission shall include the following:

- (a) an analysis of the developments in**

financing and investments in green assets over the period specified in subparagraph 1 of this article;

(b) an analysis of the effective risk profile of green assets over an entire economic cycle;

(c) any additional points which the EBA regards as important in this report.

5. The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.

6. The ECC loan factor cannot be combined with the Green Supporting Factor referred to in Article 501 aa (new 502), with the SME support factor referred to in article 501, the infrastructure support factor referred to in Article 501a or the support factor for social enterprises referred to in Article 501db.

Or. en

Amendment 1062
Sirpa Pietikäinen

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Support factor for green assets and disincentive factor for brown assets

1. Risk-weighted exposure amounts for green exposures, used for a unit that exists or was created to finance, refinance or operate green assets as described in paragraph 3, shall be adjusted in accordance with the following formulae:

(i) if $E' \leq \text{EUR } 1\,500\,000$, $RW^* = RW \cdot 0.7612$;

(ii) if $E' > \text{EUR } 1\,500\,000$, $RW^* = \min\{RW; \text{EUR } 1\,500\,000\} \cdot 0.7612 + \max\{0; RW - \text{EUR } 1\,500\,000\} \cdot 0.85$;

where:

RW^* = adjusted risk-weighted exposure amount for green exposure;

E' = the total amount owed to the institution and parent undertakings and its subsidiaries, including any exposure in default, by the obligor client or group of connected clients, but excluding claims or contingent claims secured on residential property collateral;

RW = risk-weighted exposure amount for green exposure, calculated in accordance with Part II, Title II and this Article.

2. 1. Risk-weighted exposure amounts for brown exposures, for brown assets as described in paragraph 3, shall be adjusted with a factor of 1,25.

3. For the purpose of this Article, the following shall apply:

Green and brown assets are defined in accordance with the relevant EU taxonomies.

For the purpose of implementing the definition referred to in subparagraphs 1 and 2, the EBA shall prepare draft technical regulatory standards.

The EBA shall submit those draft regulatory technical standards to the Commission by ... [two years after entry into force of this Regulation].

The Commission is empowered to supplement this Regulation by adopting delegated acts in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010 with the regulatory technical standards specified in subparagraph 3 of this paragraph.

4. Institutions shall report the total amount of green and brown assets,

calculated in accordance with paragraph 3, to the relevant authorities every three months.

5. The EBA shall, [three years after entry into force of this regulation], report to the Commission on the impact of the own funds requirement on the financing of, and investment in, green and brown assets.

For the purposes of this article, the EBA report to the Commission shall include the following:

(a) An analysis of the developments in financing and investments in green and brown assets over the period specified in subparagraph 1 of this article;

(b) An analysis of the effective risk profile of green and brown assets over an entire economic cycle;

(c) Any additional points which the EBA regards as important in this report.

6. The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.

7. The Green Support Factor cannot be combined with the SME support factor referred to in Article 501, the infrastructure support factor referred to in Article 501a or the support factor for social enterprises referred to in Article 501db.

Or. en

Justification

Appropriate regulatory handling of green assets would create incentives to increase investments in the energy transition and lead to a decarbonisation of bank balance sheets. It is from a regulatory point of view, therefore, that an adjustment to the own funds requirements for financing and investing in these assets is proposed and a support factor introduced. The support of high carbon assets will become increasingly risky financially as markets are gradually shifting towards renewable energy and energy efficiency, and tighter policies will be gradually put in place. This calls for a brown disincentive factor.

Amendment 1063

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Capital surcharge for carbon intensive assets

1. Risk-weighted exposure amounts for carbon intensive assets, used for a unit that exists or was created to finance, refinance or operate carbon intensive assets as described in paragraph 2, shall be multiplied by a factor of 1.25.

2. For the purpose of this Article:

Carbon intensive assets are defined in accordance with the relevant European taxonomy as recommended by the recommendations of the High Level Expert Group on Sustainable Finance.

For the purpose of implementing the definition referred to in subparagraph 1, the EBA shall prepare draft technical regulatory standards.

The EBA shall submit those draft regulatory technical standards to the Commission by ... [one year after entry into force of this Regulation] Power is conferred on the Commission to supplement this Regulation by adopting delegated acts in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010 with the regulatory technical standards specified in subparagraph 3 of this paragraph.

3. Institutions shall report the total amount of carbon intensive assets, calculated in accordance with paragraph 2, to the relevant authorities every three

months.

4. The EBA shall, [three years after entry into force of this regulation], report to the Commission on the impact of the own funds requirement on the financing of, and investment in, carbon-related assets.

For the purposes of this article, the EBA report to the Commission shall include the following:

(a) An analysis of the reduction in financing and investments in carbon intensive assets over the period specified in subparagraph 1 of this article;

(b) An analysis of the effective risk profile of carbon intensive assets over an entire economic cycle;

(c) Any additional points which the EBA regards as important in this report.

5. The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.

Or. en

Amendment 1064

Paul Tang, Jakob von Weizsäcker, Udo Bullmann, Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Penalising factor for brown assets

1. Risk-weighted exposure amounts for brown exposures, used for a unit that exists or was created to finance, refinance or operate brown assets as described in paragraph 2, shall be adjusted in

accordance with the following formulae:

*(i) if $E' \leq EUR\ 1\ 500\ 000$, $RW^{**} = RW\ 1.15$;*

(ii) if $E' > EUR\ 1\ 500\ 000$, $RW^ = \min\{RW; EUR\ 1500\ 000\} * 1.15 + \max\{0; RW - 1\ 500\ 000\} * 1.2388$;*

where:

*RW^{**} = adjusted risk-weighted exposure amount for brown exposure;*

E' = the total amount owed in brown exposures to the institution and parent undertakings and its subsidiaries, including any exposure in default, by the obligor client or group of connected clients, but excluding claims or contingent claims secured on residential property collateral;

RW = risk-weighted exposure amount for brown exposure, calculated in accordance with Part II, Title II and this Article.

2. For the purpose of this Article, the following shall apply:

The Commission is empowered supplement this Regulation by adopting delegated acts in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010 to define a carbon footprint methodology, in order to compile a list of exposures that are defined as brown exposures, taking into account the transition of institutions to a low carbon strategy.

For the purpose of implementing the definition referred to in this paragraph and the compilation of the brown exposures list, the EBA shall prepare draft technical regulatory standards. The EBA shall submit those draft regulatory technical standards to the Commission by ... [two years after entry into force of this Regulation].

3. Institutions shall report the total amount of brown assets, calculated in accordance with paragraph 2, to the relevant authorities every three months.

4. The EBA shall, [three years after entry into force of this regulation], report to the Commission on the impact of the own funds requirement on the financing of, and investment in, brown assets.

For the purposes of this article, the EBA report to the Commission shall include the following:

(a) An analysis of the developments in financing and investments in brown assets over the period specified in this paragraph;

(b) An analysis of the effective risk profile of brown assets over an entire economic cycle;

(c) Any additional points which the EBA regards as important in this report.

6. The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.

Or. en

Justification

There is a strong case that lending and investing in high carbon assets will become increasingly risky as tighter climate and energy policies are put in place and markets and financial flows become gradually aligned with a well below 2°C pathway, as committed in Article 2c of the Paris Agreement. Hence a brown penalising factor is introduced to account for these risks.

Amendment 1065

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Support factor for social enterprises

1. Risk-weighted exposure amounts for social enterprises, used for a unit that exists or was created to finance or refinance social enterprises as described in paragraph 2, shall be multiplied by the factor 0.60.

2. For the purposes of this Article:

Irrespective of its legal form, a social enterprise is a company, as defined in the Communication from the Commission of 25 October 2011 on social business, which meets the following criteria:

(a) The company agreement, company charter or any other documents required by law that found the company, provide for a measurable and positive improvement of social and societal impact as the main corporate objective;

(b) The company offers services or products that generate social returns, or the company uses production methods for its services or products that are in line with the company's social purpose;

(c) Profit is principally and primarily used to achieve the social purpose of the company;

(d) The company is managed in a responsible and transparent manner, in particular through the participation of employees, customers and other interest groups affected by the activities carried out by the social enterprise.

3. The EBA shall, [three years after entry into force of this regulation], report to the Commission on the impact of the own funds requirement on the financing of, and investment in, social enterprises. For the purposes of this article, the EBA report to the Commission shall include the following: (a) An analysis of the developments in financing and investments in social enterprises over the period specified in subparagraph 1 of this article; (b) An analysis of the effective

risk profile of financing social enterprises over an entire economic cycle; (c) Any additional points which the EBA regards as important in this report.

4. The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.

5. The support factor for social enterprises cannot be combined with the SME support factor referred to in Article 501, the infrastructure support factor referred to in Article 501a or the green support factor referred to in Article 501ac

Or. en

Amendment 1066
Roberto Gualtieri

Proposal for a regulation
Article 1 – paragraph 1 – point 127
Regulation (EU) No 575/2013
Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Support factor for social enterprises

1. Risk-weighted exposure amounts for social enterprises, used for a unit that exists or was created to finance or refinance social enterprises as described in paragraph 2, are adjusted in accordance with the following formulae:

*(i) if $E' \leq EUR\ 1.500.000$,
 $RW^* = RW = 0.60$;*

*(ii) if $E' \leq EUR\ 1.500.000$,
 $RW^* = \min \{RW; EUR\ 1\ 500\ 000\} * 0.60 +$
 $\max \{0; RW - 1\ 500\ 000\} * 0.80$*

where:

$RW^ =$ adjusted risk weighted exposure amount for an exposure to a social*

enterprise;

E' = the total amount owed to the institution and parent undertakings and its subsidiaries, including any exposure in default, by the obligor client or group of connected clients, but excluding claims or contingent claims secured on residential property collateral;

RW = risk weighted exposure amount for an exposure to a social enterprise, calculated in accordance with Part II, Title II, and the present Article.

2. For the purposes of this Article:

Irrespective of its legal form, a social enterprise is a company, as defined in the Communication from the Commission of 25 October 2011 on social business, which meets the following criteria:

(a) The company agreement, company charter or any other documents required by law that found the company, provide for a measurable and positive improvement of social and societal impact as the main corporate objective, rather than the profit-making intentions of associates, members or shareholders;

(b) The company offers services or products that generate social returns, or the company uses production methods for its services or products that are in line with the company's social purpose;

(c) Profit is principally and primarily used to achieve the main corporate objective of improving effects on society and community, and the company has introduced predefined rules and procedures to ensure that profit is distributed to members or shareholders in a bid to achieve this objective;

(d) The company is managed in an entrepreneurial, responsible and transparent manner, in particular through the participation of employees, customers and other interest groups affected by the activities carried out by the

social enterprise.

3. The EBA shall, [three years after entry into force of this regulation], report to the Commission on the impact of the own funds requirement on the financing of, and investment in, social enterprises. For the purposes of this article, the EBA report to the Commission shall include the following:

(a) An analysis of the developments in financing and investments in social enterprises over the period specified in subparagraph 1 of this article;

(b) An analysis of the effective risk profile of financing social enterprises over an entire economic cycle;

(c) Any additional points which the EBA regards as important in this report.

4. The Commission shall submit this report to the European Parliament and the Council, accompanied by a legislative proposal if considered necessary.

5. The support factor for social enterprises cannot be combined with the SME support factor referred to in Article 501, the infrastructure support factor referred to in Article 501a or the green support factor referred to in Article 501da.

Or. en

Amendment 1067

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 d a (new)

Text proposed by the Commission

Amendment

Article 501da

Report on the prudential treatment of green assets

The EBA shall investigate on the basis of available data and in coordination with the High Level Working Group on Sustainable Finance of the Commission whether a dedicated prudential treatment of green assets, in the form of different capital charges in comparison to non-green assets, would be justified from a prudential perspective. In particular, EBA shall investigate about (a) the risk profile of green assets in comparison to non-green assets, (b) the definition of a green asset class and (c) the potential effects of a dedicated prudential treatment of green assets on bank lending and the financial stability in the Union.

By [one year after entry into force of this regulation], the EBA shall submit a report on its findings to the Commission. On the basis of this report, the Commission shall, if appropriate, submit to the European Parliament and the Council, a legislative proposal.

For the purpose of this Article, ‘green assets’ are defined in accordance with the definition provided by the Climate Bonds Standard of the Climate Bonds Initiative^{1a}.’’

^{1a} <https://www.climatebonds.net/standards>

Or. en

Justification

This amendment shall mandate the EBA to investigate, on the basis of available data, about the prudential treatment of green assets in the Union as there is not enough evidence and clarity whether a dedicated prudential treatment of green assets, in the form of different capital charges in comparison to non-green assets, would be justified from a prudential perspective.

Amendment 1068
Thierry Cornillet

Proposal for a regulation

Article 1 – paragraph 1 – point 127

Regulation (EU) No 575/2013

Article 501 d a (new) after title II “reports and reviews” before Article 502

Text proposed by the Commission

Amendment

(127) In title II, reports and reviews, a new Article 501d a is inserted before Article 502:

"Article 501da

By [one year after the publication of this regulation in the Official Journal of the EU], and after consulting the EBA, the SSM, the SRB, the ESRB and the relevant national competent authorities, the Commission shall present an amendment to this regulation on robust governance arrangements, which shall include a clear organisational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks they are or might be exposed to, adequate internal control mechanisms, including sound administration and accounting procedures, and remuneration policies and practices that are consistent with and promote sound and effective risk management. The arrangements, processes and mechanisms referred to above shall be comprehensive and proportionate to the nature, scale and complexity of the risks inherent in the business model and the institution's activities.

The technical criteria established in Articles 76 to 95 of Directive 2013/36/EU of the European Parliament and of the Council of Ministers of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and

2006/49/EC shall be taken into account."

Or. en

Justification

Weak governance arrangements are one of the reasons explaining the weaknesses of part of the European banking sector. Guidelines are not enough. While it is important to take into account proportionality, a number of core principles should be enshrined into a EU regulation. The objectives of Article 74 of CRD should be transferred into this regulation. The good practices laid down in national frameworks and of some national banking sectors could benefit to the whole EU banking sector reinforcing therefore the stability of the whole EU.

Amendment 1069

Sven Giegold, Philippe Lamberts, Ernest Urtasun

Proposal for a regulation

Article 1 – paragraph 1 – point 127 a (new)

Regulation (EU) No 575/2013

Article 503 a (new)

Text proposed by the Commission

Amendment

(127a) The following Article 503a is inserted:

"Article 503a

Review of preferential capital requirements

The Commission shall, by 30 June 2019, and every three years thereafter, after consulting EBA, report to the European Parliament and to the Council, together with any appropriate proposals, on whether the preferential risk weights laid down in this Regulation and the own funds requirements for specific risk in this Regulation are adequate for all the instruments that qualify for these treatments and whether the criteria applied are appropriate."

Or. en

Amendment 1070

Marco Valli

Proposal for a regulation

Article 1 – paragraph 1 – point 128

Regulation (EU) No 575/2013

Article 507

Text proposed by the Commission

Amendment

(128) Article 507 is replaced by the following: **deleted**

‘Article 507

Large exposures

The EBA shall monitor the use of exemptions set out in Article 390 (6) and Article 400 (1) and Article 400(2) and by [one year after entry into force of the amending Regulation] submit a report to the Commission assessing the quantitative impact that the removal of those exemptions or the setting of a limit on their use would have. The report shall assess, in particular, for each exemption provided for in those Articles:

- (a) the number of large exposures exempted in each Member State;*
- (b) the number of institutions that make use of the exemption in each Member State;*
- (c) the aggregate amount of exposures exempted in each Member State.;*’

Or. en

Justification

The mandate to EBA opens the door to the removal of the exemptions on banks’ sovereign exposures, which would destabilize the Eurozone and have disruptive effects on sovereigns and the domestic banking sector. It should therefore be deleted.

Amendment 1071

Marco Zanni, Bernard Monot, Gerolf Annemans

Proposal for a regulation
Article 1 – paragraph 1 – point 128
Regulation (EU) No 575/2013
Article 507

Text proposed by the Commission

Amendment

(128) Article 507 is replaced by the following: *deleted*

‘Article 507

Large exposures

The EBA shall monitor the use of exemptions set out in Article 390 (6) and Article 400 (1) and Article 400(2) and by [one year after entry into force of the amending Regulation] submit a report to the Commission assessing the quantitative impact that the removal of those exemptions or the setting of a limit on their use would have. The report shall assess, in particular, for each exemption provided for in those Articles:

- (a) the number of large exposures exempted in each Member State;*
- (b) the number of institutions that make use of the exemption in each Member State;*
- (c) the aggregate amount of exposures exempted in each Member State;’*

Or. en

Justification

Any attempt to remove the exemptions set out in Article 390 (6), Article 400 (1) and Article 400 (2) will cause serious threats to the stability of financial markets, in particular to sovereign bond market and relative spreads.

Amendment 1072
Marco Valli

Proposal for a regulation
Article 1 – paragraph 1 – point 128

Present text

Amendment

"Article 507

Large exposures

By 31 December 2015, the Commission shall review and report on the application of Article 400(1)(j) and Article 400(2), including whether the exemptions set out in Article 400(2) is to be discretionary, and shall submit that report to the European Parliament and to the Council, together with a legislative proposal if appropriate. With respect to the potential elimination of the national discretion under Article 400(2)(c) and its potential application at the Union level, the review shall in particular take into account the efficiency of group risk management while ensuring that sufficient safeguards are in place to ensure financial stability in all Member States in which an entity belonging to a group is incorporated."

*(128a) Article 507 is deleted.
deleted*

Or. en

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=en>

Amendment 1073

Marco Zanni, Bernard Monot, Gerolf Annemans

Proposal for a regulation

Article 1 – paragraph 1 – point 128

Regulation (EU) No 575/2013

Article 507

Present text

Amendment

"Article 507

Large exposures

(128) Article 507 is deleted.

By 31 December 2015, the Commission shall review and report on the application of Article 400(1)(j) and Article 400(2), including whether the exemptions set out in Article 400(2) is to be discretionary, and shall submit that report to the European Parliament and to the Council, together with a legislative proposal if appropriate. With respect to the potential elimination of the national discretion under Article 400(2)(c) and its potential application at the Union level, the review shall in particular take into account the efficiency of group risk management while ensuring that sufficient safeguards are in place to ensure financial stability in all Member States in which an entity belonging to a group is incorporated."

deleted

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R0575&from=EN>)

Amendment 1074

Barbara Kappel

Proposal for a regulation

Article 1 – paragraph 1 – point 128

Regulation (EU) No 575/2013

Article 507 – introductory part

Text proposed by the Commission

(128) Article 507 is ***replaced by the following:***

Amendment

(128) Article 507 is ***deleted.***

Or. en

Justification

The Commission proposal introduces a too broad mandate to the EBA, to monitor the use of exemptions from the large exposures limits set out in Article 390 (6), 400 (1) and 400(2), and to report to the Commission about the impact of their possible removal or restriction.

Amendment 1075

Barbara Kappel

Proposal for a regulation

Article 1 – paragraph 1 – point 128

Regulation (EU) No 575/2013

Article 507

Text proposed by the Commission

Amendment

The EBA shall monitor the use of exemptions set out in Article 390 (6) and Article 400 (1) and Article 400(2) and by [one year after entry into force of the amending Regulation] submit a report to the Commission assessing the quantitative impact that the removal of those exemptions or the setting of a limit on their use would have. The report shall assess, in particular, for each exemption provided for in those Articles:

deleted

(a) the number of large exposures exempted in each Member State;

(b) the number of institutions that make use of the exemption in each Member State;

(c) the aggregate amount of exposures exempted in each Member State.;

Or. en

Amendment 1076

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 128

Regulation (EU) No 575/2013

Article 507 – introductory part

Text proposed by the Commission

Amendment

The EBA shall monitor the use of exemptions set out in Article 390 (6) and Article 400 (1) and Article 400(2) and by [one year after entry into force of the amending Regulation] submit a report to

The EBA shall monitor the use of exemptions set out in Article 390 (6) and Article 400 (1) and Article 400(2) and by [two years after entry into force of the amending Regulation] submit a report to

the Commission assessing the quantitative impact that the removal of those exemptions or the setting of a limit on their use would have. The report shall assess, in particular, for each exemption provided for in those Articles:

the Commission assessing the quantitative **and qualitative** impact that the removal of those exemptions or the setting of a limit on their use would have. The report shall assess, in particular, for each exemption provided for in those Articles:

Or. de

Amendment 1077

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 129

Regulation (EU) No 575/2013

Article 510 – paragraph 5 – subparagraph 1

Text proposed by the Commission

The Commission *is empowered to adopt a delegated act in accordance with Article 462* to amend the treatment of derivatives contracts listed in Annex II and credit derivatives for the calculation of the net stable funding ratio as set out in Title IV of Part Six *if it deems it appropriate considering the impact of the existing treatment on institutions' net stable funding ratio and* to take better account of the funding risk linked to these transactions *over the one-year horizon of the net stable funding ratio. For this purpose, the Commission shall take into account the report referred to in paragraph 4, any international standards that may be developed by international fora and the diversity of the banking sector in the Union.*

Amendment

By [four years after the date of application of the net stable funding ratio as set out in Title IV of Part Six], the Commission shall, if appropriate and taking take into account the report referred to in paragraph 4, any international standards that may be developed by international fora, the diversity of the banking sector in the Union and the aims of the Capital Markets Union, submit a legislative proposal to the European Parliament and the Council on how to amend the treatment of derivatives contracts listed in Annex II and credit derivatives for the calculation of the net stable funding ratio as set out in Title IV of Part Six to take better account of the funding risk linked to these transactions.

Or. en

Justification

Instead of a delegated act and to ensure legal certainty this amendment foresees that the Commission shall, if appropriate and taking take into account the EBA report referred to in paragraph 4, any international standards that may be developed by international fora, the diversity of the banking sector and the aims of the Capital Markets Union, submit a legislative

proposal to the European Parliament and the Council on how to amend the treatment of derivatives contracts and credit derivatives for the NSFR.

Amendment 1078
Othmar Karas

Proposal for a regulation
Article 1 – paragraph 1 – point 129
Regulation (EU) No 575/2013
Article 501 – paragraph 5 – subparagraph 2

Text proposed by the Commission

Amendment

The Commission shall adopt the delegated act referred to in the first subparagraph by [three years after the date of application of the net stable funding ratio as set out in Title IV of Part Six]. ***deleted***

Or. en

Justification

Instead of a delegated act and to ensure legal certainty the Commission shall, if appropriate and taking into account the EBA report referred to in paragraph 4, any international standards that may be developed by international fora, the diversity of the banking sector and the aims of the CMU, submit a legislative proposal to the Parliament and the Council on how to amend the treatment of derivatives contracts and credit derivatives for the NSFR [see amendment to Art. 501(5) subpara (1)].

Amendment 1079
Othmar Karas

Proposal for a regulation
Article 1 – paragraph 1 – point 129
Regulation (EU) No 575/2013
Article 510 – paragraph 5 – subparagraph 3

Text proposed by the Commission

Amendment

In the absence of adoption of the delegated act referred to in the first subparagraph or of a confirmation by the Commission of the accuracy of the treatment of derivative contracts listed in ***deleted***

Annex II and credit derivatives for the calculation of the net stable funding ratio by [three years after the date of application of the net stable funding ratio as set out in Title IV of Part Six], the requirement set out in Article 428x(2) of this Regulation shall apply for all institutions and all derivatives contracts listed in Annex II and credit derivatives regardless of their characteristics, and the provisions of Article 428u(2) and Article 428x(3) and (4) shall cease to apply.

Or. en

Justification

Instead of a delegated act and to ensure legal certainty the Commission shall, if appropriate and taking take into account the EBA report referred to in paragraph 4, any international standards that may be developed by international fora, the diversity of the banking sector and the aims of the CMU, submit a legislative proposal to the Parliament and the Council on how to amend the treatment of derivatives contracts and credit derivatives for the NSFR [see amendment to Art. 501(5) subpara (1)].

Amendment 1080 **Othmar Karas**

Proposal for a regulation

Article 1 – paragraph 1 – point 129

Regulation (EU) No 575/2013

Article 510 – paragraph 7 – subparagraph 1

Text proposed by the Commission

The Commission *is empowered to adopt a delegated act in accordance with Article 462* to amend the treatment of secured lending transactions and capital market-driven transactions, including of the assets received or given in these transactions, and the treatment of unsecured transactions with a residual maturity of less than six months with financial customers for the calculation of the net stable funding ratio as set out in Title IV of Part Six if it deems it appropriate regarding the impact of the

Amendment

By [four years after the date of application of the net stable funding ratio as set out in Title IV of Part Six], the Commission shall, if appropriate and taking take into account the report referred to in paragraph 6, any international standards developed by international fora, the diversity of the banking sector in the Union and the aims of the Capital Markets Union, submit a legislative proposal to the European Parliament and the Council on how to

existing treatment on institutions' net stable funding ratio and to take better account of the funding risk linked to these transactions *over the one-year horizon of the net stable funding ratio. For this purpose, the Commission shall take into account the report referred to in paragraph 6, any international standards developed by international fora and the diversity of the banking sector in the Union.*

amend the treatment of secured lending transactions and capital market-driven transactions, including of the assets received or given in these transactions, and the treatment of unsecured transactions with a residual maturity of less than six months with financial customers for the calculation of the net stable funding ratio as set out in Title IV of Part Six if it deems it appropriate regarding the impact of the existing treatment on institutions' net stable funding ratio and to take better account of the funding risk linked to these transactions.

Or. en

Justification

Instead of a delegated act and to ensure legal certainty the Commission shall, if appropriate and taking into account the EBA report referred to in paragraph 6, any international standards that may be developed by international fora, the diversity of the banking sector and the aims of the CMU, submit a legislative proposal to Parliament and Council on how to amend the treatment of capital market-driven transactions, secured and unsecured lending transactions as specified in the amendment.

Amendment 1081 **Othmar Karas**

Proposal for a regulation

Article 1 – paragraph 1 – point 129

Regulation (EU) No 575/2013

Article 510 – paragraph 7 – subparagraph 2

Text proposed by the Commission

Amendment

The Commission shall adopt the delegated act referred to in the first subparagraph by [three years after the date of application of the net stable funding ratio as set out in Title IV of Part Six].

deleted

Or. en

Justification

Instead of a delegated act and to ensure legal certainty the Commission shall, if appropriate and taking take into account the EBA report referred to in paragraph 6, any international standards that may be developed by international fora, the diversity of the banking sector and the aims of the CMU, submit a legislative proposal to Parliament and Council on how to amend the treatment of the transactions as specified in amendment to Art. 501(7) subpara (1).

Amendment 1082

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 129

Regulation (EU) No 575/2013

Article 510 – paragraph 7 – subparagraph 3

Text proposed by the Commission

Amendment

In the absence of adoption of the delegated act referred to in the first subparagraph or of a confirmation by the Commission of the accuracy of the treatment of secured lending transactions and capital market-driven transactions, including of the assets received or given in these transactions, and of unsecured transactions with a residual maturity of less than six months with financial customers by [three years after the date of application of the net stable funding ratio as set out in Title IV of Part Six], the required stable funding factors applied to the transactions referred to in Article point (b) of 428s and in points (a) and (b) of Article 428u shall be raised to 10% and 15% respectively.

deleted

Or. en

Justification

Instead of a delegated act and to ensure legal certainty the Commission shall, if appropriate and taking take into account the EBA report referred to in paragraph 6, any international standards that may be developed by international fora, the diversity of the banking sector and the aims of the CMU, submit a legislative proposal to Parliament and Council on how to amend the treatment of the transactions as specified in amendment to Art. 501(7) subpara (1).

Amendment 1083

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 130 a (new)

Regulation (EU) No 575/2013

Article 513

Present text

"Macroprudential rules

1. By 30 June **2014**, the Commission shall, after consulting the ESRB and EBA, review whether the macroprudential rules contained in this Regulation and Directive 2013/36/EU are sufficient to mitigate systemic risks in sectors, regions and Member States including assessing:

- (a) whether the current macroprudential tools in this Regulation and Directive 2013/36/EU are effective, efficient and transparent;
- (b) whether the coverage and the possible degrees of overlap between different macroprudential tools for targeting similar risks in this Regulation and Directive 2013/36/EU are adequate and, if appropriate, propose new macroprudential rules;
- (c) how internationally agreed standards for systemic institutions interacts with the provisions in this Regulation and Directive 2013/36/EU and, if appropriate, propose new rules taking into account those internationally agreed standards.

Amendment

(130a) Article 513 is replaced as follows:

Article 513

"Macroprudential rules

1. By 30 June **2019, and every three years thereafter**, the Commission shall, after consulting the ESRB and EBA, review whether the macroprudential rules contained in this Regulation and Directive 2013/36/EU are sufficient to mitigate systemic risks in sectors, regions and Member States including assessing:

- (a) whether the current macroprudential tools in this Regulation and Directive 2013/36/EU are effective, efficient and transparent;
- (b) whether the coverage and the possible degrees of overlap between different macroprudential tools for targeting similar risks in this Regulation and Directive 2013/36/EU are adequate and, if appropriate, propose new macroprudential rules;
- (c) how internationally agreed standards for systemic institutions interacts with the provisions in this Regulation and Directive 2013/36/EU and, if appropriate, propose new rules taking into account those internationally agreed standards.

(d) whether borrower-based instruments, such as limits on loan-to-value (LTV), loan-to-income (LTI) or debt service-to-income (DSTI) ratios, should be added to the macroprudential tools in this Regulation and Directive 2013/36/EU

to complement capital-based instruments and to allow for a harmonised use of the instruments in the Single Market;

(e) whether a systemic surcharge in the Leverage Ratio should be considered, potentially with different calibration levels that depend on the systemic importance of the institutions;

(f) how reciprocity of exposure-based macroprudential measures can be made mandatory as a general rule;

(g) how relevant EU and national macroprudential authorities can be mandated with tools to address new emerging systemic risks arising from the non-bank sector, in particular from derivatives and securities financing transactions (SFT) markets, the asset management sector and the insurance sector.

(h) how the present voluntary ESRB framework on reciprocity can be extended and whether a mandatory reciprocity mechanism should be considered for macroprudential capital buffers whose recognition is currently voluntary.

2. By 31 December **2014**, the Commission shall, on the basis of the consultation with the ESRB and EBA, report to the European Parliament and the Council on the assessment referred to in paragraph 1 and, where appropriate, submit a legislative proposal to the European Parliament and the Council."

2. By 31 December **2019**, *and every three years thereafter*, the Commission shall, on the basis of the consultation with the ESRB and EBA, report to the European Parliament and the Council on the assessment referred to in paragraph 1 and, where appropriate, submit a legislative proposal to the European Parliament and the Council."

Or. en

(<http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex%3A32013R0575>)

Amendment 1084

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 130 a (new)

Present text

"Macroprudential rules

1. By 30 June **2014**, the Commission shall, after consulting the ESRB and EBA, review whether the macroprudential rules contained in this Regulation and Directive 2013/36/EU are sufficient to mitigate systemic risks in sectors, regions and Member States including assessing:

- (a) whether the current macroprudential tools in this Regulation and Directive 2013/36/EU are effective, efficient and transparent;
- (b) whether the coverage and the possible degrees of overlap between different macroprudential tools for targeting similar risks in this Regulation and Directive 2013/36/EU are adequate and, if appropriate, propose new macroprudential rules;
- (c) how internationally agreed standards for systemic institutions interacts with the provisions in this Regulation and Directive 2013/36/EU and, if appropriate, propose new rules taking into account those internationally agreed standards.

2. By 31 December **2014**, the Commission shall, on the basis of the consultation with the ESRB and EBA, report to the European Parliament and the Council on the assessment referred to in paragraph 1 and, where appropriate, submit a legislative proposal to the European Parliament and the Council."

Amendment

(130a) Article 513 is replaced by the following:

"Macroprudential rules

1. By 30 June **2019, and every three years thereafter**, the Commission shall, after consulting the ESRB and EBA, review whether the macroprudential rules contained in this Regulation and Directive 2013/36/EU are sufficient to mitigate systemic risks in sectors, regions and Member States including assessing:

- (a) whether the current macroprudential tools in this Regulation and Directive 2013/36/EU are effective, efficient and transparent;
- (b) whether the coverage and the possible degrees of overlap between different macroprudential tools for targeting similar risks in this Regulation and Directive 2013/36/EU are adequate and, if appropriate, propose new macroprudential rules;
- (c) how internationally agreed standards for systemic institutions interacts with the provisions in this Regulation and Directive 2013/36/EU and, if appropriate, propose new rules taking into account those internationally agreed standards.

2. By 31 December **2019, and every three years thereafter**, the Commission shall, on the basis of the consultation with the ESRB and EBA, report to the European Parliament and the Council on the assessment referred to in paragraph 1 and, where appropriate, submit a legislative proposal to the European Parliament and the Council."

Or. en

Justification

This amendment should ensure a regular review of the EU macroprudential framework at three-year intervals to ensure that the framework remains effective and efficient.

Amendment 1085

Esther de Lange

Proposal for a regulation

Article 1 – paragraph 1 – point 130 a (new)

Regulation (EU) No 575/2013

Article 513

Present text

Amendment

"Article 513

Macroprudential rules

1. By 30 June **2014**, the Commission shall, after consulting the ESRB and EBA, review whether the macroprudential rules contained in this Regulation and Directive 2013/36/EU are sufficient to mitigate systemic risks in sectors, regions and Member States including assessing:

(a) whether the current macroprudential tools in this Regulation and Directive 2013/36/EU are effective, efficient and transparent;

(b) whether the coverage and the possible degrees of overlap between different macroprudential tools for targeting similar risks in this Regulation and Directive 2013/36/EU are adequate and, if appropriate, propose new macroprudential rules;

(c) how internationally agreed standards for systemic institutions interacts with the provisions in this Regulation and Directive 2013/36/EU and, if appropriate, propose new rules taking into account

(130a) Article 513 is replaced by the following:

"Article 513

Macroprudential rules

1. By 30 June **2020**, the Commission shall, after consulting the ESRB and EBA, review whether the macroprudential rules contained in this Regulation and Directive 2013/36/EU are sufficient to mitigate systemic risks in sectors, regions and Member States including assessing:

(a) whether the current macroprudential tools in this Regulation and Directive 2013/36/EU are effective, efficient and transparent;

(b) whether the coverage and the possible degrees of overlap between different macroprudential tools for targeting similar risks in this Regulation and Directive 2013/36/EU are adequate and, if appropriate, propose new macroprudential rules;

(c) how internationally agreed standards for systemic institutions interacts with the provisions in this Regulation and Directive 2013/36/EU and, if appropriate, propose new rules taking into account

those internationally agreed standards.

2. By 31 December **2014**, the Commission shall, on the basis of the consultation *of* the ESRB and EBA, report to the European Parliament and the Council on the assessment referred to in paragraph 1 and, where appropriate, submit a legislative proposal to the European Parliament and the Council."

those internationally agreed standards.

2. By 31 December **2020**, the Commission shall, on the basis of the consultation *with* the ESRB and EBA, report to the European Parliament and the Council on the assessment referred to in paragraph 1 and, where appropriate, submit a legislative proposal to the European Parliament and the Council."

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1516959916742&uri=CELEX:02013R0575-20180101>)

Amendment 1086 **Peter Simon**

Proposal for a regulation

Article 1 – paragraph 1 – point 130 a (new)

Regulation (EU) No 575/2013

Article 513

Present text

"Article 513

Macroprudential rules

1. By 30 June **2014**, the Commission shall, after consulting the ESRB and EBA, review whether the macroprudential rules contained in this Regulation and Directive 2013/36/EU are sufficient to mitigate systemic risks in sectors, regions and Member States including assessing:

(a) whether the current macroprudential tools in this Regulation and Directive 2013/36/EU are effective, efficient and transparent;

(b) whether the coverage and the possible degrees of overlap between different macroprudential tools for

Amendment

(130a) Article 513 is replaced by the following:

"Article 513

Macroprudential rules

1. By 30 June **2019, and every three years thereafter**, the Commission shall, after consulting the ESRB and EBA, review whether the macroprudential rules contained in this Regulation and Directive 2013/36/EU are sufficient to mitigate systemic risks in sectors, regions and Member States including assessing:

(a) whether the current macroprudential tools in this Regulation and Directive 2013/36/EU are effective, efficient and transparent;

(b) whether the coverage and the possible degrees of overlap between different macroprudential tools for

targeting similar risks in this Regulation and Directive 2013/36/EU are adequate and, if appropriate, propose new macroprudential rules;

(c) how internationally agreed standards for systemic institutions interacts with the provisions in this Regulation and Directive 2013/36/EU and, if appropriate, propose new rules taking into account those internationally agreed standards.

2. By 31 December **2014**, the Commission shall, on the basis of the consultation with the ESRB and EBA, report to the European Parliament and the Council on the assessment referred to in paragraph 1 and, where appropriate, submit a legislative proposal to the European Parliament and the Council."

targeting similar risks in this Regulation and Directive 2013/36/EU are adequate and, if appropriate, propose new macroprudential rules;

(c) how internationally agreed standards for systemic institutions interacts with the provisions in this Regulation and Directive 2013/36/EU and, if appropriate, propose new rules taking into account those internationally agreed standards.

2. By 31 December **2019, and every three years thereafter**, the Commission shall, on the basis of the consultation with the ESRB and EBA, report to the European Parliament and the Council on the assessment referred to in paragraph 1 and, where appropriate, submit a legislative proposal to the European Parliament and the Council."

Or. en

(<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=FR>)

Justification

(See the ECB's opinion (CON/2017/47)). In August 2016, the Commission launched a public consultation on a review of the Union macroprudential framework. Competent authorities such as the ECB made contributions to the consultation and they consider it to be important that appropriate legislative measures are taken with the aim of ensuring that the Union macroprudential framework is effective and efficient. Against this background, a regular review of the framework at three-year intervals is proposed with the first deadline for legislative proposals being set at 31 December 2019.

Amendment 1087

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 130 b (new)

Regulation (EU) No 575/2013

Article 514

Present text

Amendment

(130b) Article 514 is replaced by the

"Counterparty Credit Risk and the *Original Exposure Method*

By 31 December 2016 the Commission shall review and report on the application of Article 275 and shall submit that report to the European Parliament and the Council, and, if appropriate, a legislative proposal."

following:

"Counterparty Credit Risk and the *exposure values of derivative transactions*

The EBA shall, by [four years after entry into force of this Regulation], report to the Commission on the impact and the relative calibration of the approaches set out in Sections 3 to 5 of Chapter 6 of Title II of Part Three to calculate the exposure values of derivative transactions.

Building on the findings of this report by the EBA, the Commission shall, where appropriate, submit a legislative proposal to amend the approaches set out in Sections 3 to 5 of Chapter 6 of Title II of Part Three."

Or. en

(<http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex%3A32013R0575>)

Justification

Considering that the Basel Committee on Banking Supervision has put on its agenda the review of the calibration of the SA-CCR and as it is important to gather more information on the impact of SA-CCR and its calibration, this amendment shall mandate the EBA to report to the Commission on this matter and allow for flexibility in case of a change in Basel standards.

Amendment 1088

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Article 1 – paragraph 1 – point 130 b (new)

Regulation (EU) No 575/2013

Article 514 a (new)

Text proposed by the Commission

Amendment

(130 b) The following new Article 514a is inserted:

"Article 514a

Based on the information provided under Article 443a (new), the Commission shall

submit by 31 December 2020 a report on the appropriateness and the impact of setting aggregate limits on the reuse of non-cash collateral.

Where appropriate, the report shall be accompanied by a legislative proposal on the introduction of aggregate limits on the reuse of non-cash collateral."

Or. en

Amendment 1089

Ashley Fox

Proposal for a regulation

Article 1 – paragraph 1 – point 131 a (new)

Regulation (EU) No 575/2013

Article 519 a a (new)

Text proposed by the Commission

Amendment

(131 a) The following Article 519a a is inserted:

"Article 519a a

Non-systemic credit institutions: capital requirements

1. [2 years after entry into force of the regulation], the Commission shall report on whether and how credit institutions which are not G-SIIs or O-SIIs identified in accordance with Article 131 (1), (2) or (3) of Directive 2013/36/EU should comply with the obligations laid down in Parts Two to Five and Eight of this Regulation and shall, after consulting the EBA, submit that report to the European Parliament and to the Council, together with a legislative proposal, if appropriate.

2. The report referred to in paragraph 1 shall take into account the proportionality of the compliance by the credit institutions referred to in paragraph 1 with the obligations referred to in that

paragraph in light of:

(a) Clause 12 of the Basel Committee on Banking Supervision Charter under which the Committee only requires full implementation of the Committee's standards be internationally active banks; and

(b) the capital requirements imposed on non-systemic banks in other jurisdictions."

Or. en

Justification

A review clause in CRRII would give the EU the opportunity to better understand the impact of Basel capital standards on small banks, particularly on credit risk, for whom those standards are not designed. It would also enable the EU to reflect on the way smaller banks are regulated in other jurisdictions such as the US, where full Basel standards are not applied on proportionality grounds, and evaluate whether those models could work effectively in the EU.

Amendment 1090 **Kay Swinburne**

Proposal for a regulation **Article 3 – paragraph 2 – subparagraph 1 – point a**

Text proposed by the Commission

(a) the provisions on the introduction of the new requirements for own funds and eligible liabilities in points (4)(b), (7) to (9), and **(12)** to (40), which shall apply from 1 January 2019;

Amendment

(a) the provisions on the introduction of the new requirements for own funds and eligible liabilities in points (4)(b), (7) to (9), **(12) to (38)** and **(39) (b)** to (40), which shall apply from 1 January 2019;

Or. en

Justification

Important to ensure that the leverage ratio becomes a binding capital requirement for clearing services concurrently with the other services outlined in this regulation

Amendment 1091
Othmar Karas

Proposal for a regulation
Article 3 – paragraph 2 – subparagraph 1 – point a

Text proposed by the Commission

(a) the provisions on the introduction of the new requirements for own funds and eligible liabilities in points (4)(b), (7) to (9), and (12) to (40), which shall apply from 1 January 2019;

Amendment

(a) the provisions on the introduction of the new requirements for own funds and eligible liabilities in points (4)(b), (7) to (9), and (12) to **(38) and** (40), which shall apply from 1 January 2019;

Or. en

Justification

This amendment clarifies a reference mistake for TLAC instruments in the Commission proposal in the sense that Article 39, which relates to the LR and risk based prudential metrics, is excluded from the range.

Amendment 1092
Esther de Lange

Proposal for a regulation
Article 3 – paragraph 2 – subparagraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) competent authorities may allow the use of the exposure value calculation methods set out in Articles 274 to 280f for the purposes defined in Article 429 and 429c following the date of application referred to in point (a). Notwithstanding this provision, institutions will be required to meet the disclosure obligations laid down in Regulation (EU) 2016/200 until the date of application of this Regulation.

Or. en

Amendment 1093
Caroline Nagtegaal

Proposal for a regulation
Article 3 – paragraph 2 – subparagraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) competent authorities may allow the use of the exposure value calculation methods set out in Articles 274 to 280f for the purposes defined in Article 429 and 429c following the application date of paragraph (a). Notwithstanding this provision, institutions will be required to meet the disclosure obligations laid down Regulation (EU) 2016/200 until the application date of this Regulation.

Or. en

Amendment 1094
Othmar Karas

Proposal for a regulation
Article 3 – paragraph 2 – subparagraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the provisions on the introduction of the new own fund requirements for market risk in points (47) to (51) and (83) to (88), which shall apply from [three years after date of entry into force] of this Regulation.

Or. en

Justification

A two-year period may not be enough time for supervisory authorities to properly assess and approve the new internal models for market risks as well as for institutions for demonstrating compliance with the requirements. Certain key aspects of the framework will be specified only well after this Regulation enters into force. Also, BCBS has delayed the implementation/reporting date for the revised market risk framework to 1 January 2022.

Therefore, the implementation phase shall be lengthened.

Amendment 1095

Pervenche Berès

Proposal for a regulation

Article 3 – paragraph 2 – subparagraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the provisions in points (41), (46) to (51) and (83) to (88) on the introduction of the new own funds requirements for market risk, which shall apply from 1 July 2022;

Or. en

Amendment 1096

Marco Valli

Proposal for a regulation

Article 3 – paragraph 2 – subparagraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the provisions on the adjusted SME supporting factor as provided for in Article 501, which shall apply from the date of entry into force of this Regulation.

Or. en

Justification

The extension of the SME supporting factor to a wider spectrum of small and medium enterprises is an effective tool to support the financing of the real economy, which could be applied immediately without incurring in any costs.

Amendment 1097

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 3 – paragraph 2 – subparagraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) The provisions for introducing the new requirements for own funds for market risk in points 47 to 51 and 83 to 88, excluding the requirements on the Profit & Loss attribution requirement and on the modellability of risk factors, as defined in articles 325ba(1)(b), 325bf, 325bh, 325bi(1)(a) and 325bj(2)(g) at the latest of the two dates :

- 42 months after the publication of the final EBA technical standards and guidelines defined in Articles 325bg(9), 325bl(4) and 325bn(2) of this Regulation;**
- four years after entry into force of this Regulation.**

Or. en

Justification

This timeline will permit:

- The European banking industry to implement the new regulation, document methodologies and processes, and perform internal validation, using key EBA technical standards.*
- The European Central Bank (ECB) to assess FRTB IMAs in order to achieve the introduction of the new market risk standard. This orderly calendar is the only bearable framework for all stakeholders.*

Amendment 1098

Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation

Article 3 – paragraph 2 – subparagraph 1 – point b b (new)

Text proposed by the Commission

Amendment

(bb) The Commission shall submit to the European Parliament and to the

Council a report by [two years after the entry into force]. The report shall cover the approaches set out in Chapters 1a, 1b, 2, 3 and 4 of Title IV, Part Three and in particular international regulatory developments as regards to the Profit & Loss attribution requirement and the modellability of risk factors. The report shall take into account the international regulatory developments and the specificities of financial and capital markets in the Union. The report shall be informed by a proper European impact study. The report shall cover the appropriateness of the calibration of the approaches set out in Title IV, Part Three to calculate the own funds requirements for market risks and evaluate if a refraction factor shall apply to capital requirements for market risk (MRC). Where appropriate, the report should suggest a sustainable framework for the adjustment of internal models by banks and for competent authorities to review them as regards to a hypothetical legislative proposal. Where appropriate, the report shall be accompanied by a legislative proposal amending the calibration of capital requirements for market risk as defined in Title IV, Part Three.

Or. en

Justification

This timeline will permit:

- The European banking industry to implement the new regulation, document methodologies and processes, and perform internal validation, using key EBA technical standards.*
- The European Central Bank (ECB) to assess FRTB IMAs in order to achieve the introduction of the new market risk standard. This orderly calendar is the only bearable framework for all stakeholders.*

Amendment 1099
Anne Sander, Alain Lamassoure, Alain Cadec

Proposal for a regulation
Article 3 – paragraph 2 – subparagraph 1 – point b c (new)

Text proposed by the Commission

Amendment

(bc) The application of the provisions in point (ba) shall not result in own funds requirements for market risks calculated according to the approaches set out in Chapters 1a and 1b that are lower than the own funds requirements for market risks calculated according to the approaches set out in Chapters 2, 3, 4 and 5 Title IV, Part Three. Until a date that would be defined in the report that the Commission shall submit to the European Parliament and to the Council by [two years after the entry into force], institutions that use the approaches set out in Chapters 1a and 1b, Title IV, Part Three to calculate the own funds requirement for market risks shall multiply their own funds requirements for market risks calculated under these approaches by the ratio, floored by one, of:

(a) The average own fund requirements calculated on a quarterly basis, during the 12 months preceding the application date defined in point (ba), according to the approaches set out in Chapters 2, 3, 4 and 5 Title IV, Part Three (CRR);

(b) The own funds requirements calculated on the application date defined in point (ba) according the approaches set out in Chapters 1a and 1b, Title IV, Part Three (CRR2).

Or. en

Justification

This timeline will permit:

- The European banking industry to implement the new regulation, document methodologies and processes, and perform internal validation, using key EBA technical standards.*
- The European Central Bank (ECB) to assess FRTB IMAs in order to achieve the introduction of the new market risk standard. This orderly calendar is the only bearable framework for all stakeholders.*

Amendment 1100

Sven Giegold, Ernest Urtasun, Philippe Lamberts

Proposal for a regulation

Annex – point 1 a (new)

Text proposed by the Commission

Amendment

(1a) the following new Annex III a is inserted:

"Undertakings that are excluded from the definition of shadow banking entities

1. undertakings included in consolidated supervision on the basis of the consolidated situation of an institution as defined in Article 4(1)(47) of this Regulation.

2. undertakings which are supervised on a consolidated basis by a third country competent authority pursuant to the law of a third country which applies prudential and supervisory requirements that are at least equivalent to those applied in the Union.

3. undertakings which are not within the scope of points (1) and (2) but which are:

(a) credit institutions;

(b) investment firms;

(c) third country credit institutions if the third country applies prudential and supervisory requirements to that institution that are at least equivalent to

those applied in the Union;

(d) recognised third country investment firms;

(e) entities which are financial institutions authorised and supervised by the competent authorities or third country competent authorities and subject to prudential requirements comparable to those applied to institutions in terms of robustness where the institution's exposure(s) to the entity concerned is treated as an exposure to an institution pursuant to Article 119(5) of this Regulation;

(f) entities referred to in points (2) to (23) of Article 2(5) of Directive 2013/36/EU;

(g) entities referred to in Article 9(2) of Directive 2013/36/EU;

(h) insurance holding companies, insurance undertakings, reinsurance undertakings and third country insurance undertakings and third-country reinsurance undertakings where the supervisory regime of the third country concerned is deemed equivalent;

(i) undertakings excluded from the scope of Directive 2009/138/EC in accordance with Article 4 of that Directive;

(j) institutions for occupational retirement provision within the meaning of point (a) of Article 6 of Directive 2003/41/EC or subject to prudential and supervisory requirements comparable to those applied to institutions within the meaning of point (a) of Article 6 of Directive 2003/41/EC in terms of robustness;

(k) undertakings for collective investment:

(i) within the meaning of Article 1 of Directive 2009/65/EC;

(ii) established in third countries

where they are authorised under laws which provide that they are subject to supervision considered to be equivalent to that laid down in Directive 2009/65/EC;

(iii) within the meaning of Article 4(1)(a) of Directive 2011/61/EU with the exception of: - undertakings employing leverage on a substantial basis according to Article 111(1) of Commission Delegated Regulation (EU) 231/2013 and/or - undertakings which are allowed to originate loans or purchase third party lending exposures onto their balance-sheet pursuant to the relevant fund rules or instruments of incorporation;

(iv) which are authorised as ‘European long-term investment funds’ in accordance with Regulation (EU) 2015/760;

(v) within the meaning of Article 3(1)(b) of Regulation (EU) 346/2013 (‘qualifying social entrepreneurship funds’);

(vi) within the meaning of Article 3(b) of Regulation (EU) 345/2013 (‘qualifying venture capital funds’).

except undertakings that invest in financial assets with a residual maturity not exceeding two years (short-term assets) and have as distinct or cumulative objectives offering returns in line with money market rates or preserving the value of the investment (money market funds);

(l) central counterparties (CCPs) as defined in point (1) of Article 2 of Regulation (EU) No 648/2012 established in the EU and third country CCPs recognised by ESMA pursuant to Article 25 of that Regulation;

(m) electronic money issuers as defined in point (3) of Article 2 of Directive 2009/110/EC;

(n) payment institutions as defined in point (4) of Article 4 of Directive

2007/64/EC;

(o) entities the principal activity of which is to carry out credit intermediation activities for their parent undertakings, for their subsidiaries or for other subsidiaries of their parent undertakings;

(p) resolution authorities, asset management vehicles and bridge institutions as defined in points (18), (56) and (59) of Article 2(1) of Directive 2014/59/EU and entities wholly or partially owned by one or more public authorities established prior to the 1 January 2016 for the purpose of receiving and holding some or all of the assets, rights and liabilities of one or more institutions in order to preserve or restore the viability, liquidity or solvency of an institution or to stabilise the financial market."

Or. en