AMENDMENTS
18 - 65

Draft report
Othmar Karas
(PE658.799v01-00)

Amending Regulation (EU) No 575/2013 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 pandemic

Proposal for a regulation
Amendment 18
Chris MacManus
on behalf of the GUE/NGL Group

Proposal for a regulation

Proposal for rejection

The European Parliament rejects the Commission proposal.

Or. en

Justification

At this time of deep crisis moving to deregulate elements of the financial sector is not what it is needed. Progress made in regulating and controlling capital in the aftermath of the last recession should not be abandoned. The Covid 19 crisis should not be an excuse for rolling back on regulation. Encouraging and facilitating the use of securitisation for non performing loans is a solution only for the financial sector and not for the real economy or families and small businesses.

Amendment 19
Marco Zanni, Francesca Donato, Valentino Grant, Antonio Maria Rinaldi

Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) The final elements of the Basel III framework published on 7 December 2017 impose, in case of securitisation exposures, a minimum credit rating requirement only upon a limited set of protection providers, namely to entities that are not sovereign entities, public sector entities, institutions or other prudentially regulated financial institutions. It is therefore necessary to amend Article 249(3) of Regulation (EU) No 575/2013 to align it with the Basel III framework in order to enhance the effectiveness of national public guarantee schemes assisting institutions’ strategies to securitise non-performing exposures (NPEs) in the aftermath of the COVID-19

Amendment

(5) The final elements of the Basel III framework published on 7 December 2017 impose, in case of securitisation exposures, a minimum credit rating requirement only upon a limited set of protection providers, namely to entities that are not sovereign entities, public sector entities, institutions or other prudentially regulated financial institutions. It is therefore necessary to amend Article 249(3) of Regulation (EU) No 575/2013 to align it with the Basel III framework in order to enhance the effectiveness of national public guarantee schemes assisting institutions’ strategies to securitise non-performing exposures (NPEs) in the aftermath of the COVID-19
An unregulated provider of unfunded credit protection is required to have credit quality step 3 or above.

Amendment 20
Marco Zanni, Francesca Donato, Valentino Grant, Antonio Maria Rinaldi

Proposal for a regulation
Recital 7

Text proposed by the Commission

(7) As pointed out by the EBA in its “Report on STS framework for synthetic securitisation” of 6 May 2020, it is necessary to introduce a specific framework for simple, transparent and standardised (STS) on-balance sheet securitisation. Given the lower agency risk and modelling risk of a STS on-balance-sheet securitisation compared with a non-STs on-balance-sheet synthetic securitisation, a fitting risk-sensitive calibration for STS on-balance-sheet securitisations as recommended by the EBA in its report should be introduced. The greater recourse to the STS on-balance-sheet securitisation promoted by the more risk sensitive treatment of the senior tranche of such securitisations will free up regulatory capital and ultimately further expand the lending capacity of institutions in a prudentially sound manner.

Amendment

(7) As pointed out by the EBA in its “Report on STS framework for synthetic securitisation” of 6 May 2020, it is necessary to introduce a specific framework for simple, transparent and standardised (STS) on-balance sheet securitisation. Given the lower agency risk and modelling risk of a STS on-balance-sheet securitisation compared with a non-STs on-balance-sheet synthetic securitisation, a fitting risk-sensitive calibration for STS on-balance-sheet securitisations as recommended by the EBA in its report building on the current preferential regulatory treatment of senior tranches of SME portfolios should be introduced. The greater recourse to the STS on-balance-sheet securitisation promoted by the more risk sensitive treatment of the senior tranche of such securitisations will free up regulatory capital and ultimately further expand the lending capacity of institutions in a prudentially sound manner.

Amendment 21
Luis Garicano, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1 – point -1 (new)
Regulation (EU) No 575/2013
Article 132 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

(-1) in Article 132, the following paragraph is inserted:

"6a. When the conditions in paragraph 3 are met, and in accordance with paragraph 4, exposures in the form of units or shares in CIUs shall be assigned a risk weight of 0% whenever their underlying portfolio consists of sovereign bonds of euro area Member States whose relative weights for each Member States’ bonds equals the relative weight of each Member States’ capital contribution to the European Central Bank (ECB). The relative weight of the capital contribution to the ECB by each Member State shall be in accordance with the key for subscription, by the national central banks of Members States, of the ECB’s paid-in capital as laid down in Article 29 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union."

Or. en

Amendment 22
Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation
Article 1 – paragraph 1 – point -1 (new)
Regulation (EU) No 575/2013
Article 213 – paragraph 1 – point a

Present text

Amendment

(-1) in Article 213(1), point a is replaced by the following:

(a) the credit protection is direct;

"(a) the credit protection is direct or via a
Amendment 23
Jonás Fernández, Paul Tang, Irene Tinagli

Proposal for a regulation
Article 1 – paragraph 1 – point -1 (new)
Regulation (EU) No 575/2013
Article 242 – point 19 a (new)

Text proposed by the Commission

Amendment

(-1) in Article 242, the following point is added:
"(19a) ‘synthetic excess spread’ means a synthetic excess spread as defined in point (28) of Article 2 of Regulation (EU) 2017/2402"

Or. en

Amendment 24
Jonás Fernández, Paul Tang, Irene Tinagli

Proposal for a regulation
Article 1 – paragraph 1 – point -1 a (new)
Regulation (EU) No 575/2013
Article 248 – paragraph 1 – point d a (new)

Text proposed by the Commission

Amendment

(-1a) In Article 248(1), the following point is added:
"(da) The exposure value of a synthetic excess spread shall include the following items, as applicable:
(i) any income from the securitised exposures already recognised by the originator institution in its income statement under the applicable...
accounting framework that the originator institution has contractually designated to the transaction as synthetic excess spread;

(ii) any synthetic excess spread contractually designated by the originator institution in any previous periods that is still available to absorb losses;

(iii) any synthetic excess spread contractually designated by the originator for the current period that is still available to absorb losses;

(iv) any synthetic excess spread contractually designated by the originator for future periods.

For the purposes of point (i), any amount that is provided as collateral or credit enhancement in relation to the synthetic securitisation and that is already subject to an own funds requirement in accordance with the provisions set out in this Chapter shall not be included in the exposure value."

Amendment 25
Jonás Fernández, Paul Tang, Irene Tinagli

Proposal for a regulation
Article 1 – paragraph 1 – point -1 b (new)
Regulation (EU) No 575/2013
Article 248 – paragraph 3 a (new)

Text proposed by the Commission

(-1b) in Article 248, the following paragraph is added:

"3a. The EBA shall develop draft regulatory technical standards to specify how originator institutions shall determine the exposure value referred to in point (da) of paragraph 1.

The EBA shall submit those draft regulatory technical standards to the
Commission by [6 months after the date of entry into force of this amending Regulation].

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."

Amendment 26
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 1 – paragraph 1 – point 1
Regulation (EU) No 575/2013
Article 249 – paragraph 3 – subparagraph 1

Text proposed by the Commission

By way of derogation from paragraph 2, the eligible providers of unfunded credit protection listed in point (g) of Article 201(1) shall have been assigned a credit assessment by a recognised ECAI which is credit quality step 3 or above;

Amendment

By way of derogation from paragraph 2, the eligible providers of unfunded credit protection listed in point (g) of Article 201(1) shall have been assigned a credit assessment by a recognised ECAI which is credit quality step 2 or above;

Or. en

Amendment 27
Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation
Article 1 – paragraph 1 – point 1 a (new)
Regulation (EU) No 575/2013
Article 249 – paragraph 6 – point b

Present text

(b) the institution buying credit protection

Amendment

(1a) in Article 249(6), point b is replaced by the following:

"(b) the institution buying credit protection
shall calculate risk-weighted exposure amounts in accordance with Chapter 4 for the protected portion.

shall calculate risk-weighted exposure amounts in accordance with Chapter 4 for the protected portion. When the securitisation position could benefit of a credit protection, the latter shall be provided on the securitised portfolio or directly to the securitisation position."

Or. en


Amendment 28
Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation
Article 1 – paragraph 1 – point 1 b (new)
Regulation (EU) No 575/2013
Article 249 – paragraph 7 – point b

Present text

(1b) in Article 249(7), point b is replaced by the following:

"(b) the institution buying or benefitting from credit protection shall calculate risk-weighted exposure amounts for the protected portion of the position referred to in point (a) in accordance with Chapter 4. The institution shall treat the portion of the securitisation position not benefiting from credit protection as a separate securitisation position and shall calculate risk-weighted exposure amounts in accordance with Subsection 3, subject to paragraphs 8, 9 and 10. When the securitisation position could benefit of a credit protection, the latter shall be provided on the securitised portfolio or directly to the securitisation position."

Or. en

Amendment 29  
Jonás Fernández, Paul Tang, Irene Tinagli

Proposal for a regulation
Article 1 – paragraph 1 – point 1 a (new)
Regulation (EU) No 575/2013
Article 256 – paragraph 5 a (new)

Text proposed by the Commission

(1a) in Article 256, the following paragraph is added:

"5a. For the purposes of calculating the attachment points (A) and detachment points (D) of a synthetic securitisation, the originator institution of the securitisation shall treat the exposure value of the securitisation position corresponding to synthetic excess spread referred to in point (da) of Article 248 as a tranche, and adjust the attachment points (A) and detachment points (D) of the other tranches it retains by adding that exposure value to the outstanding balance of the pool of underlying exposures in the securitisation. Institutions other than the originator institution shall not make this adjustment."

Or. en

Amendment 30  
Fabio Massimo Castaldo

Proposal for a regulation
Article 1 – paragraph 1 – point 1 a (new)
Regulation (EU) No 575/2013
Article 268 – paragraph 1

Present text

(1a) In Article 268, paragraph 1 is replaced by the following:

1. An originator institution, a sponsor institution or other institution using the SEC-IRBA or an originator institution or

SEC-IRBA or the SEC-SA or the SEC-
sponsor institution using the SEC-SA or the SEC-ERBA may apply a maximum capital requirement for the securitisation position it holds equal to the capital requirements that would be calculated under Chapter 2 or 3 in respect of the underlying exposures had they not been securitised. For the purposes of this Article, the IRB Approach capital requirement shall include the amount of the expected losses associated with those exposures calculated under Chapter 3 and that of unexpected losses.

**Amendment 31**

Jonás Fernández

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Regulation (EU) No 575/2013

Article 269a – paragraph 1

*Text proposed by the Commission*

1. The risk weight for a position in an NPE securitisation shall be *calculated in accordance with Article 254*, subject to a floor of 100%.

*Amendment*

1. Where the SEC-IRBA or the SEC-SA must be used in accordance with Article 254, the risk weight for a position in an NPE securitisation shall be subject to a floor of 100%.

**Amendment 32**

Fabio Massimo Castaldo

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Regulation (EU) No 575/2013

Article 269a – paragraph 1

*Text proposed by the Commission*

1. The risk weight for a position in an

*Amendment*

1. The risk weight for a position in an
NPE securitisation shall be calculated in accordance with Article 254, *subject to a floor of 100%*.  

Amendment 33  
*Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello*  
Proposal for a regulation  
*Article 1 – paragraph 1 – point 2*  
Regulation (EU) No 575/2013  
Article 269a – paragraph 1  

<table>
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Amendment 34  
*Marco Zanni, Francesca Donato, Valentino Grant, Antonio Maria Rinaldi*  
Proposal for a regulation  
*Article 1 – paragraph 1 – point 2*  
Regulation (EU) No 575/2013  
Article 269a – paragraph 1  

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Amendment 35  
*Philippe Lamberts*  
on behalf of the Greens/EFA Group
Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 1

Text proposed by the Commission

1. The risk weight for a position in an NPE securitisation shall be calculated in accordance with Article 254, subject to a floor of \textbf{100\%}.

Amendment

1. The risk weight for a position in an NPE securitisation shall be calculated in accordance with Article 254, subject to a floor of \textbf{150\%}.

Amendment 36
Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2

Text proposed by the Commission

2. By way of derogation from paragraph 1, institutions shall assign a risk weight of \textbf{100\%} to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 50\% on the nominal amount of the exposures.

Amendment

2. Institutions shall assign to the senior tranche of a qualifying traditional NPE securitisation the following risk weights:

\begin{itemize}
\item[(a)] where the SEC-IRBA or the SEC-SA must be used in accordance with Article 254, the risk weight that results from Article 259 or Article 261, respectively;
\item[(b)] where the SEC-ERBA must be used in accordance with Article 254, the risk weight that results from Article 263.
\end{itemize}

For the purpose of Article 267, the following shall apply:

\begin{itemize}
\item[(a)] the expected losses associated with the underlying exposures shall be included
\end{itemize}
net of the exposures’ non-refundable purchase price discount to calculate the maximum risk-weight of the qualifying senior note of a traditional NPE securitisation;

(b) the maximum risk-weight of the qualifying senior note of a traditional NPE securitisation defined in point (a) shall be subject to a 100% risk-weight ceiling.

Or. en

Amendment 37
Fabio Massimo Castaldo

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2

Text proposed by the Commission

2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 100% to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 50% on the nominal amount of the exposures.

Amendment

2. Institutions shall attribute to the senior tranche of an eligible traditional NPE securitisation the following risk weights:

(a) in cases when the SEC-IRBA or the SEC-SA are to be used in accordance with Article 254, the risk weight that follows from Article 259 or Article 261, respectively;

(b) in cases when the SEC-ERBA is to be used in accordance with Article 254, the risk weight that follows from Article 263.

Within the meaning of Article 267, the following shall apply:

(a) in order to determine the maximum risk-weight of the eligible senior note of a traditional NPE securitisation, the expected
losses linked to the underlying exposures shall be included net of the exposures’ non-refundable purchase price discount;

(b) the maximum risk-weight of the eligible senior note of a traditional NPE securitisation, as described in point (a), shall be subject to a 100% risk-weight ceiling.

Or. en

Amendment 38
Luis Garicano, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2

Text proposed by the Commission

2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 100% to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 50% on the nominal amount of the exposures.

Amendment

2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 100% to the senior securitisation position in a traditional NPE securitisation, provided that the resulting non-refundable purchase price discount is at least 50%.

For the purposes of this Article, 'non-refundable purchase price discount' (NRPPD) means the result of 100% minus the quotient of the sum of the sale price of the tranches (or part of the tranche) of an NPE securitization sold to third party investors, and the nominal value of the tranches (or part of a tranche) retained by the originator, divided by the nominal amount of the underlying exposures.

Or. en
Amendment 39
Othmar Karas

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2

Text proposed by the Commission

2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 100% to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 50% on the nominal amount of the exposures.

Amendment

2. By way of derogation from paragraph 1, institutions shall assign the following risk weights to the senior tranche of a qualifying traditional NPE securitisation subject to a 100% risk-weight ceiling:

(a) where the SEC-IRBA or the SEC-SA must be used in accordance with Article 254, the risk weight that results from Article 259 or Article 261, respectively;

(b) where the SEC-ERBA must be used in accordance with Article 254, the risk weight that results from Article 263.

Or. en

Justification

This amendment develops further the amendment 9 from the draft report. It moves the general 100% risk-weight ceiling under all three approaches for qualifying securitisation (NRPPD>50) to Article 269a(2) to make a clearer separation between the ceiling under the three approaches and a newly introduced cap in Article 267, which is in line with the findings from the EBA Opinion 2019/13.

Amendment 40
Jonás Fernández

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2

Text proposed by the Commission

Amendment
2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 100% to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 50% on the nominal amount of the exposures.

2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 150% to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable purchase price discount of at least 50% on the nominal amount of the exposures as of the securitisation’s origination cut-off date.

Or. en

Amendment 41
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2

Text proposed by the Commission

2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 100% to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 50% on the nominal amount of the exposures.

Amendment

2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 150% to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 50% on the nominal amount of the exposures.

Or. en

Amendment 42
Marco Zanni, Francesca Donato, Valentino Grant, Antonio Maria Rinaldi

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2
2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 100% to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 50% on the nominal amount of the exposures.

Amendment 43
Luis Garicano, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2 – subparagraph 1 a (new)

2. Institutions shall assign a maximum risk weight of 100% to the senior securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 20% on the nominal amount of the exposures.

Or. en

Amendment 44
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2a (new)

2a. If a discount, on the transfer either of the underlying exposures or of a tranche (or part of a tranche), is structured in such a way that it can be refunded in whole or in part to the originator, such discount shall be traded as refundable and shall not count towards the NRPPD for the purposes of this Article.

Or. en
2a. For the purposes of paragraph 1 and paragraph 2 of this Article, the exposures in the pool backing the securitisation shall comply with the following criteria:

(a) the securitisation is backed by a pool of exposures to undertakings, provided that at least 70% of those in terms of portfolio balance qualify as SMEs within the meaning of Article 501 at the time of issuance of the securitisation;

(b) the exposures have been classified as non-performing in the period between 1 February 2020 and 31 December 2022;

(c) the exposures do not compromise credit exposures to carbon intensive assets, including exposures associated with transition risks related to the depreciation of assets due to regulatory change, if these are material;

(d) the institution can demonstrate that there are no relevant sustainability risks to the exposures, including environmental, social and governance risks (ESG risks), if these are material.

For the purposes of implementing the condition referred to in point (c) of the first subparagraph, the EBA shall prepare draft technical regulatory standards to establish the criteria for the identification and measurement of carbon intensity based on a carbon footprint methodology, in order to establish a list of exposures that are defined as carbon asset intensive exposures.

The EBA shall submit those draft regulatory technical standards to the Commission by [6 months after entry into force of this Regulation].

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

For the purposes of point (d) of the first subparagraph, the EBA shall develop draft regulatory technical standards to develop a methodology to identify and measure ESG risks, including physical risks and transition risks.

EBA shall submit those draft regulatory technical standards to the Commission by [6 months after the entry into force of this Regulation].

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

Justification

Exposures to carbon intensive assets run a material high financial risk to become stranded assets and should therefore be subject to a conservative prudential treatment. This provision aims to ensure that the new amendments will not translate in an implicit subsidy to fossil fuels companies or activities and undermine the objectives of the Sustainable Finance Strategy and the achievement of the EU commitments under the Paris Agreement.

Amendment 45
Jonás Fernández

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 2a (new)

Text proposed by the Commission

2a. By way of derogation from paragraph 2, where the conditions set out in that paragraph are fulfilled and the originator uses exclusively the Advanced IRB Approach, the risk weight of the senior tranche position in a traditional NPE securitisation shall be the exposure-weighted-average risk weight that would be applicable to the underlying exposures as if those exposures had not been


**Amendment 46**

Philippe Lamberts
on behalf of the Greens/EFA Group

**Proposal for a regulation**

**Article 1 – paragraph 1 – point 2**

Regulation (EU) No 575/2013

Article 269a – paragraph 2b

*Text proposed by the Commission*

2b. Securitisation positions in a NPE securitisation which compromise new exposures to fossil fuels companies, activities, reserves and fossil fuel power plants shall be assigned a risk weight of 1250%, where the exposure was originated after [date of entry into force of this Regulation].

For the purposes of this Article:

(a) a fossil fuel company or activity means a company or facility engaged in coal, oil, gas, shale gas or bituminous sand exploration, production or exploitation;

(b) a fossil fuel power plants means a plant burning coal, oil, natural gas or shale gas to produce power;

(c) fossil fuel resources mean coal, oil, natural gas, bituminous sand and shale gas.

*Justification*

Exposures to carbon intensive assets run a material high financial risk to become stranded assets and should therefore be subject to a conservative prudential treatment.

**Amendment 47**

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Jonás Fernández

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 4

Text proposed by the Commission

4. For the purpose of Article 268(1), expected losses associated with positions in an NPE securitisation shall be included after deduction of the non-refundable price discount as referred to in paragraph 2 of this Article and, where applicable, any additional specific credit risk adjustments.

Amendment

4. For the purposes of Article 268(1), expected losses associated with positions in an NPE securitisation shall be included after deduction of the non-refundable purchase price discount as referred to in paragraph 2 of this Article and, where applicable, any additional specific credit risk adjustments.

Or. en

Amendment 48
Othmar Karas

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 4 a (new)

Text proposed by the Commission

4a. For the purposes of Article 267, the following shall apply:

(a) where the institution uses the IRB approach on the underlying exposures, the institution shall net the underlying exposures’ non-refundable purchase price discount from the expected losses and the exposure value of such exposures in accordance with the following formula to calculate the maximum risk-weight of the senior tranche of a qualifying traditional NPE securitisation, subject to a floor of 50%:

\[ \text{RW cap} = \text{RWA} + 12.5 \times \max (0; \text{EL-NRPPD}) / (\text{EAD} - \text{NRPPD}) \]

Amendment

4a. For the purposes of Article 267, the following shall apply:

(a) where the institution uses the IRB approach on the underlying exposures, the institution shall net the underlying exposures’ non-refundable purchase price discount from the expected losses and the exposure value of such exposures in accordance with the following formula to calculate the maximum risk-weight of the senior tranche of a qualifying traditional NPE securitisation, subject to a floor of 50%:

\[ \text{RW cap} = \text{RWA} + 12.5 \times \max (0; \text{EL-NRPPD}) / (\text{EAD} - \text{NRPPD}) \]
(b) where the institution uses the standardised approach on the underlying exposures and the underlying exposures have been transferred to the SSPE with a non-refundable purchase price discount of at least 20% on the outstanding balance of those exposures, the maximum risk-weight of the senior tranche shall be subject to a 100% risk-weight ceiling.

Justification

Where the SEC-SA applies, it is the EBA’s opinion (EBA/OP/2019/13) that the investor should be able to apply a 100% RW for the caps for securitisations where the originator was permitted to apply this same RW on the underlying portfolio in accordance with Article 127 and the amount of NRPPD is at least equal to or larger than the SCRA made by the originator. For this purpose, this amendment builds on the amendment 11 from the draft report and modifies paragraph 4a accordingly. As additional refinement, the net/net approach should be expressed as a formula to be more accurate.

Amendment 49
Fabio Massimo Castaldo

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 269a – paragraph 4 a (new)

Text proposed by the Commission

4a. Notwithstanding Article 270, an originator institution may determine the risk-weighted exposure amounts of a securitisation in accordance with Articles 260, 262 or 264, should both of the following conditions be met:

(a) the securitisation was issued before [date of entry into force of this Regulation];

(b) the securitisation met, on [day before the date of entry into force of this Regulation], the conditions set out in Article 270, as applicable on that date.
**Amendment 50**  
Philippe Lamberts  
on behalf of the Greens/EFA Group  

Proposal for a regulation  
Article 1 – paragraph 1 – point 2  
Regulation (EU) No 575/2013  
Article 269a – paragraph 5 a (new)

*Text proposed by the Commission*  

**Amendment**  

5a. Institutions shall report separately to the competent authorities every six months the amount of exposures to NPE securitisations calculated in accordance with this Article.

**Amendment 51**  
Philippe Lamberts  
on behalf of the Greens/EFA Group  

Proposal for a regulation  
Article 1 – paragraph 1 – point 3  
Regulation (EU) No 575/2013  
Article 270

*Text proposed by the Commission*  

**Amendment**  

(3) Article 270 is replaced by the following:

‘Article 270 Senior positions in STS on-balance-sheet securitisation

An originator institution may calculate the risk-weighted exposure amounts of an STS on-balance-sheet securitisation as referred to in Article 26a(1) of Regulation 2017/2402 in accordance with Articles 260, 262 or 264 of this Regulation, as applicable, where both of the following conditions are met:

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(a) the securitisation meets the requirements set out in Article 243(2);
(b) the position qualifies as the senior securitisation position."

Justification

There should be no change in the current STS treatment of synthetic securitisation until the Commission has completed its comprehensive review with possible legislative amendments due by January 2022.

Amendment 52
Marco Zanni, Francesca Donato, Valentino Grant, Antonio Maria Rinaldi

Proposal for a regulation
Article 1 – paragraph 1 – point 3
Regulation (EU) No 575/2013
Article 270 – point b a (new)

Text proposed by the Commission

(ba) the securitisation is backed by a pool of exposures to undertakings, provided that at least 70% of those in terms of portfolio balance qualify as SMEs within the meaning of Article 501 at the time of issuance of the securitisation or in the case of revolving securitisations at the time an exposure is added to the securitisation. If the percentage of exposures to SMEs is equal to 80% in terms of portfolio balance, the risk weight for the positions, calculated in accordance with Articles 260, 262 or 264 of this Regulation, shall be multiplied by a factor of 0.85.

Amendment 53
Philippe Lamberts
on behalf of the Greens/EFA Group
Proposal for a regulation
Article 1 – paragraph 1 – point 3
Regulation (EU) No 575/2013
Article 270 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the credit risk associated with the positions not retained by the originator institution is transferred through a guarantee or a counter-guarantee meeting the requirements for unfunded credit protection set out in Chapter 4 for the Standardised Approach to credit risk

Justification

If a specific framework for balance sheet securitisation is granted, as a minimum equivalent criteria on credit protection to those established for regulatory treatment of traditional securitisation must be introduced to ensure proper collateralisation and consistency with the STS framework.

Amendment 54
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 1 – paragraph 1 – point 3
Regulation (EU) No 575/2013
Article 270 – point b b (new)

Text proposed by the Commission

Amendment

(bb) the third party to which the credit risk is transferred is one or more of the following:

(i) the central government or the central bank of a Member State, a multilateral development bank, an international organisation or a promotional entity, provided that the exposures to the guarantor or counter-guarantor qualify for a 0% risk weight under Chapter 2;

(ii) an institutional investor as defined in point (12) of Article 2 of Regulation (EU)
2017/2402 provided that the guarantee or counter-guarantee is fully collateralised by cash on deposit with the originator institution.

Justification

If a specific framework for balance sheet securitisation is granted, as a minimum equivalent criteria on credit protection to those established for regulatory treatment of traditional securitisation must be introduced to ensure proper collateralisation and consistency with the STS framework.

Amendment 55
Philippe Lamberts
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 1 – paragraph 1 – point 3 a (new)
Regulation (EU) No 575/2013
Article 270 a (new)

Text proposed by the Commission

Amendment

(3a) the following Article is inserted before Article 270a:

"Article 270a

Originator institutions shall report to the competent authorities every six months and disclose information concerning the total amount of exposures to synthetic securitisations, with breakdowns by asset class."

Or. en

Amendment 56
José Manuel García-Margallo y Marfil, Isabel Benjumea Benjumea

Proposal for a regulation
Article 1 – paragraph 1 – point 3 a (new)
Regulation (EU) No 575/2013
Article 274 – paragraph 7 a (new)
(3a) In Article 274, the following paragraph is added:

"7a. By way of derogation from paragraph 2, institutions shall calculate under the Standardised Approach for Counterparty Credit Risk the exposure value of a netting set of transactions with non-financial counterparties as defined in point (9) of Article 2 of Regulation (EU) No 648/2012, or with non-financial counterparties established in a third country, where those transactions do not exceed the clearing threshold as specified in Article 10(3) and (4) of that Regulation, until the legislative amendment provided for in Article 514(2), as follows: Exposure value = RC + PF"

Or. en

Justification

It is crucial that end-users can continue to hedge their risks to protect the robustness of their balance sheets which is crucial to maintain economic stability, even more under the COVID-19 environment, and will be critical for the recovery. It is important, that a cliff-effect on banks’ capital requirements be avoided when implementing SA-CCR. Modification of SA-CCR will grant the international level playing field, with the US having modified SA-CCR in the same manner as it applies to clients.

Amendment 57
Luis Garicano, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1 – point 3 a (new)
Regulation (EU) No 575/2013
Article 325 – paragraph 3 a (new)
of this Regulation as exposures to the central government of a Member State.”

Amendment 58
Luis Garicano, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1 – point 3 b (new)
Regulation (EU) No 575/2013
Article 416 – paragraph 1 – point c a (new)

Text proposed by the Commission

Amendment

(3b) In Article 416(1), the following point is inserted:

"(ca) transferable assets that are CIUs whose underlying portfolio consists of sovereign bonds of Euro-area Member States, as laid out in Article 132(6a) of this Regulation."

Or. en

Amendment 59
Luis Garicano, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1 – point 3 c (new)
Regulation (EU) No 575/2013
Article 416 – paragraph 2 – point c – point i

Present text

Amendment

(3c) in Article 416(2), point (c)(i) is replaced by the following:

(i) an investment firm;

"(i) an investment firm, except for the CIUs referred to in point (ca) of paragraph 1 of this Article;"

Or. en

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Amendment 60
Luis Garicano, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1 – point 3 d (new)
Regulation (EU) No 575/2013
Article 429a – paragraph 1 – point j a (new)

Text proposed by the Commission

Amendment

(3d) In Article 429a(1), the following point is inserted:

"(ja) exposures that are CIUs whose underlying portfolio consists of sovereign bonds of euro area Member States, as defined in Article 132(6a) of this Regulation."

Or. en

Amendment 61
Marco Zanni

Proposal for a regulation
Article 1 – paragraph 1 – point 4 a (new)
Regulation (EU) No 575/2013
Article 494b a (new)

Text proposed by the Commission

Amendment

(4a) the following Article is inserted:

"Article 494ba

Grandfathering for securitisation positions

By way of derogation from Article 270, an originator institution may calculate the risk-weighted exposure amounts of a securitisation in accordance with Articles 260, 262 or 264 where both of the following conditions are met:

(a) the securitisation was issued before
[date of entry into force of this text];
(b) the securitisation met, on [day before date of entry into force of this Regulation], the conditions laid down in Article 270 as applicable at that date."

Amendment 62
Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation
Article 1 – paragraph 1 – point 4 a (new)
Regulation (EU) No 575/2013
Article 494b a (new)

Text proposed by the Commission

Amendment

(4a) the following article is inserted:

"Article 494ba
Grandfathering for securitisations positions
By way of derogation of Article 270, an originator may calculate the risk-weighted exposures amounts of a securitisation in accordance with Articles 260, 262 or 264 where both of the following conditions are met:
(a) the securitisation met on [day before date of entry into force of this Regulation], the conditions laid down in Article 270 as applicable at that date;
(b) the securitisation was issued before [date of entry into force of this Regulation]."

Amendment 63
Philippe Lamberts
on behalf of the Greens/EFA Group
Proposal for a regulation
Article 1 – paragraph 1 – point 4 a (new)
Regulation (EU) No 575/2013
Article 519a a (new)

Text proposed by the Commission

Amendment

(4a) the following article is inserted:

“Article 519aa

NPE securitisations

1. No later than two years after the entry into force of this Regulation, the Commission shall review the prudential treatment of NPE securitisations pursuant to Article 269a to take account of regulatory developments in the classification of carbon intensive assets and ESG risks as well as the possible expansion of the scope of Regulation (EU) 2020/852, and, where appropriate, shall submit a legislative proposal to the European Parliament and the Council.

2. The EBA shall monitor annually the application of Article 269a and shall evaluate the regulatory capital treatment of NPE securitisations having regard to the developments and conditions for the NPEs markets, the impact on bank lending practices as well as the effects on expansion of the institutions’ lending capacity to the real economy, and publish an annual report on its findings no later than [2 years after the date of entry into force of this Regulation].

Within six months after the publication of the EBA report referred to in the first subparagraph, the Commission shall, on the basis of that report, submit a report to the European Parliament and the Council on the application of Article 269a, together with a legislative proposal, where appropriate to revise the prudential treatment of NPE securitisation.

3. The ESRB shall, in close cooperation with EBA, ESMA and EIOPA publish a report no later than [18 months after the
date of entry into force of this Regulation] to analyse the impact on financial stability and any systemic risks arising from the introduction of a specific treatment for NPE [and synthetic] securitisations, such as the potential financial risks created by concentration and inter-connectedness among non-public credit protection sellers.

The Commission shall, on the basis of the ESRB report, submit a report to the European Parliament and the Council together with a legislative proposal, where appropriate, to revise the prudential treatment granted to securitisations by no later than [two years after the date of entry into force of this Regulation]."

Or. en

Amendment 64
Luis Garicano, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1 – point 4 a (new)
Regulation (EU) No 575/2013
Article 519a a (new)

Text proposed by the Commission

Amendment

(4a) The following Article is inserted:
"Article 519aa
NPE securitisations
The EBA shall monitor the application of this Article along with the NPE securitisation market and, by [18 months after the date of entry into force of this Regulation], shall publish a report on its findings to the Commission."

Or. en

Amendment 65
Proposal for a regulation
Article 1 – paragraph 1 – point 4 b (new)
Regulation (EU) No 575/2013
Article 519b a (new)

Text proposed by the Commission

(4b) The following Article is inserted:

"Article 519ba

CIUs with an underlying portfolio of euro area sovereign bonds

The European Systemic Risk Board shall monitor the implementation of Articles 132(6a), 325(3a), 416(1)(ca), 416(2)(c)(i), Article 429a(1)(ja) and the development of a market for CIUs that have an underlying portfolio of sovereign bonds of euro area Member States with relative weights following the capital contribution to the ECB. By [12 months after the date of entry into force of this Regulation], it shall publish a report with its findings, as well as any potential recommendations for the development of sovereign bond backed securities. Taking these into account, the Commission shall conduct a revision of its impact assessment and, if appropriate, amend its proposed Regulation 2018/0171."

Amendment

Or. en