AMENDMENTS
17 - 76

Draft report
Jonás Fernández
(PE703.039v01-00)

Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities

Proposal for a regulation
(2) Article 12a of Regulation (EU) No 575/2013 provides that global systemically important institution (G-SII) groups with a resolution strategy under which more than one group entity might be resolved (Multiple Point of Entry (MPE) resolution strategy) are to calculate their risk-based requirement for own funds and eligible liabilities under the theoretical assumption that only one entity of the group would be resolved, with the losses and recapitalisation needs of any subsidiaries of that group being transferred to the resolution entity (Single Point of Entry (SPE) resolution strategy). In line with the TLAC standard, that calculation should take into account all third-country entities belonging to a G-SII that would be resolution entities were they established in the Union.

(2) Article 12a of Regulation (EU) No 575/2013 provides that global systemically important institution (G-SII) groups with a resolution strategy under which more than one group entity might be resolved (Multiple Point of Entry (MPE) resolution strategy) are to calculate their risk-based requirement for own funds and eligible liabilities under the theoretical assumption that only one entity of the group would be resolved, with the losses and recapitalisation needs of any subsidiaries of that group being transferred to the resolution entity (Single Point of Entry (SPE) resolution strategy). A similar requirement is provided for in Article 45d(4) of Directive 2014/59/EU, for the additional requirement for own funds and eligible liabilities that may be imposed by resolution authorities pursuant to paragraph 3 of that Article. In line with the TLAC standard, those calculations should take into account all third-country entities belonging to a G-SII that would be resolution entities were they established in the Union.

Or. en
important institution (G-SII) groups with a resolution strategy under which more than one group entity might be resolved (Multiple Point of Entry (MPE) resolution strategy) are to calculate their risk-based requirement for own funds and eligible liabilities under the theoretical assumption that only one entity of the group would be resolved, with the losses and recapitalisation needs of any subsidiaries of that group being transferred to the resolution entity (Single Point of Entry (SPE) resolution strategy). In line with the TLAC standard, that calculation should take into account all third-country entities belonging to a G-SII that would be resolution entities were they established in the Union.

This amendment should clarify that all third-country entities belonging to a G-SII that would be resolution entities were they established in the Union refer to entities, which according to the decision of the third-country resolution authority, are planned to enter into third-country resolution proceedings in case of failure.

Amendment 19
Isabel Benjumea Benjumea
Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) According to Article 45h(2), third subparagraph, of Directive 2014/59/EU, and to the TLAC standard, the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy must not be lower than that group’s theoretical requirement

Amendment

(3) According to Article 45h(2), third subparagraph, of Directive 2014/59/EU, and to the TLAC standard, the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy must not be lower than that group’s theoretical requirement
under an SPE resolution strategy.
Regulation (EU) No 575/2013, namely Articles 12a and 92a(3), should be aligned with the corresponding provisions of Directive 2014/59/EU and ensure that resolution authorities always act in accordance with that Directive and consider both the requirements for own funds and eligible liabilities laid down in Regulation (EU) No 575/2013 as well as any additional requirement for own funds and eligible liabilities determined in accordance with Article 45d of Directive 2014/59/EU. This should not prevent resolution authorities from concluding that any adjustment to minimise or eliminate the difference between the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy and that group’s theoretical requirement under an SPE resolution strategy, when the former is higher than the latter, would be inappropriate or inconsistent with the G-SII’s resolution strategy.

To ensure consistency between Article 12a of Regulation (EU) No 575/2013 and Article 45h(2) of Directive 2014/59/EU, the calculation referred to in Article 45h(2) of that Directive should also take into account the loss absorbency requirements of all third-country entities belonging to a G-SII that would be resolution entities if they were established in the Union.

Or. en

Amendment 20
Othmar Karas, Markus Ferber

Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) According to Article 72e(4), first subparagraph, of Regulation (EU) No

Amendment

(5) According to Article 72e(4), first subparagraph, of Regulation (EU) No

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575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that is equivalent to internationally agreed standards. According to the relevant EU resolution authority is materially at least fully equivalent to internationally agreed standards, more specifically the Financial Stability Board’s ‘Key Attributes of Effective Resolution Regimes for Financial Institutions’ and the TLAC standard, and where the third-country resolution authorities have issued decisions that the third-country subsidiaries of that G-SII are planned to enter into third-country resolution proceedings in case of failure.

1a Financial Stability Board, Key Attributes of Effective Resolution Regimes for Financial Institutions, 15.10.2014.

Or. en

Justification

This amendment should avoid doubts about which authority has to determine whether the resolution regime is materially at least fully equivalent with what is referred to as "internationally agreed standards", more specifically the Financial Stability Board’s ‘Key
Attributes of Effective Resolution Regimes for Financial Institutions’ and the TLAC standard. It should also clarify that it relates to entities which, according to the decision of the third-country resolution authority, are planned to enter into third-country resolution proceedings in case of failure.

Amendment 21
Ernest Urtasun
on behalf of the Greens/EFA Group

Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that is equivalent to internationally agreed standards.

Amendment

(5) According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that is legally enforceable and equivalent to internationally agreed standards. For third-country subsidiaries without an applicable equivalent resolution requirement the full amount of these holdings of own funds instruments or eligible liabilities instruments should be
Amendment 22
Danuta Maria Hübner

Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that is equivalent to internationally agreed standards.

Amendment

(5) According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that is equivalent to internationally agreed standards, more specifically the Financial Stability Board’s ‘Key Attributes of Effective Resolution Regimes for Financial Institutions’ and the TLAC standard, and where the third-country resolution authorities have issued decisions that the third-country subsidiaries of that G-SII are planned to enter into third-country
According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that is equivalent to internationally agreed standards.

(5) According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that, according to the relevant EU resolution authority, is legally enforceable and implements internationally agreed standards.
Amendment 24  
Othmar Karas

Proposal for a regulation
Recital 6

*Text proposed by the Commission*

(6) To operationalise the approach of indirect subscription of internal MREL eligible instruments within resolution groups and to ensure that that approach is prudentially sound, the European Banking Authority (EBA) was mandated under Article 45f(6) of Directive 2014/59/EU to develop draft regulatory technical standards to specify a methodology for such an indirect *issuance* of eligible instruments. However, as highlighted by the EBA in its letter to the Commission dated 25 January 2021, there were several inconsistencies between the requirements for the delegation laid down in Directive 2014/59/EU and the existing prudential rules laid down in Regulation (EU) No 575/2013, which did not allow the application of the prudential treatment needed for the mandate to be fulfilled as originally intended. More precisely, the EBA noted that Regulation (EU) No 575/2013 did not allow for the deduction of internal MREL eligible instruments and, subsequently, for the application of an appropriate risk weight in all the cases relevant for the mandate under Directive 2014/59/EU. Similar issues were identified in the area of the leverage ratio requirement laid down in Regulation (EU) No 575/2013. In light of those legal constraints, the methodology developed by the EBA should be incorporated directly into Regulation (EU) No 575/2013. Consequently, the mandate to develop draft regulatory technical standards set out in Article 45f(6) of Directive 2014/59/EU

*Amendment*

(6) To operationalise the approach of indirect subscription of internal MREL eligible instruments within resolution groups and to ensure that that approach is prudentially sound, the European Banking Authority (EBA) was mandated under Article 45f(6) of Directive 2014/59/EU, as amended by Directive (EU) 2019/879, to develop draft regulatory technical standards to specify a methodology for such an indirect *subscription* of eligible instruments. However, as highlighted by the EBA in its letter to the Commission dated 25 January 2021, there were several inconsistencies between the requirements for the delegation laid down in Directive 2014/59/EU and the existing prudential rules laid down in Regulation (EU) No 575/2013, which did not allow the application of the prudential treatment needed for the mandate to be fulfilled as originally intended. More precisely, the EBA noted that Regulation (EU) No 575/2013 did not allow for the deduction of internal MREL eligible instruments and, subsequently, for the application of an appropriate risk weight in all the cases relevant for the mandate under Directive 2014/59/EU. Similar issues were identified in the area of the leverage ratio requirement laid down in Regulation (EU) No 575/2013. In light of those legal constraints, the methodology developed by the EBA should be incorporated directly into Regulation (EU) No 575/2013. Consequently, the mandate to develop draft regulatory technical standards set out in
should be deleted. Article 45f(6) of Directive 2014/59/EU, as amended by Directive (EU) 2019/879, should be deleted.

Or. en

Justification

This amendment should better align the wording with the wording used in the mandate in BRRD Article 45(f) paragraph 6.

Amendment 25
Othmar Karas

Proposal for a regulation
Recital 7

Text proposed by the Commission

(7) In the context of the indirect subscription of internal MREL eligible instruments by resolution entities pursuant to the revised Union bank resolution framework, intermediate parents should be required to deduct from their own internal MREL eligible resources the full holding of own funds and eligible liabilities issued by their subsidiaries belonging to the same resolution group. This ensures the proper functioning of the internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of the subsidiary for the purposes of compliance by the intermediate parent with its own internal MREL. Additionally, without those deductions, the individual solvency ratios of intermediate parents would not reflect appropriately and prudently their actual loss-absorbing capacity, as those ratios would also include the loss-absorbing capacity of their subsidiaries. This could compromise the proper implementation of the chosen resolution strategy, as the intermediate parent could use up not only its own loss absorption capacity but also that of its subsidiary,

Amendment

(7) In the context of the indirect subscription of internal MREL eligible instruments by resolution entities pursuant to the revised Union bank resolution framework, intermediate parents should be required to deduct from their own internal MREL eligible resources the full holding of own funds and eligible liabilities that meet the conditions of Article 45f(2) of Directive 2014/59/EU issued by their subsidiaries belonging to the same resolution group. This ensures the proper functioning of the internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of the subsidiary for the purposes of compliance by the intermediate parent with its own internal MREL. To ensure that the deduction regime remains proportionate, intermediate parents should be able to choose the mix of instruments (own funds versus eligible liabilities) with which they fund the acquisition of ownership of internal MREL eligible resources. This would allow intermediate parents to completely avoid any own funds related deductions as long as they have issued
before the intermediate parent or the subsidiary are no longer viable. The deductions should first be applied to the eligible liabilities items of the intermediate parents. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate parents, the remaining amount should be deducted from their Tier 2 items. To ensure that the deduction regime remains proportionate, that regime should not be applicable in the exceptional cases where internal MREL is applied on a consolidated basis only.

sufficient eligible liabilities. The deductions should therefore first be applied to the eligible liabilities items of the intermediate parents. Where the intermediate entity is required to comply with internal MREL pursuant to Directive 2014/59/EU on an individual basis, the deductions should be applied to the eligible liabilities meeting the conditions of Article 45f(2) of that Directive. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate parents, the remaining amount should be deducted from their Common Equity Tier 1, Additional Tier 1 and Tier 2 items, starting with Tier 2 items in accordance with Article 66, point (e), of Regulation (EU) No 575/2013. In such a case, it is necessary that the deductions corresponding to the remaining amount are also applied when calculating own funds for the purposes of the requirements laid down in Regulation (EU) No 575/2013 and Directive 2013/36/EU. Otherwise, the solvency ratios of intermediate entities that have issued own funds instruments, rather than eligible liabilities instruments, to fund the acquisition of ownership of internal MREL eligible resources may be overstated. Additionally, by keeping the treatment of holdings of internal MREL eligible resources aligned for prudential and resolution purposes, an undue increase in complexity is avoided, as institutions would be able to continue to calculate, report and disclose one set of total risk exposure amount and total exposure measure for prudential and resolution purposes. Article 49(2) of Regulation (EU) No 575/2013 should thus be amended accordingly. To further enhance the proportionality of the deduction regime, that regime should not be applicable in the exceptional cases where, pursuant to Articles 45f(1), third subparagraph, and 45f(4) of Directive 2014/59/EU, internal MREL is applied on a consolidated basis only, in what
concerns the holdings of internal MREL eligible resources issued by entities included in the perimeter of consolidation. The same exception should apply when the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs laid down in Article 92b of Regulation (EU) No 575/2013 is complied with on a consolidated basis, pursuant to Article 11(3a) of Regulation (EU) No 575/2013.


Or. en
subsidiary for the purposes of compliance by the intermediate parent with its own internal MREL. Additionally, without those deductions, the individual solvency ratios of intermediate parents would not reflect appropriately and prudently their actual loss-absorbing capacity, as those ratios would also include the loss-absorbing capacity of their subsidiaries. This could compromise the proper implementation of the chosen resolution strategy, as the intermediate parent could use up not only its own loss absorption capacity but also that of its subsidiary, before the intermediate parent or the subsidiary are no longer viable. The deductions should first be applied to the eligible liabilities items of the intermediate parent. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate parent, the remaining amount should be deducted from their Tier 2 items. To ensure that the deduction regime remains proportionate, that regime should not be applicable in the exceptional cases where internal MREL is applied on a consolidated basis only.

The deductions should first be applied to the eligible liabilities items of the intermediate entities. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate entities, the remaining amount should be deducted from their Tier 2 items, starting with Tier 2 items in accordance with Article 66, point (e), of Regulation (EU) No 575/2013. In such a case, it is necessary that the deductions corresponding to the remaining amount are also applied when calculating own funds for the purposes of the requirements laid down in Regulation (EU) No 575/2013 and Directive 2013/36/EU. Otherwise, the solvency ratios of intermediate entities that have issued own funds instruments, rather than eligible liabilities instruments, to fund the acquisition of ownership of internal MREL eligible resources may be overstated. Additionally, by keeping the treatment of holdings of internal MREL eligible resources aligned for prudential and resolution purposes, an undue increase in complexity is avoided, as
institutions would be able to continue to calculate, report and disclose one set of total risk exposure amount and total exposure measure for prudential and resolution purposes. Article 49(2) of Regulation (EU) No 575/2013 should thus be amended accordingly. To ensure that the deduction regime remains proportionate, that regime should not be applicable in the exceptional cases where, pursuant to Articles 45f(1), third subparagraph, and 45f(4) of Directive 2014/59/EU, internal MREL is applied on a consolidated basis only, in what concerns the holdings of internal MREL eligible resources issued by entities included in the perimeter of consolidation. The same exception should apply when the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs laid down in Article 92b of Regulation (EU) No 575/2013 is complied with on a consolidated basis, pursuant to Article 11(3a) of Regulation(EU) No 575/2013.

Amendment 27
Raffaele Fitto

Proposal for a regulation
Recital 7

Text proposed by the Commission

(7) In the context of the indirect subscription of internal MREL eligible instruments by resolution entities pursuant to the revised Union bank resolution framework, intermediate parents should be required to deduct from their own internal MREL eligible resources the full holding of own funds and eligible liabilities issued by their subsidiaries belonging to the same resolution group. This ensures the proper functioning of the internal loss-

Amendment

(7) In the context of the indirect subscription of internal MREL eligible resources by resolution entities pursuant to the revised Union bank resolution framework, intermediate entities should be required to deduct their holding of internal MREL eligible resources issued by entities that are not themselves resolutions entities and which belong to the same resolution group up to an amount equivalent to the internal MREL requirements of such
absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of the subsidiary for the purposes of compliance by the intermediate parent with its own internal MREL. Additionally, without those deductions, the individual solvency ratios of intermediate parents would not reflect appropriately and prudently their actual loss-absorbing capacity, as those ratios would also include the loss-absorbing capacity of their subsidiaries. This could compromise the proper implementation of the chosen resolution strategy, as the intermediate parent could use up not only its own loss absorption capacity but also that of its subsidiary, before the intermediate parent or the subsidiary are no longer viable. The deductions should first be applied to the eligible liabilities items of the intermediate parents. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate parents, the remaining amount should be deducted from their Tier 2 items. To ensure that the deduction regime remains proportionate, that regime should not be applicable in the exceptional cases where internal MREL is applied on a consolidated basis only.

entities. This ensures the proper functioning of the internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of those entities for the purposes of compliance by the intermediate entity with its own internal MREL. Without those deductions, the proper implementation of the chosen resolution strategy could be compromised, as the intermediate entity could use up not only its own loss absorption and recapitalisation capacity but also that of other entities that are not themselves resolutions entities and which belong to the same resolution group, before the intermediate entity or those other entities are no longer viable. To ensure that the obligation to deduct is aligned with the scope of entities that may be used by the resolution entity for the indirect subscription of internal MREL eligible resources, and to avoid regulatory arbitrage, intermediate entities should deduct their holdings of internal MREL eligible resources issued by all entities belonging to the same resolution group and that may be subject to compliance with internal MREL, and not just the holdings of resources issued by their subsidiaries. The same obligations should apply in the case of indirect issuance of resources eligible for compliance with the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs laid down in Article 92b of Regulation (EU) No 575/2013, where relevant.

Amendment 28
Irene Tinagli
Proposal for a regulation
Recital 7
(7) In the context of the indirect subscription of internal MREL eligible instruments by resolution entities pursuant to the revised Union bank resolution framework, intermediate parents should be required to deduct from their own internal MREL eligible resources the full holding of own funds and eligible liabilities issued by their subsidiaries belonging to the same resolution group. This ensures the proper functioning of the internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of the subsidiary for the purposes of compliance by the intermediate parent with its own internal MREL. Additionally, without those deductions, the individual solvency ratios of intermediate parents would not reflect appropriately and prudently their actual loss-absorbing capacity, as those ratios would also include the loss-absorbing capacity of their subsidiaries. This could compromise the proper implementation of the chosen resolution strategy, as the intermediate parent could use up not only its own loss absorption capacity but also that of its subsidiary, before the intermediate parent or the subsidiary are no longer viable. The deductions should first be applied to the eligible liabilities items of the intermediate parents. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate parents, the remaining amount should be deducted from their Tier 2 items. To ensure that the deduction regime remains proportionate, that regime should not be applicable in the exceptional cases where internal MREL is applied on a consolidated basis only.

(7) In the context of the indirect subscription of internal MREL eligible resources by resolution entities pursuant to the revised Union bank resolution framework, intermediate entities should be required to deduct their full holding of internal MREL eligible resources issued by entities that are not themselves resolution entities and which belong to the same resolution group up to an amount equivalent to the internal MREL requirements of such entities. This ensures the proper functioning of the internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of those entities for the purposes of compliance by the intermediate entity with its own internal MREL. Without those deductions, the proper implementation of the chosen resolution strategy could be compromised, as the intermediate entity could use up not only its own loss absorption and recapitalisation capacity but also that of other entities that are not themselves resolution entities and which belong to the same resolution group, before the intermediate entity or those other entities are no longer viable. To ensure that the obligation to deduct is aligned with the scope of entities that may be used by the resolution entity for the indirect subscription of internal MREL eligible resources, and to avoid regulatory arbitrage, intermediate entities should deduct their holdings of internal MREL eligible resources issued by all entities belonging to the same resolution group and that may be subject to compliance with internal MREL, and not just the holdings of resources issued by their subsidiaries. The same obligations should apply in the case of indirect issuance of resources eligible for compliance with the requirement for own funds and eligible liabilities for material subsidiaries of non-
EU G-SIIs laid down in Article 92b of Regulation (EU) No575/2013, where relevant.

Amendment 29
Frances Fitzgerald

Proposal for a regulation
Recital 7

Text proposed by the Commission

(7) In the context of the indirect subscription of internal MREL eligible instruments by resolution entities pursuant to the revised Union bank resolution framework, intermediate parents should be required to deduct from their own internal MREL eligible resources the full holding of own funds and eligible liabilities issued by their subsidiaries belonging to the same resolution group. This ensures the proper functioning of the internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of the subsidiary for the purposes of compliance by the intermediate parent with its own internal MREL. Additionally, without those deductions, the individual solvency ratios of intermediate parents would not reflect appropriately and prudently their actual loss-absorbing capacity, as those ratios would also include the loss-absorbing capacity of their subsidiaries. This could compromise the proper implementation of the chosen resolution strategy, as the intermediate parent could use up not only its own loss absorption capacity but also that of its subsidiary, before the intermediate parent or the subsidiary are no longer viable. The deductions should first be applied to the eligible liabilities items of the intermediate parents. In case the amount to be deducted

Amendment

(7) In the context of the indirect subscription of internal MREL eligible instruments by resolution entities pursuant to the revised Union bank resolution framework, intermediate parents should be required to deduct from their own internal MREL eligible resources the holding of own funds and eligible liabilities, according to internal MREL requirements, issued by their subsidiaries belonging to the same resolution group. This ensures the proper functioning of the internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of the subsidiary for the purposes of compliance by the intermediate parent with its own internal MREL. Additionally, without those deductions, the individual solvency ratios of intermediate parents would not reflect appropriately and prudently their actual loss-absorbing capacity, as those ratios would also include the loss-absorbing capacity of their subsidiaries. This could compromise the proper implementation of the chosen resolution strategy, as the intermediate parent could use up not only its own loss absorption capacity but also that of its subsidiary, before the intermediate parent or the subsidiary are no longer viable. The deductions should first be applied to the eligible liabilities items of the intermediate...
would exceed the amount of the eligible liabilities items of the intermediate parents, the remaining amount should be deducted from their Tier 2 items. To ensure that the deduction regime remains proportionate, that regime should not be applicable in the exceptional cases where internal MREL is applied on a consolidated basis only.

Amendment 30
Othmar Karas, Markus Ferber

Proposal for a regulation
Recital 8

Text proposed by the Commission

(8) The indirect subscription of internal MREL eligible instruments should ensure that, when a subsidiary reaches the point of non-viability, losses are effectively passed on to, and the subsidiary concerned is recapitalised by, the resolution entity. Those losses should thus not be absorbed by the intermediate parent, which should become a mere vehicle to pass through those losses to the resolution entity. Consequently, and to ensure that the outcome of the indirect subscription is equivalent to that of a full direct subscription, as envisaged under the mandate set out in Article 45f(6) of Directive 2014/59/EU, the deducted exposures should receive a 0 % risk weight for the calculation of the total risk exposure amount and be excluded from the calculation of the total exposure measure.

Amendment

(8) The indirect subscription of internal MREL eligible instruments should ensure that, when a subsidiary reaches the point of non-viability, losses are effectively passed on to, and the subsidiary concerned is recapitalised by, the resolution entity. Those losses should thus not be absorbed by the intermediate parent, which should become a mere vehicle to pass through those losses to the resolution entity. Consequently, and to ensure that the outcome of the indirect subscription is equivalent to that of a full direct subscription, as envisaged under the mandate set out in Article 45f(6) of Directive 2014/59/EU, the deducted exposures should receive a 0 % risk weight for the calculation of the total risk exposure amount and be excluded from the calculation of the total exposure measure. This treatment of not applying risk weights and excluding those exposures from the total exposure measure should strictly be limited to exposures that are deducted in accordance to Article 72e(5), first subparagraph, for the sake of operationalising the approach of indirect
subscription of internal MREL eligible instruments.

Amendment 31
Othmar Karas, Markus Ferber
Proposal for a regulation
Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) The templates for the public disclosure of harmonised information on the minimum requirement for own funds and eligible liabilities and on the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SII set out in Commission Implementing Regulation(EU) 2021/763\(^a\) should be amended to reflect the new deduction regime for internal MREL eligible instruments. The disclosure templates should also be amended to include the total risk exposure amount and the total exposure measure that intermediate entities would have if they did not exclude the exposures deducted under that new deduction regime.

Amendment 32
Danuta Maria Hübner

Proposal for a regulation
Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) The templates for the public
disclosure of harmonised information on
the minimum requirement for own funds
and eligible liabilities and on the
requirement for own funds and eligible
liabilities for material subsidiaries of non-
EU G-SIs set out in Commission
Implementing Regulation (EU) 2021/763
should be amended to reflect the new
deduction regime for internal MREL
eligible resources. The disclosure
templates should also be amended to
include the total risk exposure amount
and the total exposure measure that
intermediate entities would have if they
did not exclude the exposures deducted
under that new deduction regime.

Or. en

Amendment 33
Othmar Karas, Markus Ferber

Proposal for a regulation
Recital 10

Text proposed by the Commission

Amendment

(10) To ensure that institutions have
sufficient time to implement the dedicated
treatment for the indirect subscription of
instruments eligible for internal MREL,
including the new deduction regime, the
provisions laying down that treatment
should become applicable six months after
the entry into force of this Regulation.

(10) To ensure that institutions have
sufficient time to implement the dedicated
treatment for the indirect subscription of
instruments eligible for internal MREL,
including the new deduction regime, and
that markets can digest additional
issuances of internal MREL eligible
resources, where needed, the provisions
laying down that treatment should become
applicable on 1 January 2024, in line with the deadline for compliance with the final MREL requirements.

Justification

It is appropriate to extend the date of application in line with the deadline for compliance with the final MREL requirements on 1 January 2024 to allow for sufficient time for operationalisation. As the daisy chain approach envisages new deductions at the level of the intermediate entities, institutions are in need of more time to issue additional instruments at that level. In addition, the markets needs time to digest these additional issuances.

Amendment 34
Linea Søgaard-Lidell, Gilles Boyer, Stéphanie Yon-Courtin, Caroline Nagtegaal, Billy Kelleher

Proposal for a regulation
Recital 10

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(10) To ensure that institutions have sufficient time to implement the dedicated treatment for the indirect subscription of instruments eligible for internal MREL, including the new deduction regime, the provisions laying down that treatment should become applicable six months after the entry into force of this Regulation.</td>
<td>(10) To ensure that institutions have sufficient time to implement the dedicated treatment for the indirect subscription of internal MREL eligible resources, including the new deduction regime, the provisions laying down that treatment should become applicable from 01 January 2024.</td>
</tr>
</tbody>
</table>

Amendment 35
Isabel Benjumea Benjumea

Proposal for a regulation
Recital 10

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
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<tr>
<td>(10) To ensure that institutions have sufficient time to implement the dedicated treatment for the indirect subscription of</td>
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</tr>
</tbody>
</table>
instruments eligible for internal MREL, including the new deduction regime, the provisions laying down that treatment should become applicable **six** months after the entry into force of this Regulation.

instruments eligible for internal MREL, including the new deduction regime, the provisions laying down that treatment should become applicable **three** months after the entry into force of this Regulation.

**Amendment 36**  
Othmar Karas

Proposal for a regulation  
Recital 10 a (new)

*Text proposed by the Commission*

(10a) In order to duly assess potential unintended consequences of the indirect subscription of instruments eligible for internal MREL, including the new deduction regime, and to ensure a proportionate treatment, including by excluding liquidation entities from internal MREL, and a level playing field between different types of banking group structures, in particular groups headed by holding companies that may be particularly affected by the new rules, the Commission should review the implementation of the indirect subscription of internal MREL eligible resources by the different types of banking group structures as soon as possible but not later than by 31 December 2022.

**Amendment 37**  
José Manuel García-Margallo y Marfil

Proposal for a regulation  
Article 1 – paragraph 1 – point 1  
Regulation (EU) No 575/2013  
Article 4 – paragraph 1 – point 130 a
(130a) ‘relevant third-country authority’ means a third-country authority as defined in Article 2(1), point (90), of Directive 2014/59/EU;

(130a) ‘relevant third-country authority’ means a third-country authority as defined in Article 2(1), point (90), of Directive 2014/59/EU, taking into account the requirements of Article 33 of Regulation (EU) No 1093/2010.

(The following point (130(a) shall be inserted into Article 4(1) of Regulation 575/2013))

Or. es

Amendment 38
Isabel Benjumea Benjumea

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 12 a – paragraph 1

Text proposed by the Commission

Where at least two G-SII entities belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the EU parent institution of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in Article 92a(1), point (a). That calculation shall be undertaken on the basis of the consolidated situation of the EU parent institution as if it were the only resolution entity of the G-SII.

Amendment

Where at least two G-SII entities belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the EU parent institution of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in Article 92a(1), point (a), for the following entities:

(a) each resolution entity or third-country entity that would be a resolution entity if it were established in the Union;

(b) the EU parent institution as if it were the only resolution entity of the G-SII.

The calculation referred to in point (b) shall be undertaken on the basis of the consolidated situation of the EU parent
institution as if it were the only resolution entity of the G-SII.

Amendment 39
Ernest Urtasun
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 12 a – paragraph 1

Text proposed by the Commission

Where at least two G-SII entities belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the EU parent institution of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in Article 92a(1), point (a). That calculation shall be undertaken on the basis of the consolidated situation of the EU parent institution as if it were the only resolution entity of the G-SII.

Amendment

Where at least two G-SII entities belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the EU parent institution of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in Article 92a(1), point (a). That calculation shall be undertaken exclusively on the basis of the consolidated situation of the EU parent institution as if it were the only resolution entity of the G-SII.

Amendment 40
Othmar Karas

Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) No 575/2013
Article 12 a – paragraph 2

Text proposed by the Commission

Resolution authorities shall act in accordance with Article 45d(4) and Article 45h(2) of Directive 2014/59/EU.;

Amendment

Resolution authorities shall act in accordance with Articles 45d(4) and 45h(2) of Directive 2014/59/EU.;
Amendment 41
Othmar Karas, Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point a
Regulation (EU) No 575/2013
Article 72 e – paragraph 4 – subparagraph 1

Text proposed by the Commission

4. Where an EU parent institution or a parent institution in a Member State that is subject to Article 92a has direct, indirect or synthetic holdings of own funds instruments or eligible liabilities instruments of one or more subsidiaries which do not belong to the same resolution group as that parent institution, the resolution authority of that parent institution, after duly considering the opinion of the resolution authorities or relevant third-country authorities of any subsidiaries concerned, may permit the parent institution to deduct such holdings by deducting a lower amount specified by the resolution authority of that parent institution. That adjusted amount shall be at least equal to the amount \( m \) calculated as follows:

| Or. en |

Justification

This amendment foresees that the adjustment to the deductions should only take place when the concerned subsidiaries are resolution entities, i.e. when the resolution plan provides for their resolution in case of failure. This is consistent with requiring the existence of an materially at least fully equivalent regime.
Amendment 42
Isabel Benjumea Benjumea

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point a
Regulation (EU) No 575/2013
Article 72 e – paragraph 4 – subparagraph 9

Text proposed by the Commission

\[ r_i = \text{the ratio applicable to subsidiary } i \text{ at the level of its resolution group in accordance with Article } 92a(1), \text{ point (a), of this Regulation and Article } 45c(3), \text{ first subparagraph, point (a), of Directive } 2014/59/EU \text{ or, for third-country subsidiaries, an equivalent resolution requirement applicable to subsidiary } i \text{ in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation;} \]

Amendment

\[ r_i = \text{the ratio applicable to subsidiary } i \text{ at the level of its resolution group in accordance with Article } 92a(1), \text{ point (a), of this Regulation and Article } 45c(3), \text{ first subparagraph, point (a), of Directive } 2014/59/EU \text{ or, for third-country subsidiaries, in accordance with legally enforceable national law implementing internationally agreed standards, applicable to subsidiary } i \text{ in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds under this Regulation or eligible liabilities in accordance with the international standards of the FSB;} \]

Or. en

Amendment 43
Othmar Karas, Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point a
Regulation (EU) No 575/2013
Article 72 e – paragraph 4 – subparagraph 9

Text proposed by the Commission

\[ r_i = \text{the ratio applicable to subsidiary } i \text{ at the level of its resolution group in accordance with Article } 92a(1), \text{ point (a), of this Regulation and Article } 45c(3), \text{ first subparagraph, point (a), of Directive } 2014/59/EU \text{ or, for third-country} \]

Amendment

\[ r_i = \text{the ratio applicable to subsidiary } i \text{ at the level of its resolution group in accordance with Article } 92a(1), \text{ point (a), of this Regulation and Article } 45c(3), \text{ first subparagraph, point (a), of Directive } 2014/59/EU \text{ or, for third-country} \]
subsidiaries, an equivalent resolution requirement applicable to subsidiary i in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation;

subsidiaries, a materially at least fully equivalent resolution requirement applicable to subsidiary i in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation;

Amendment 44
Isabel Benjumea Benjumea

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point a
Regulation (EU) No 575/2013
Article 72 e – paragraph 4 – subparagraph 10

Text proposed by the Commission

\[ aRWA_i = \text{the total risk exposure amount of the G-SII entity } i \text{ calculated in accordance with Article 92(3), taking into account the adjustments set out in Article 12a;} \]

Amendment

\[ aRWA_i = \text{the total risk exposure amount of the G-SII entity } i \text{ calculated in accordance with Article 92(3), taking into account the adjustments set out in Article 12a of this Regulation, or, for third-country subsidiaries, calculated in accordance with the applicable national law;} \]

Amendment 45
Isabel Benjumea Benjumea

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point a
Regulation (EU) No 575/2013
Article 72 e – paragraph 4 – subparagraph 11

Text proposed by the Commission

\[ w_i = \text{the ratio applicable to subsidiary } i \text{ at the level of its resolution group in accordance with Article 92a(1), point (b), of this Regulation and of Article 45c(3), first subparagraph, point (b), of Directive} \]

Amendment

\[ w_i = \text{the ratio applicable to subsidiary } i \text{ at the level of its resolution group in accordance with Article 92a(1), point (b), of this Regulation and of Article 45c(3), first subparagraph, point (b), of Directive} \]
2014/59/EU or, for third-country subsidiaries, an equivalent resolution requirement applicable to subsidiary i in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation;

2014/59/EU or, for third-country subsidiaries, a resolution requirement applicable to subsidiary i in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds under this Regulation or eligible liabilities in accordance with international standards;

Or. en

Amendment 46
Othmar Karas, Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point a
Regulation (EU) No 575/2013
Article 72 e – paragraph 4 – subparagraph 11

Text proposed by the Commission

\( w_i = \) the ratio applicable to subsidiary i at the level of its resolution group in accordance with Article 92a(1), point (b), of this Regulation and of Article 45c(3), first subparagraph, point (b), of Directive 2014/59/EU or, for third-country subsidiaries, an equivalent resolution requirement applicable to subsidiary i in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation;

Amendment

\( w_i = \) the ratio applicable to subsidiary i at the level of its resolution group in accordance with Article 92a(1), point (b), of this Regulation and of Article 45c(3), first subparagraph, point (b), of Directive 2014/59/EU or, for third-country subsidiaries, a materially at least fully equivalent resolution requirement applicable to subsidiary i in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation;

Or. en

Amendment 47
Isabel Benjumea Benjumea

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point a
Regulation (EU) No 575/2013
Article 72 e – paragraph 4 – subparagraph 12
Text proposed by the Commission

\[ a_{LRE_i} = \text{the total exposure measure of the G-SII entity } i \text{ calculated in accordance with Article 429(4)}. \]

Amendment

\[ a_{LRE_i} = \text{the total exposure measure of the G-SII entity } i \text{ calculated in accordance with Article 429(4) of this Regulation, or, for third-country subsidiaries, calculated in accordance with the applicable national law}. \]

Amendment 48

Isabel Benjumea Benjumea

Proposal for a regulation

Article 1 – paragraph 1 – point 5 – point a a (new)
Regulation (EU) No 575/2013
Article 72 e – paragraph 4 a (new)

Text proposed by the Commission

(aa) the following paragraph is inserted:

“(4a) By way of derogation from paragraph 4, until 31 December 2024, entities shall calculate ‘ri’ as follow:

\[ ri = \text{the ratio applicable to subsidiary } i \text{ at the level of its resolution group in accordance with Article 92a(1), point (a), of this Regulation and Article 45c(3), first subparagraph, point (a), of Directive 2014/59/EU or, for third-country subsidiaries, in accordance with legally enforceable national law implementing internationally agreed standards applicable to subsidiary } i \text{ in the third country where it has its head office, insofar as those requirements are met with instruments that would be considered own funds under this Regulation or eligible liabilities in accordance with the international standards of the FSB; or loss absorbency requirement for those third-country subsidiaries that have not yet a regime in accordance with the} “
Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 e – paragraph 5

Text proposed by the Commission

5. Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds and eligible liabilities that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.

Amendment

5. Institutions and entities shall deduct from eligible liabilities items their holdings of own funds instruments and eligible liabilities instruments where all of the following conditions are met:

(a) the own funds instruments and eligible liabilities instruments are held by an institution or entity that is not itself a resolution entity but that is a subsidiary of a resolution entity or of a third-country entity that would be a resolution entity if it were established in the Union;

(b) the institution or entity referred to in point (a) is required to comply with the requirements laid down in Article 92b of this Regulation or in Article 45f of Directive 2014/59/EU;

(c) the own funds instruments and eligible liabilities instruments held by the institution or entity referred to in point (a) were issued by an institution or entity referred to in Article 92b(1) of this Regulation or in Article 45f(1) of Directive 2014/59/EU that is not itself a resolution entity and that belongs to the same resolution group as the institution or entity referred to in point (a).
The deduction established in the first subparagraph shall be equal to the amount of own funds instruments and eligible liabilities instruments held by the institution or entity referred to in point (a) of the first subparagraph that have been issued by the institution or entity referred to in point (c) of the first subparagraph to comply with the requirement indicated by Article 45c(7).

The deduction shall not apply to institutions and entities that are not themselves resolution entities where they are required to comply with the requirement referred to in Articles 45c and 45d of Directive 2014/59/EU on a consolidated basis.

By way of derogation from the first subparagraph, holdings of own funds instruments and eligible liabilities instruments shall not be deducted where the institution or entity referred to in point (a) is required to comply with the requirement referred to in point (b) on a consolidated basis and the institution or entity referred to in point (c) is included in the consolidation of the institution or entity referred to in point (a) in accordance with Part One, Title II, Chapter 2.

For the purposes of this paragraph, the reference to eligible liabilities items shall also be understood as a reference to eligible liabilities referred to in Article 45f(2), point (a), of Directive 2014/59/EU.

For the purposes of this paragraph, the reference to eligible liabilities items shall be understood as a reference to:

(a) eligible liabilities items taken into account for the purposes of complying with the requirement in Article 92b;

(b) eligible liabilities that meet the conditions of Article 45f(2), point (a), of Directive 2014/59/EU.

For the purposes of this paragraph, the reference to own funds instruments and eligible liabilities instruments shall be understood as a reference to:

(a) own funds instruments and eligible liabilities instruments that meet the conditions of Article 92b, paragraphs 2 and 3;

(b) own funds and liabilities that meet the conditions of Article 45f(2) of Directive 2014/59/EU.
Amendment 50
Raffaele Fitto

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 c – paragraph 5 – subparagraph 1

Text proposed by the Commission

5. Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds and eligible liabilities that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.

Amendment

5. Institutions and entities shall deduct from eligible liabilities items their holdings of own funds instruments and eligible liabilities instruments where all of the following conditions are met:

(a) the own funds instruments and eligible liabilities instruments are held by an institution or entity that is not itself a resolution entity but that is a subsidiary of a resolution entity or of a third-country entity that would be a resolution entity if it were established in the Union;

(b) the institution or entity referred to in point (a) is required to comply with the requirements laid down in Article 92b of this Regulation or with in Article 45f of Directive 2014/59/EU;

(c) the own funds instruments and eligible liabilities instruments held by the institution or entity referred to in point (a) were issued by an institution or entity referred to in Article 92b(1) of this Regulation or in Article 45f(1) of Directive 2014/59/EU that is not itself a resolution entity and that belongs to the same resolution group as the institution or entity referred to in point (a).
Amendment 51
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 e – paragraph 5 – subparagraph 1

Text proposed by the Commission

Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds and eligible liabilities that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.

Amendment

Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds instruments and eligible liabilities instruments that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.

Or. en

Amendment 52
Frances Fitzgerald

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 e – paragraph 5 – subparagraph 1

Text proposed by the Commission

Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds and eligible liabilities that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.

Amendment

Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds instruments and eligible liabilities instruments that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.

Or. en
**Amendment 53**
Othmar Karas

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 e – paragraph 5 – subparagraph 1

*Text proposed by the Commission*

Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds and eligible liabilities that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.

*Amendment*

Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds and eligible liabilities *instruments* that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.

Or. en

**Amendment 54**
Raffaele Fitto

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 e – paragraph 5 – subparagraph 2

*Text proposed by the Commission*

The deduction shall *not apply to institutions and entities that are not themselves resolution entities where they are required* to comply with the requirement referred to in Articles 45c and 45d of Directive 2014/59/EU on a consolidated basis.

*Amendment*

The deduction *established in the first subparagraph* shall be equal to the amount of own funds instruments and eligible liabilities instruments held by the institution or entity referred to in point (a) of the first subparagraph that have been issued by the institution or entity referred to in point (c) of the first subparagraph to comply with the requirement *indicated by Article 45c(7).*

Or. en
Amendment 55
Raffaele Fitto

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 e – paragraph 5 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

By way of derogation from the first subparagraph, holdings of own funds instruments and eligible liabilities instruments shall not be deducted where the institution or entity referred to in point (a) is required to comply with the requirement referred to in point (b) on a consolidated basis and the institution or entity referred to in point (c) is included in the consolidation of the institution or entity referred to in point (a) in accordance with Part One, Title II, Chapter 2.

Or. en

Amendment 56
Raffaele Fitto

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 e – paragraph 5 – subparagraph 3

Text proposed by the Commission

Amendment

For the purposes of this paragraph, the reference to eligible liabilities items shall also be understood as a reference to eligible liabilities referred to in Article 45f(2), point (a), of Directive 2014/59/EU;

For the purposes of this paragraph, the reference to eligible liabilities items shall be understood as a reference to any of the following:

(a) eligible liabilities items taken into account for the purposes of complying with the requirement in Article 92b;

(b) liabilities that meet the conditions of Article 45f(2), point (a), of Directive
For the purposes of this paragraph, the reference to own funds instruments and eligible liabilities instruments shall be understood as a reference to any of the following:

(a) own funds instruments and eligible liabilities instruments that meet the conditions of Article 92b, paragraphs 2 and 3;

(b) own funds and liabilities that meet the conditions of Article 45f(2) of Directive 2014/59/EU.

Amendment 57
Frances Fitzgerald

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 e – paragraph 5 – subparagraph 3

Text proposed by the Commission

For the purposes of this paragraph, the reference to eligible liabilities items shall also be understood as a reference to eligible liabilities referred to in Article 45f(2), point (a), of Directive 2014/59/EU.

Amendment

For the purposes of this paragraph, the deduction of own funds instruments and eligible liabilities instruments shall be limited to the intermediate entities holdings of eligible instruments of the lower subsidiaries up to the lower subsidiaries’ loss absorption amount and recapitalisation amount as defined in Article 45 (2) (a) and (b) of Directive 2014/59/EU.

When calculating the limit that applies in the above paragraph, direct issuances of eligible instruments from lower subsidiaries to the relevant resolution entity should be accounted for first to reduce the limit by the amount of eligible instruments already directly issued.
Justification

The proposal to move from an approach of risk weighting investments in own funds instruments of subsidiaries within the scope of consolidated supervision to a full deduction of own funds and eligible liabilities instruments represents a major change to the current capital requirements. As a consequence, the impact on Holdco structures with intermediate parent entities is expected to be materially significant. As such, it would be more appropriate to limit the deduction regime to internal MREL requirements only and exclude from the regime any excess own funds/eligible liabilities.

Amendment 58
Linea Søgaard-Lidell, Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) No 575/2013
Article 72 e – paragraph 5 – subparagraph 3

Text proposed by the Commission
For the purposes of this paragraph, the reference to eligible liabilities items shall also be understood as a reference to eligible liabilities referred to in Article 45f(2), point (a), of Directive 2014/59/EU.

Amendment
For the purposes of this paragraph, the reference to eligible liabilities items shall be limited to the intermediate entities holdings of eligible instruments of the lower subsidiaries up to the lower subsidiaries’ loss absorption amount and recapitalization amount as defined in Article 45 (2) (a) and (b) of Directive 2014/59/EU.
For the purpose of calculating this limit, direct issuances of eligible instruments from lower subsidiaries to the relevant resolution entity should be accounted for through the reduction of the limit by the amount of eligible instruments already directly issued.

Or. en

Amendment 59
Isabel Benjumea Benjumea

Proposal for a regulation
Article 1 – paragraph 1 – point 7
To calculate risk-weighted exposure amounts, risk weights shall be applied to all exposures, unless deducted from own funds or subject to the treatment set out in Article 72e(5), first subparagraph, in accordance with the provisions of Section 2. The application of risk weights shall be based on the exposure class to which the exposure is assigned and, to the extent specified in Section 2, its credit quality. Credit quality may be determined by reference to the credit assessments of ECAIs or the credit assessments of export credit agencies in accordance with Section 3.;

1. To calculate risk-weighted exposure amounts, risk weights shall be applied to all exposures, unless deducted from own funds or eligible liabilities subject to the treatment set out in Article 72e(4) and Article 72e(5), first subparagraph, in accordance with the provisions of Section 2. The application of risk weights shall be based on the exposure class to which the exposure is assigned and, to the extent specified in Section 2, its credit quality. Credit quality may be determined by reference to the credit assessments of ECAIs or the credit assessments of export credit agencies in accordance with Section 3.;

Or. en
assessments of export credit agencies in accordance with Section 3.;

ECAIs or the credit assessments of export credit agencies in accordance with Section 3.;

Or. en

Justification

This amendment clarifies that the treatment of not applying risk-weights and excluding those exposures from the total exposure measure in the context of the deduction regime should strictly be limited to exposures that are deducted in accordance to Article 72e(5) first subparagraph for the sake of operationalising the approach of indirect subscription of internal MREL eligible instruments.

Amendment 61
Isabel Benjumea Benjumea

Proposal for a regulation
Article 1 – paragraph 1 – point 8
Regulation (EU) No 575/2013
Article 151 – paragraph 1

Text proposed by the Commission

1. The risk-weighted exposure amounts for credit risk for exposures belonging to one of the exposure classes referred to in Article 147(2), points (a) to (e) and point (g), shall, unless deducted from own funds or subject to the treatment set out in Article 72e(5), first subparagraph, be calculated in accordance with Sub-section 2.;

Amendment

1. The risk-weighted exposure amounts for credit risk for exposures belonging to one of the exposure classes referred to in Article 147(2), points (a) to (e) and point (g), shall, unless deducted from own funds or eligible liabilities subject to the treatment set out in Article 72e(4) and Article 72e(5), first subparagraph, be calculated in accordance with Sub-section 2.;

Or. en

Amendment 62
Othmar Karas, Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 8
Regulation (EU) No 575/2013
Article 151 – paragraph 1
Text proposed by the Commission

1. The risk-weighted exposure amounts for credit risk for exposures belonging to one of the exposure classes referred to in Article 147(2), points (a) to (e) and point (g), shall, unless deducted from own funds or subject to the treatment set out in Article 72e(5), first subparagraph, be calculated in accordance with Sub-section 2.;

Amendment

1. The risk-weighted exposure amounts for credit risk for exposures belonging to one of the exposure classes referred to in Article 147(2), points (a) to (e) and point (g), shall, unless the exposure amounts are deducted from own funds or subject to the treatment set out in Article 72e(5), first subparagraph, be calculated in accordance with Sub-section 2.;

Or. en

Justification

This amendment clarifies that the treatment of not applying risk-weights and excluding those exposures from the total exposure measure in the context of the deduction regime should strictly be limited to exposures that are deducted in accordance to Article 72e(5) first subparagraph for the sake of operationalising the approach of indirect subscription of internal MREL eligible instruments.

Amendment 63
Isabel Benjumea Benjumea

Proposal for a regulation
Article 1 – paragraph 1 – point 9
Regulation (EU) No 575/2013
Article 429 a – paragraph 1 – point q

Text proposed by the Commission

(q) the amounts that are subject to the treatment set out in Article 72e(5), first subparagraph.

Amendment

(q) the amounts that are subject to the treatment set out in Article 72e(4) and Article 72e(5), first subparagraph.

Or. en

Amendment 64
Othmar Karas, Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 9
Regulation (EU) No 575/2013
Article 429 a – paragraph 1 – point q

Text proposed by the Commission

(q) the amounts that are subject to the treatment set out in Article 72e(5), first subparagraph.

Amendment

(q) the exposure amounts that are subject to the treatment set out in Article 72e(5), first subparagraph.

Or. en

Justification

This amendment clarifies that the treatment of not applying risk-weights and excluding those exposures from the total exposure measure in the context of the deduction regime should strictly be limited to exposures that are deducted in accordance to Article 72e(5) first subparagraph for the sake of operationalising the approach of indirect subscription of internal MREL eligible instruments.

Amendment 65
Othmar Karas

Proposal for a regulation
Article 2 – title

Text proposed by the Commission

Amendment to Directive 2014/59/EU

Amendment

Amendments to Directive 2014/59/EU

Or. en

Justification

Technical amendment.

Amendment 66
Isabel Benjumea Benjumea

Proposal for a regulation
Article 2 – paragraph -1 (new)
Directive 2014/59/EU
Article 45 d – paragraph 4
4. For the purposes of Article 45h(2), where more than one G-SII entity belonging to the same G-SII are resolution entities, the relevant resolution authorities shall calculate the amount referred to in paragraph 3:

(a) for each resolution entity;

(b) for the Union parent entity as if it was the only resolution entity of the G-SII.

Amendment

(-I) In Article 45d, paragraph 4 is replaced by the following:

‘4. For the purposes of Article 45h(2), where more than one G-SII entity belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the relevant resolution authorities shall calculate the amount referred to in paragraph 3:

(a) for each resolution entity or third-country entity that would be a resolution entity if it was established in the Union;

(b) for the Union parent undertaking as if it was the only resolution entity of the G-SII.’


Amendment 67
Raffaele Fitto

Proposal for a regulation
Article 2 – paragraph -1 (new)
Directive 2014/59/EU
Article 45 f – paragraph 1

Present text

By way of derogation from the first subparagraph of this paragraph, Union parent undertakings that are not themselves resolution entities, but are subsidiaries of third-country entities, shall comply with the requirements laid down in Articles 45c and 45d on a consolidated basis.

Amendment

(-I) In Article 45f(1), the third subparagraph is replaced by the following:

“By way of derogation from the first subparagraph of this paragraph, (i) Union parent undertakings that are not themselves resolution entities, but are subsidiaries of third-country entities, and (ii) operating banks that are direct subsidiaries of a holding company identified as a resolution entity, shall comply with the requirements laid down in Articles 45c and
Amendment 68
Ernest Urtasun
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 2 – paragraph 1
Directive 2014/59/EU
Article 45 f – paragraph 6

Text proposed by the Commission

In Article 45f of Directive 2014/59/EU, paragraph 6 is deleted.

Amendment

In Article 45f, paragraph 6 is deleted.

Or. en

Amendment 69
Ernest Urtasun
on behalf of the Greens/EFA Group

Proposal for a regulation
Article 2 – paragraph 1 a (new)
Directive 2014/59/EU
Article 45 f – paragraph 6

Present text

(1a) In Article 45f, paragraph 6 is replaced by the following:

"6. Where the resolution authority of the resolution entity assesses that instruments indirectly subscribed, in part or in full, by the resolution entity hamper the smooth implementation of the resolution strategy, in spite of the application of Article 72e(5) of Regulation (EU) 575/2013, the resolution authority may apply the measures of Article 45k of this Directive, including the removal of a substantive impediment to resolvability."
group but not themselves resolution entities, and provide a mechanism to avoid double counting of eligible instruments recognised for the purpose of this Article. They shall consist of a deduction regime or an equivalently robust approach and they shall ensure to entities that are not themselves the resolution entity an outcome equivalent to that of a full direct subscription by the resolution entity of eligible instruments recognised for the purpose of this Article. EBA shall submit those draft regulatory technical standards to the Commission by 28 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) No 1093/2010.


**Amendment 70**
Isabel Benjumea Benjumea

Proposal for a regulation
**Article 2 – paragraph 1 a (new)** Directive 2014/59/EU
Article 45 h – paragraph 2

- **Present text**
- **Amendment**

(1a) In Article 45h, paragraph 2 is replaced by the following:

‘2. Where more than one G-SII entity belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the resolution authorities referred to in paragraph 1 shall discuss and, where appropriate and consistent with the G-SII’s resolution strategy, agree on the application of Article 72e of Regulation (EU) No 575/2013 and any adjustment to minimise or eliminate the difference between the sum of the amounts referred to in point (a) of Article 45d(4) and Article
12a of Regulation (EU) No 575/2013 for individual resolution entities and the sum of the amounts referred to in point (b) of Article 45d(4) and Article 12a of Regulation (EU) No 575/2013.

The difference between the sum of the amounts referred to in Article 45d(4), point (a) of this Directive, and Article 12a, point (a), of Regulation (EU) No 575/2013 for individual resolution entities or third-country entities and the sum of the amounts referred to in Article 45d(4), point (b) of this Directive and Article 12a, point (b), of Regulation (EU) No 575/2013.

Such an adjustment may be applied subject to the following:

(a) the adjustment may be applied in respect of differences in the calculation of the total risk exposure amounts between the relevant Member States by adjusting the level of the requirement;

(b) the adjustment shall not be applied to eliminate differences resulting from exposures between resolution groups.

The sum of the amounts referred to in point (a) of Article 45d(4) of this Directive and Article 12a of Regulation (EU) No 575/2013 for individual resolution entities shall not be lower than the sum of the amounts referred to in point (b) of Article 45d(4) of this Directive and Article 12a of Regulation (EU) No 575/2013.

The sum of the amounts referred to in Article 45d(4), point (a), of this Directive and Article 12a, point (a), of Regulation (EU) No 575/2013 for individual resolution entities or third-country entities that would be resolution entities if they were established in the Union shall not be lower than the sum of the amounts referred to in Article 45d(4), point (b), of this Directive and Article 12a, point (b), of Regulation (EU) No 575/2013.'.

Amendment 71
Othmar Karas

Proposal for a regulation
Article 2 – paragraph 1 a (new)
Directive 2014/59/EU
Article 129 – subparagraph 4
Text proposed by the Commission

(1a) in Article 129, the following subparagraph is added:

"By 31 December 2022, the Commission shall review the implementation of the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities by the different types of banking group structures and assess the exclusion of liquidation entities from internal MREL. The Commission shall submit a report thereon to the European Parliament and to the Council. Where appropriate, that report shall be accompanied by a legislative proposal."

Or. en

Justification

In order to duly assess potential unintended consequences of the indirect subscription of instruments eligible for internal MREL, including the new deduction regime, and to ensure a proportionate treatment, including by excluding liquidation entities from internal MREL, and a level playing field between different types of banking group structures, in particular groups headed by holding companies that may be particularly affected by the new rules, the Commission should review the implementation of the indirect subscription of internal MREL eligible resources by the different types of banking group structures. (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014L0059-20210626)

Amendment 72
Linea Søgaard-Lidell, Gilles Boyer, Stéphanie Yon-Courtin, Caroline Nagtegaal, Billy Kelleher

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission

However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from [OP please insert the date = 6 months after date of entry into force].

Amendment

However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from 1 January 2024. Article 2, points (1) and (3), shall apply by the date referred to in the second paragraph,
first subparagraph.

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 2, points (1) and (3), by [OP please insert the date = 12 months from the date of entry into force of this amending Regulation]. They shall immediately communicate the text of those measures to the Commission.

When Member States adopt those measures, they shall contain a reference to this Regulation or shall be accompanied by such reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by Article 2, points (1) and (3), of this Regulation.

Or. en

Amendment 73
Frances Fitzgerald

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission

However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from [OP please insert the date = 6 months after date of entry into force].

Amendment

However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from 1 January 2024.

Or. en

Justification

The timeframe for implementation of six months represents a significant operational burden for impacted entities to take mitigating actions such as MREL issuance or capital optimization to avoid a breach of capital/MREL requirements in the short-term. This could impact banks' ability to lend to the real economy at a time when we are looking to ensure a
strong post-COVID recovery. There should be a sufficiently long phase-in period that allows entities the time to operationalise internal changes. It would be appropriate to align the implementation date with the 2024 binding MREL requirements.

Amendment 74
Danuta Maria Hübner

Proposal for a regulation
Article 3 – paragraph 3

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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<tbody>
<tr>
<td>However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from [OP please insert the date = 6 months after date of entry into force].</td>
<td>However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from 1 January 2024.</td>
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</table>

Or. en

Amendment 75
Othmar Karas, Markus Ferber

Proposal for a regulation
Article 3 – paragraph 3

<table>
<thead>
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<td>However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from 1 January 2024.</td>
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</tbody>
</table>

Or. en

Justification

It is appropriate to extend the date of application in line with the general MREL compliance deadline on 1 January 2024 to allow for sufficient time for operationalisation. As the daisy chain approach envisages new deductions at the level of the intermediate entities, institutions are in need of more time to issue additional instruments at that level. In addition, the markets need time to digest these additional issuances.
Amendment 76
Isabel Benjumea Benjumea

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission

However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from [OP please insert the date = 6 months after date of entry into force].

Amendment

However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from [OP please insert the date = 3 months after date of entry into force of this amending Regulation].

Or. en