



2021/0342(COD)

18.8.2022

AMENDMENT 902 - 1197

Draft report

Jonás Fernández

(PE731.818v01-00)

Amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor

Proposal for a regulation

(COM(2021)0664 – C9-0397/2021 – 2021/0342(COD))

Amendment 902
Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 1 – point c

Text proposed by the Commission

(c) exposures for which institutions have not received the prior permission of the competent authorities to use the IRB Approach for the calculation of the risk-weighted exposure amounts and expected loss amounts.

Amendment

(c) exposures ***assigned to exposure classes*** for which institutions have not received the prior permission of the competent authorities to use the IRB Approach for the calculation of the risk-weighted exposure amounts and expected loss amounts.

Or. en

Amendment 903
Raffaele Fitto

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 1 - point c a (new) and c b (new)

Text proposed by the Commission

Amendment

(c a) exposures to central governments and central banks of the Member States an their regional governments, local authorities, administrative bodies and public sector entities provided that:

i) there is no difference in risk between the exposures to that central government an central bank and those other exposures because of specific public arrangements; and

ii) exposures to central governments and central banks are assigned a 0% risk weight under Article 144 (2) or (4);

cb) exposures of an institution to a counterparty which is its parent undertaking, its subsidiary or a subsidiary of its parent undertaking provided that the

counterparty is an institution or a financial holding company, mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements or an undertaking linked by a relationship within the meaning of Article 12 (1) of directive 83/349/EEC;

Or. en

Amendment 904

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 1 – point c a (new)

Text proposed by the Commission

Amendment

(c a) exposures to securitisations that do not meet the criteria to be considered as standardised, transparent and simple securitizations, as defined in [insert reference to STS Regulation].

Or. en

Amendment 905

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts and expected loss amounts for a given exposure class may, subject to the competent authority's prior permission, apply the Standardised Approach for some types of exposures

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts and expected loss amounts for a given exposure class may, subject to the competent authority's prior permission, apply the Standardised Approach for:

within that exposure class where those types of exposures are immaterial in terms of size and perceived risk profile.

(a) some types of exposures within that exposure class, *including exposures from foreign branches and different product groups*, where those types of exposures are immaterial in terms of size and perceived risk profile;

(b) *exposures to central governments and central banks of the Member States and their regional governments, local authorities, administrative bodies and public sector entities provided that (i) there is no difference in risk between the exposures to that central government and central bank and those other exposures because of specific public arrangements; and (ii) exposures to central governments and central banks are assigned a 0 % risk weight under Article 114(2) or (4);*

(c) *exposures of an institution to a counterparty which is its parent undertaking, its subsidiary or a subsidiary of its parent undertaking provided that the counterparty is an institution or a financial holding company, mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements or an undertaking linked by a relationship within the meaning of Article 12(1) of Directive 83/349/EEC;*

(d) *exposures between institutions which meet the requirements set out in Article 113(7);*

Or. en

(See meaning of Article 12(1) of Directive 83/349/EEC)

Justification

This amendment aims to maintain some of the conditions for permanent partial use from the CRR II relating to exposures to central governments and central banks of the Member States and their regional governments, local authorities, administrative bodies and public sector entities, intergroup and IPS.

Amendment 906

Joachim Schuster, Csaba Molnár

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 2

Text proposed by the Commission

An institution *that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts and expected loss amounts for a given exposure class may, subject to the competent authority's prior permission*, apply the Standardised Approach for *some* types of exposures within *that* exposure class *where those types of exposures are immaterial in terms of size and perceived risk profile*.

Amendment

Competent authorities may allow an institution *to* apply the Standardised Approach for *the following exposures where the IRB Approach is applied for other* types of exposures within *those* exposure *classes*:

(a) exposures to central governments and central banks of the Member States and its regional governments, local authorities, administrative bodies and public sector entities if the exposures to the central government and central bank are assigned a 0% risk weight under Article 114(2) or (4) and if there is no difference in risk between the exposures to that central government and central bank and those other exposures in the Member State;

(b) exposures of an institution to a counterparty which is its parent undertaking, its subsidiary or a subsidiary of its parent undertaking provided that the counterparty is an institution or a financial holding company, mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements or an undertaking linked by a relationship within the meaning of Article 12(1) of Directive 83/349/EEC;

(c) exposures between institutions subject to Article 113(7).

Or. en

Justification

It should remain possible for institutions with internal models to apply the current option in Art. 150 CRR on the application of the Standardised Approach risk weight of 0% for exposures to central and regional governments, central banks, local authorities, administrations and public sector entities, as well as exposures within banking groups and institutional protection schemes (IPS).

Amendment 907

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 2

Text proposed by the Commission

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts and expected loss amounts for a given exposure **class** may, subject to the competent authority's prior permission, apply the Standardised Approach for some types of exposures within that exposure **class** where those types of exposures are immaterial in terms of size and perceived risk profile.

Amendment

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts and expected loss amounts for a given exposure **classes** may, subject to the competent authority's prior permission, apply the Standardised Approach for some types of exposures within that exposure **classes** where those types of exposures are immaterial in terms of size and perceived risk profile.

Or. en

Justification

It may be opportune to use the plural "exposure classes" as it allows that a type of exposure can be defined to potentially include exposures assigned to different exposures classes for which the institution decided to, and has received the prior permission of the competent authorities to, use the IRB Approach.

Amendment 908

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 3

Text proposed by the Commission

Amendment

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts for only some types of exposures within an exposure class, shall apply the Standardised Approach for the remaining types of exposures within that exposure class.;

deleted

Or. en

Justification

The last subparagraph is redundant and may have unintended consequences.

Amendment 909

Nicola Beer

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 3

Text proposed by the Commission

Amendment

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts for only some types of exposures within an exposure class, shall apply the Standardised Approach for the remaining types of exposures within that exposure class.;

In addition to the exposures referred to in the second subparagraph an institution may, subject to the competent authority's prior permission, apply the Standardised Approach for the following exposures where the IRB Approach is applied for other types of exposures within the respective exposure class:

(a) exposures to central governments and central banks of the Member States and their regional governments, local authorities, administrative bodies and public sector entities provided that:

(i) there is no difference in risk between the exposures to that central government and central bank and those other

exposures because of specific public arrangements;

and

(ii) exposures to the central government and central bank are assigned a 0 % risk weight under Article 114(2) or (4);

(b) exposures of an institution to a counterparty which is its parent undertaking, its subsidiary or a subsidiary of its parent undertaking provided that the counterparty is an institution or a financial holding company, mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements or an undertaking linked by a relationship within the meaning of Article 12(1) of Directive 83/349/EEC;

(c) exposures between institutions which meet the requirements set out in Article 113(7).

Or. en

Justification

It should be ensured that the current treatment that applies to “assimilated” exposures to regional government and local authorities (RGLA) and public sector entities (PSE) according to Art. 115 and Art. 116 CRR continue to be applied without raising prudential requirements (as laid out in the EBA CfA on Credit Risk in par. 341). Such exposures should continue to benefit from the current treatment to ensure the smooth financing of public services and the European regional governments. Moreover, the current option in Art. 150 CRR to treat RGLA/PSE exposures in the standardised approach even if the institution generally uses internal models should be maintained (so-called permanent partial use, PPU). The PPU should also continue to apply to exposures within banking groups and institutional protection schemes. We recognise that preferential treatment of exposures to central governments with a risk weight of 0% urgently needs to be changed in order to increase the financial stability of the banking sector. Honouring the agreement made on the 16.06.22 in the Eurogroup to postpone the decision on the regulatory treatment of sovereign bonds and to find an agreement as part of the Banking Union, we will not include an end to preferential treatments of sovereign bonds in the Banking Package.

Amendment 910
Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 3

Text proposed by the Commission

An institution *that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts for only some types of exposures within an exposure class, shall* apply the Standardised Approach for the *remaining* types of exposures within *that* exposure class.;

Amendment

Competent authorities may allow an institution *to* apply the Standardised Approach for the *following exposures where the IRB Approach is applied for other* types of exposures within *those* exposure *classes*:

(a) exposures to central governments and central banks of the Member States and its regional governments, local authorities, administrative bodies and public sector entities if the exposures to the central government and central bank are assigned a 0% risk weight under Article 114(2) or (4) and if there is no difference in risk between the exposures to that central government and central bank and those other exposures in the Member State;

(b) exposures of an institution to a counterparty which is its parent undertaking, its subsidiary or a subsidiary of its parent undertaking provided that the counterparty is an institution or a financial holding company, mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements or an undertaking linked by a relationship within the meaning of Article 12(1) of Directive 83/349/EEC;

(c) exposures between institutions subject to Article 113(7).

Or. en

Justification

Maintains the permanent partial use option to governments, exposures within groups and IPS.

Amendment 911
Engin Eroglu

Proposal for a regulation
Article 1 – paragraph 1 – point 63 – point a
Regulation (EU) No 575/2013
Article 150 – paragraph 1 – subparagraph 3

Text proposed by the Commission

An institution *that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts for only some types of exposures within an exposure class, shall* apply the Standardised Approach for the *remaining* types of exposures within *that* exposure class.;

Amendment

Competent authorities may allow an institution *to* apply the Standardised Approach for the *following exposures where the IRB Approach is applied for other* types of exposures within *those* exposure *classes*:

(a) exposures to central governments and central banks of the Member States and its regional governments, local authorities, administrative bodies and public sector entities if the exposures to the central government and central bank areas signed a 0% risk weight under Article 114(2) or (4) and if there is no difference in risk between the exposures to that central government and central bank and those other exposures in the Member State;

(b) exposures of an institution to a counterparty which is its parent undertaking, its subsidiary or a subsidiary of its parent undertaking provided that the counterparty is an institution or a financial holding company, mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements or an undertaking linked by a relationship within the meaning of Article 12(1) of Directive 83/349/EEC;

(c) exposures between institutions subject to Article 113(7).

Or. en

Amendment 912
Othmar Karas

Proposal for a regulation
Article 1 – paragraph 1 – point 63 – point a
Regulation (EU) No 575/2013
Article 150 – paragraph 1 – subparagraph 3

Text proposed by the Commission

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts for **only some types of exposures within an exposure class**, shall apply the Standardised Approach for the remaining types of exposures within that exposure class.;

Amendment

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts for **the exposures referred to in the second subparagraph**, shall apply the Standardised Approach for the remaining types of exposures within that exposure class.;

Or. en

Justification

This amendment is a minor adjustment for consistency with the second subparagraph

Amendment 913
Engin Eroglu

Proposal for a regulation
Article 1 – paragraph 1 – point 63 – point a (new)
Regulation (EU) No 575/2013
Article 150 – paragraph 1 – subparagraph 2a (new)

Present text

Amendment

"In addition to the exposures referred to in the second subparagraph, an institution may, subject to the competent authority's prior permission, apply the Standardised Approach for the following exposures where the IRB Approach is applied for other types of exposures within the respective exposure class:

(a) exposures to central governments and central banks of the Member States and their regional governments, local

authorities, administrative bodies and public sector entities provided that:

(i) there is no difference in risk between the exposures to that central government and central bank and those other exposures because of specific public arrangements; and

(ii) exposures to the central government and central bank are assigned a 0 % risk weight under Article 114(2) or (4);

(b) exposures of an institution to a counterparty which is its parent undertaking, its subsidiary or a subsidiary of its parent undertaking provided that the counterparty is an institution or a financial holding company, mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements or an undertaking linked by a relationship within the meaning of Article 12(1) of Directive 83/349/EEC;

(c) exposures between institutions which meet the requirements set out in Article 113(7).

"

Or. en

(02013R0575)

Amendment 914

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a a (new)

Regulation (EU) No 575/2013

Article 150 – paragraph 2

Present text

Amendment

2. For the purposes of paragraph 1, the

(a a) paragraph 2 is replaced by the following:

'2. The EBA shall, in accordance with

equity exposure class of an institution shall be material if their aggregate value, excluding equity exposures incurred under legislative programmes as referred to in point (h) of paragraph 1, exceeds on average over the preceding year 10 % of the own funds of the institution. Where the number of those equity exposures is less than 10 individual holdings, that threshold shall be 5 % of the own funds of the institution.

Article 16 of Regulation (EU) No 1093/2010, issue guidelines by 31 December 2025 on what constitutes types of exposures that are immaterial in terms of size and perceived risk profile.

Or. en

Amendment 915

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point b

Regulation (EU) No 575/2013

Article 150 – paragraphs 3 and 4

Text proposed by the Commission

Amendment

(b) paragraphs 2, 3 and 4 are deleted;

(b) paragraphs 3 and 4 are deleted;

Or. en

Amendment 916

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 64 – point -a (new)

Regulation (EU) 575/2013

Article 151 – paragraph 1

Present text

Amendment

1. The risk-weighted exposure amounts for credit risk for exposures belonging to one of the exposure classes referred to in points (a) *to (e)* and (g) of 147(2) shall, unless deducted from own funds, be calculated in accordance with Sub-section 2 except where those exposures are deducted from

(- a) paragraph 1 is replaced by the following:

"1. The risk-weighted exposure amounts for credit risk for exposures belonging to one of the exposure classes referred to in points (a) and (g) of 147(2) shall, unless deducted from own funds, be calculated in accordance with Sub-section 2 except where those exposures are deducted from

Common Equity Tier 1 items, Additional Tier 1 items or Tier 2 items.

Common Equity Tier 1 items, Additional Tier 1 items or Tier 2 items.

The risk-weighted exposure amounts for credit risk for exposures belonging to the exposure class referred to in point (e1) of Article 147(2) shall, unless deducted from own funds, be calculated in accordance with Article 152 except where those exposures are deducted from Common Equity Tier 1 items, Additional Tier 1 items or Tier 2 items.

"

Or. en

((<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02013R0575-20220410>))

Justification

Deletes the reference to point (e) of Article 147(2). The reference to point (e) of Article 147(2) is no longer appropriate in light of the deletion of Article 155 and the mandatory use of the Standardised Approach envisaged in Article 150(1)(a). In addition, for exposures belonging to the exposure class referred to in point (e1) of Article 147(2) amendment includes a new subparagraph to clarify that Article 152 relevant to those exposures.

Amendment 917

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 64 – point c

Regulation (EU) No 575/2013

Article 151 – paragraph 11

Text proposed by the Commission

Amendment

11. Institutions shall apply the requirements laid down for exposures belonging to the exposure class ‘general corporates’ referred to in Article 147(2), point (c)(i) to exposures belonging to the exposure class ‘RGLA-PSE’ referred to in Article 147(2), point (a1). For the purposes of this paragraph, the threshold provided in the definition of large corporate and the provisions applicable to large corporates set out in paragraph 8, first subparagraph, point (c) shall not

deleted

apply, and the treatment set out in Article 501 shall not apply.

Or. en

Justification

Exposures to RGLA-PSE are generally safer in terms of risks than exposures to corporates. Therefore, the same requirements should not apply to RGLA-PSE exposures as to corporates, in particular the input floor for the PD and LGD parameters in the IRB approach. This would otherwise lead to decreasing risk-sensitivity.

Amendment 918

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 64 – point c

Regulation (EU) No 575/2013

Article 151 – paragraph 11

Text proposed by the Commission

Amendment

11. Institutions shall apply the requirements laid down for exposures belonging to the exposure class ‘general corporates’ referred to in Article 147(2), point (c)(i) to exposures belonging to the exposure class ‘RGLA-PSE’ referred to in Article 147(2), point (a1). For the purposes of this paragraph, the threshold provided in the definition of large corporate and the provisions applicable to large corporates set out in paragraph 8, first subparagraph, point (c) shall not apply, and the treatment set out in Article 501 shall not apply. *deleted*

Or. en

Amendment 919

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 64 – point c

Regulation (EU) No 575/2013

Article 151 – paragraph 13 – subparagraph 1

Text proposed by the Commission

13. EBA shall develop draft regulatory technical standards to specify the treatment applicable to exposures belonging to the exposure class ‘corporates purchased receivables’ referred to in Article 147(2), point (c)(iii) and the exposure class ‘retail purchased receivables’ referred to in Article 147(2), point (d)(iii), for the purposes of calculating risk-weighted exposure amounts for the default risk and for the dilution risk of those exposures, including for the recognition of credit risk mitigation techniques.

Amendment

13. EBA shall develop draft regulatory technical standards to specify the treatment applicable to exposures belonging to the exposure class ‘corporates purchased receivables’ referred to in Article 147(2), point (c)(iii) and the exposure class ‘retail purchased receivables’ referred to in Article 147(2), point (d)(iii), for the purposes of calculating risk-weighted exposure amounts for the default risk and for the dilution risk of those exposures, including for the recognition of credit risk mitigation techniques, ***as well as the treatment applicable to exposures to purchased receivables under the Standardised Approach for Credit Risk.***

Or. en

Justification

The EBA should look at both IRB and SA, to ensure a level playing field between all actors.

Amendment 920

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 66 – point b

Regulation (EU) No 575/2013

Article 153 – paragraph 2

Text proposed by the Commission

2. For exposures to large regulated financial sector entities and to ***unregulated*** financial sector entities, the coefficient of correlation R provided in paragraph 1, point (iii), or paragraph 4 as applicable, shall be multiplied by 1,25 when calculating the risk weights of those exposures.;

Amendment

2. For exposures to large regulated financial sector entities and to ***other*** financial sector entities, the coefficient of correlation R provided in paragraph 1, point (iii), or paragraph 4 as applicable, shall be multiplied by 1,25 when calculating the risk weights of those exposures.;

Or. en

Amendment 921
Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 66 – point c a (new)

Regulation (EU) No 575/2013

Article 153 – paragraph 5 – table 1

| Remaining Maturity | Category 1 | <i>Present text</i> | | | |
|------------------------------|------------|---------------------|--------------|------------|------------|
| | | Category 2 | Category 3 | Category 4 | Category 5 |
| Less than 2,5 years | 50 % | 70 % | 115 % | 250 % | 0 % |
| Equal or more than 2,5 years | 70 % | 90 % | 115 % | 250 % | 0 % |

Amendment
(ca) in paragraph 5, table 1 is amended as follows:

| Remaining Maturity | Category 1 | <i>Amendment</i> | | | |
|------------------------------|------------|------------------|--------------|------------|--------------|
| | | Category 2 | Category 3 | Category 4 | Category 5 |
| Less than 2,5 years | 50 % | 70 % | 100 % | 250 % | 175 % |
| Equal or more than 2,5 years | 70 % | 90 % | 100 % | 250 % | 175 % |

Or. en

Amendment 922
Fabio Massimo Castaldo

Proposal for a regulation

Article 1 – paragraph 1 – point 66 – point c a (new)

Regulation (EU) No 575/2013

Article 153 – paragraph 5 – subparagraph 1 – table 1

| Remaining Maturity | Category 1 | <i>Present text</i> | | | |
|------------------------------|------------|---------------------|--------------|--------------|------------|
| | | Category 2 | Category 3 | Category 4 | Category 5 |
| Less than 2,5 years | 50 % | 70 % | 115 % | 250 % | 0 % |
| Equal or more than 2,5 years | 70 % | 90 % | 115 % | 250 % | 0 % |

more than
2,5 years

Amendment

(ca) in paragraph 5, table 1 is amended as follows:

| Remaining Maturity | Category 1 | Category 2 | Category 3 | Category 4 | Category 5 | Category 6 | Category 7 |
|------------------------------|------------|------------|--------------|--------------|--------------|--------------|------------|
| Less than 2,5 years | 50 % | 70 % | 100 % | 115 % | 175 % | 250 % | 0 % |
| Equal or more than 2,5 years | 70 % | 90 % | 100 % | 115 % | 175 % | 250 % | 0 % |

Or. en

Amendment 923

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 66 – point c a (new)

Regulation (EU) No 575/2013

Article 153 – paragraph 5 – subparagraph 1 – table 1

Present text

| Remaining Maturity | Category 1 | Category 2 | Category 3 | Category 4 | Category 5 |
|------------------------------|------------|------------|--------------|--------------|------------|
| Less than 2,5 years | 50 % | 70 % | 115 % | 250 % | 0 % |
| Equal or more than 2,5 years | 70 % | 90 % | 115 % | 250 % | 0 % |

Amendment

(ca) in paragraph 5, table 1 is amended as follows:

| Remaining Maturity | Category 1 | Category 2 | Category 3 | Category 4 | Category 5 | Category 6 | Category 7 |
|--------------------|------------|------------|------------|------------|------------|------------|------------|
|--------------------|------------|------------|------------|------------|------------|------------|------------|

| | | | | | | | |
|------------------------------|------|------|--------------|--------------|--------------|--------------|------------|
| Less than 2,5 years | 50 % | 70 % | 100 % | 115 % | 175 % | 250 % | 0 % |
| Equal or more than 2,5 years | 70 % | 90 % | 100 % | 115 % | 175 % | 250 % | 0 % |

Or. en

Amendment 924

José Manuel García-Margallo y Marfil, Isabel Benjumea Benjumea

Proposal for a regulation

Article 1 – paragraph 1 – point 66 – point c a (new)

Regulation (EU) No 575/2013

Article 153 – paragraph 5 – subparagraph 1 – table 1

Present text

| Remaining Maturity | Category 1 | Category 2 | Category 3 | Category 4 | Category 5 |
|------------------------------|------------|------------|------------|------------|------------|
| Less than 2,5 years | 50% | 70% | 115% | 250% | 0% |
| Equal or more than 2,5 years | 70% | 90% | 115% | 250% | 0% |

Amendment

(ca) in paragraph 5, table 1 is amended as follows:

| Remaining Maturity | Category 1 | Category 2 | Category 3 | Category 4 | Category 5 |
|---|------------|------------|-------------|-------------|------------|
| Less than 2,5 years | 50% | 70% | 115% | 250% | 0% |
| Equal or more than 2,5 years | 70% | 90% | 115% | 250% | 0% |
| <i>Equal or more than 2,5 years “strong”</i> | 50% | 70% | 115% | 250% | 0% |

Or. en

Amendment 925

José Manuel García-Margallo y Marfil, Isabel Benjumea Benjumea

Proposal for a regulation

Article 1 – paragraph 1 – point 66 – point c a (new)

Regulation 575/2013

Article 153– paragraph 5 – subparagraph 2 a (new)

Present text

Amendment

For exposures with a remaining maturity equal or more than 2,5 years, on category 1 and 2, risk weights of 50% and 70% may be assigned, respectively, provided that the underwriting and other risk characteristics are substantially stronger than specified for the category.

EBA shall develop draft regulatory technical standards to specify the conditions to be assigned the preferential RW.

EBA shall submit those draft regulatory technical standard to the Commission by (12 months after the entry into force of this Regulation).

"

Or. en

(Regulation 575/2013)

Amendment 926

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 69

Regulation (EU) No 575/2013

Article 157 – paragraph 6 – subparagraph 2

Text proposed by the Commission

Amendment

EBA shall submit those draft regulatory technical standards to the Commission by 31 December **2026**.

EBA shall submit those draft regulatory technical standards to the Commission by 31 December **2025**.

Or. en

Justification

The revised legislation is foreseen to enter into force 01/01/2025, so 31/12/2025 is an appropriate date for EBA to publish its report.

Amendment 927

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 71

Regulation (EU) No 575/2013

Article 159 – point c a (new)

Text proposed by the Commission

Amendment

(c a) the sum of credit valuation adjustments related to those exposures that have been recognised by the institution as an incurred write-down

Or. en

Amendment 928

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 71

Regulation (EU) No 575/2013

Article 160– paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. For exposures assigned to the exposure class ‘regional and local authorities and to public sector entities (‘RGLA-PSE’)', referred to in Article 147(2), point (a1), for the sole purposes of calculating risk weighted exposures and expected losses amounts of those exposures, the PD values used in the input of the risk weights and expected loss formulas shall not be less than the following value: 0,03 % (‘PD input floor’).

Or. en

Justification

This amendment aims to adjust the input floors for PD and LGD for RGLA / PSE exposures which are not treated like central government exposures in some Member States in order to ensure a level playing field.

Amendment 929

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point a – point i

Regulation (EU) No 575/2013

Article 161 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) senior exposures without FCP to central governments and central banks and financial sector entities: 45 %;;

(a) senior exposures without *eligible* FCP to central governments and central banks and financial sector entities: 45 %;;

Or. en

Amendment 930

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point a – point ii

Regulation EU 575/2013

Article 161 – paragraph 1 – point aa

Text proposed by the Commission

Amendment

(aa) senior exposures without FCP, to corporates which are not financial sector entities: 40 %;;

(aa) senior exposures without *eligible* FCP, to corporates which are not financial sector entities: 40 %;;

Or. en

Amendment 931

Linea Sogaard-Lidell, Pernille Weiss, Nicola Beer, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point a – point iii a (new)

Regulation (EU) No 575/2013

Article 161 – paragraph 1 – point d

Present text

Amendment

d) covered bonds eligible for the treatment set out in Article 129(4) or (5) may be assigned an LGD value of 11,25%;

"d) covered bonds **and derivatives** eligible for the treatment set out in Article 129(4) or (5) may be assigned an LGD value of 11,25%;

"

Or. en

(32013R0575)

Justification

Articles 129 (4) and (5) should be amended to not only include covered bonds but also "covered derivatives" as eligible for the preferential treatment in paragraph 4 and 5, and, hence, a LGD of 11.25 percent according to Article 161(1)(d). This is justified with reference to the new Covered Bond Directive (2019/2162/EU) detailing the requirements for derivatives to qualify as "covered derivatives". This amendment would rightly and better reflect the equal rights in the cover pool (i.e. ranking pari passu). Any preferential treatment would be limited only to derivative counter-parties of a covered bond issuer. It would also encourage prudent risk management in the cover pool.

Amendment 932

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Oliver Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 74 - point b

Regulation (EU) No 575/2013

Article 161 – paragraph 4 – table 2a

Text proposed by the Commission

Table 2a

LGD input floors (LGD_{floor}) for exposures belonging to the exposure class 'exposure to corporates'

| exposure without FCP ($LGD_{U-floor}$) | exposure fully secured by FCP ($LGD_{S-floor}$) | |
|--|---|-----|
| 25% | financial collateral | 0% |
| | receivables | 10% |
| | residential or commercial immovable property | 10% |
| | | |

other physical collateral 15%

Amendment

Table 2a

LGD input floors (LGD_{floor}) for exposures belonging to the exposure class ‘exposure to corporates’

| | | |
|--|---|------------|
| exposure without FCP ($LGD_{U-floor}$) | exposure fully secured by FCP ($LGD_{S-floor}$) | |
| | financial collateral | 0% |
| | receivables | 10% |
| 25% | residential or commercial immovable property | 10% |
| | project finance | 10% |
| | other physical collateral | 15% |

Justification

Project Finance is at the heart of financing the real economy. The ability of European banks to continue to originate Project Finance is key to support the energy transition and to secure the strategic autonomy of Europe. Hence, the 25% LGD input floor on project finance should be set to 10% since a level of 10% is considered sufficiently cautious, given historical data available. In addition, a LGD of 25% is the level applied to exposures without Funded Credit Protection, whereas project finance exposures benefit from strong security packages.

Or. en

Amendment 933

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point c

Regulation (EU) No 575/2013

Article 161 – paragraph 5 – subparagraph 1

Text proposed by the Commission

Amendment

5. For the purposes of paragraph 4, the

5. For the purposes of paragraph 4, the

LGD input floors in Table 2a in that paragraph for exposures fully secured with FCP shall apply when the value of the FCP, after the application of the volatility adjustments H_c and H_{fx} concerned in accordance with Article 230, is equal to or exceeds the value of the underlying exposure. In addition, those values shall be applicable for FCP eligible pursuant to this Chapter.

LGD input floors in Table 2a in that paragraph for exposures fully secured with FCP shall apply when the value of the FCP, after the application of the volatility adjustments H_c and H_{fx} concerned in accordance with Article 230, is equal to or exceeds the value of the underlying exposure. In addition, those values shall be applicable for FCP eligible pursuant to this Chapter. ***In this case, the type of FCP "Other physical collateral" in Table 2aaa of Article 230 shall be understood as "Other physical and other eligible collateral".***

Or. en

Justification

The table outlining the volatility adjustments applicable under the Foundation IRB Approach (Table 2aaa in the proposed Article 230) does not cover all funded credit protection (FCP) eligible under the Advanced IRB Approach, therefore the amendment's proposed addition.

Amendment 934

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point c

Regulation (EU) No 575/2013

Article 161 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. To the extent that an institution recognises FCP under the IRB Approach, the institution may recognise the FCP in the calculation of the LGD input floor for secured exposures. Otherwise, the LGD input floor for unsecured exposures shall apply.

Or. en

Amendment 935

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point c

Regulation (EU) No 575/2013

Article 161 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

6 a. For exposures assigned to the exposure class ‘exposures to regional and local authorities and to public sector entities (‘RGLA-PSE’), referred to in Article 147(2), point (a1), for the sole purpose of calculating risk weighted exposures and expected losses amounts of those exposures, where own LGD estimates are used, the LGD values used in input of the risk weight and expect loss formulas shall not be less than the following value: 5%.

Or. en

Justification

This amendment aims to adjust the input floors for PD and LGD for RGLA / PSE exposures which are not treated like central government exposures in some Member States in order to ensure a level playing field.

Amendment 936

Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point a

Regulation (EU) No 575/2013

Article 162 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Amendment

1. For exposures for which an institution has not received permission of the competent authority to use own estimates of LGD, the maturity value (‘M’) shall be 2,5 years, except for exposures arising from securities financing transactions, for which M shall be 0,5 years.

1. For exposures for which an institution has not received permission of the competent authority to use own estimates of LGD, the maturity value (‘M’) shall be 2,5 years, except for exposures arising from securities financing transactions, for which M shall be 0,5 years **and except for self-liquidating short-term trade finance transactions connected to the exchange of goods or services,**

including corporate purchased receivables, for which M shall be effective, the effective maturity M as set out in paragraph 2, taking into account the provisions laid out in paragraph 3 of this Article.

Or. en

Justification

Applying the fixed 2.5-year maturity factor does not reflect the short-term character and would thus lead to massive overstatement of the actual risk and unjustifiably high own funds requirements. This would eventually lead to a deterioration of clients' conditions and/or the availability of these instruments, which are particularly important for trade finance. The resulting competitive disadvantages in international trade and an additional exacerbation of problems with the functioning of supply chains should be avoided.

Amendment 937

José Manuel García-Margallo y Marfil, Isabel Benjumea Benjumea

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point a

Regulation (EU) No 575/2013

Article 162 – paragraph 1 – subparagraph 1

Text proposed by the Commission

1. For exposures for which an institution has not received permission of the competent authority to use own estimates of LGD, the maturity value ('M') shall **be** 2,5 years, except for exposures arising from securities financing transactions, for which M shall be 0,5 years.

Amendment

1. For exposures for which an institution has not received permission of the competent authority to use own estimates of LGD, **and for exposures for which an institution applies own estimates of LGD**, the maturity value ('M') shall **either be set at** 2,5 years, except for exposures arising from securities financing transactions, for which M shall be 0,5 years **or, alternatively, be calculated in accordance with paragraph 2.**

Or. en

Amendment 938

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel, Dominique Riquet

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point a

Text proposed by the Commission

1. For exposures for which an institution has not received permission of the competent authority to use own estimates of LGD, the maturity value ('M') shall **be** 2,5 years, except for exposures arising from securities financing transactions, for which M shall be 0,5 years.

Amendment

1. For exposures for which an institution has not received permission of the competent authority to use own estimates of LGD, the maturity value ('M') shall **either be set at** 2,5 years, except for exposures arising from securities financing transactions, for which M shall be 0,5 years **or, alternatively, calculated in accordance with paragraph 2.**

Or. en

Justification

Return to the approach agreed in CRR2 of actual maturity. A fixed maturity would reduce the risk sensitivity of the risk weight measurement. Important to enable actual maturity to be applied irrespective of the approach used.

Amendment 939

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel, Dominique Riquet

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point a

Regulation (EU) No 575/2013

Article 162 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Alternatively, as part of the permission referred to in Article 143, the competent authorities may decide on whether the institution shall use the maturity value M as set out in paragraph 2 for all those exposures of for a subset of those exposures.;

Amendment

deleted

Or. en

Justification

Return to the approach agreed in CRR2 of actual maturity. A fixed maturity would reduce the risk sensitivity of the risk weight measurement. Important to enable actual maturity to be applied irrespective of the approach used. Level playing field : decision should not be made institution by institution.

Amendment 940

José Manuel García-Margallo y Marfil, Isabel Benjumea Benjumea

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point a

Regulation (EU) No 575/2013

Article 162 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

Alternatively, as part of the permission referred to in Article 143, the competent authorities may decide on whether the institution shall use the maturity value M as set out in paragraph 2 for all those exposures of for a subset of those exposures.;

deleted

Or. en

Amendment 941

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point a

Regulation (EU) No 575/2013

Article 162 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

Alternatively, as part of the permission referred to in Article 143, the competent authorities may decide on whether *the institution* shall use the maturity value M as set out in paragraph 2 for all those exposures *of* for a subset of those exposures.;

Alternatively, as part of the permission referred to in Article 143, the competent authorities may decide on whether *all institutions* shall use the maturity value M as set out in paragraph 2 for all those exposures *or* for a subset of those exposures.;

Or. en

Amendment 942

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point b – point i

Regulation (EU) No 575/2013

Article 162 – paragraph 2 – introductory part

Text proposed by the Commission

For exposures for which an institution applies own estimates of LGD, the maturity value ('M') shall be calculated using periods of times expressed in years, as set out in this paragraph and subject to paragraphs 3 to 5 of this Article. M shall be no greater than 5 years, except in the cases specified in Article **384(1)** where M as specified there shall be used. M shall be calculated as follows in each of the following cases.;

Amendment

For exposures for which an institution applies own estimates of LGD, the maturity value ('M') shall be calculated using periods of times expressed in years, as set out in this paragraph and subject to paragraphs 3 to 5 of this Article. M shall be no greater than 5 years, except in the cases specified in Article **384(2)** where M as specified there shall be used. M shall be calculated as follows in each of the following cases.;

Or. en

Amendment 943

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point c – point ii – indent -1 (new)

Regulation (EU) No 575/2013

Article 162 – paragraph 3 – subparagraph 2 – introductory part

Present text

In addition, for qualifying short-term exposures which are not part of the institution's ongoing financing of the obligor, M shall be at least one-day. Qualifying short term exposures shall include the following:

Amendment

In addition, for qualifying short-term exposures which are not part of the institution's ongoing financing of the obligor, M shall be at least one-day. ***This applies to IRB-Advanced and to IRB-Foundation methods.*** Qualifying short term exposures shall include the following:

Or. en

Amendment 944

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel, Dominique Riquet

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point c – point ii – indent -1 (new)

Present text

Amendment

- the introductory part is replaced by the following:

In addition, for qualifying short-term exposures which are not part of the institution's ongoing financing of the obligor, M shall be at least one-day. Qualifying short term exposures shall include the following:

'In addition, for qualifying short-term exposures which are not part of the institution's on-going financing of the obligor, M shall be at least one-day. **This applies to IRB-Advanced and IRB-Foundation methods.** Qualifying short-term exposures shall include the following:'

Or. en

Justification

Clarification to ensure that the use of effective maturity with a one-day floor can be applied to both A-IRB and F-IRB for short-term exposures. Issue of international level playing field as other jurisdictions already apply this approach.

Amendment 945

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point c – point ii – indent -1 (new)

Regulation (EU) No 575/2013

Article 162 – paragraph 3 – subparagraph 2 – introductory part

Present text

Amendment

- the introductory part is replaced by the following:

In addition, for qualifying short-term exposures which are not part of the institution's ongoing financing of the obligor, M shall be at least one-day. Qualifying short term exposures shall include the following:

In addition, for qualifying short-term exposures which are not part of the institution's ongoing financing of the obligor, M shall be at least one-day. **This applies to IRB-Advanced and to IRB-Foundation methods.** Qualifying short term exposures shall include the following:
"

Or. en

(02013R0575-20220410)

Amendment 946

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel, Dominique Riquet

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point c – point ii – indent 1

Regulation (EU) No 575/2013

Article 162 – paragraph 3 – subparagraph 2 – point b

Text proposed by the Commission

(b) self-liquidating short-term trade finance transactions connected to the exchange of goods or services, **including corporate purchased receivables, with a residual maturity of up to 1 year** as referred to in Article 4(1), point (80);;

Amendment

(b) self-liquidating short-term trade finance transactions connected to the exchange of goods or services referred to in Article 4(1), point (80); **and corporate purchased receivables, provided that the respective exposures have a residual maturity of up to one year;**

Or. en

Justification

Clarification to ensure that the use of effective maturity with a one-day floor can be applied to both A-IRB and F-IRB for short-term exposures. Issue of international level playing field as other jurisdictions already apply this approach.

Amendment 947

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel, Engin Eroglu, Dominique Riquet

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point c – point ii – indent 2

Regulation (EU) No 575/2013

Article 162 – paragraph 3 – subparagraph 2 – point e

Text proposed by the Commission

(e) issued as well as confirmed letters of credit that are short term **that is with a** maturity below 1 year, and are self-liquidating;

Amendment

(e) issued as well as confirmed letters of credit that are short term, **namely that they have a residual** maturity below 1 year, and are self-liquidating;

Or. en

Justification

Clarification to ensure that the use of effective maturity with a one-day floor can be applied to

both A-IRB and F-IRB for short-term exposures. Issue of international level playing field as other jurisdictions already apply this approach.

Amendment 948

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point d

Regulation (EU) No 575/2013

Article 162 – paragraph 4

Text proposed by the Commission

4. For exposures to corporates established in the Union which are not large corporates, institutions *may choose to set* for all *such* exposures *M* as set out in paragraph 1 instead of applying paragraph 2.;

Amendment

4. For exposures to corporates established in the Union which are not large corporates, *competent authorities shall decide on whether all* institutions *shall set M* for all *these* exposures as set out in paragraph 1 instead of applying paragraph 2.;

Or. en

Amendment 949

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 76 – point a

Regulation (EU) No 575/2013

Article 163 – paragraph 1 – introductory part

Text proposed by the Commission

1. For the sole purposes of calculating risk weighted exposures and expected losses amounts of those exposures, and in particular for the purposes of Article 154, Article 157 and Article 158, paragraphs 1, 5 and 10, the PD *values* used in the input of the risk weight and expected loss formulas shall not be less than the following:

Amendment

1. For the sole purposes of calculating risk weighted exposures and expected losses amounts of those exposures, and in particular for the purposes of Article 154, Article 157 and Article 158, paragraphs 1, 5 and 10, the PD *for each retail exposure that is* used in the input of the risk weight and expected loss formulas shall not be less than the *one-year PD associated with the internal borrower grade to which the retail exposure is assigned and the*

following:

Or. en

Amendment 950

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 77 – point d

Regulation (EU) No 575/2013

Article 164 – paragraph 4a – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

For purposes of point (b), the type of FCP "Other physical collateral" in Table 2aaa of Article 230 shall be understood as "Other physical and other eligible collateral"

Or. en

Justification

The table outlining the volatility adjustments applicable under the Foundation IRB Approach (Table 2aaa in the proposed Article 230) does not cover all funded credit protection (FCP) eligible under the Advanced IRB Approach, therefore the amendment's proposed addition.

Amendment 951

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 77 – point d

Regulation (EU) No 575/2013

Article 164 – paragraph 4a – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

For the purposes of paragraph 4 point (b), the type of FCP "Other physical collateral" in Table 2aaa of Article 230 shall be understood as "Other physical and other eligible collateral"

Or. en

Amendment 952
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 77 – point d
Regulation (EU) No 575/2013
Article 164 – paragraph 4b

Text proposed by the Commission

4b. *Where an institution is not able to recognise the effects of the FCP securing one of the exposures of that type of exposures in the own LGD estimates, the institution shall be permitted to apply the formula set out in Article 230, with the exception that the LGDU term in that formula shall be the institution's own LGD estimate. In that case, the FCP shall be eligible in accordance with Chapter 4 and the institution own LGD estimate used as LGDU term shall be calculated based on underlying losses data excluding any recoveries arising from that FCP.;*

Amendment

4b. *To the extent that an institution recognises FCP under the IRB Approach, the institution may recognize the FCP in the calculation of the LGD input floor for secured exposures. Otherwise, the LGD input floor for unsecured exposures shall apply. '*

Or. en

Justification

Propose to delete the proposed Article 164(4b) because such paragraph in Basel applies to corporate and bank exposures and not to retail exposures. Moreover, for retail exposures the Foundation IRB Approach cannot be applied, and the information on FCP is not expected to be scarce. Amendment also proposes to insert a new paragraph 4b in Article 164 after the proposed new paragraph 4a, in order to clarify that, regardless of the application of the floors, institutions may estimate LGD in accordance with the current model design that reflects the most relevant risk drivers and is most suited to the risk profile of the portfolio and recovery strategies of the institution, even if this design does not explicitly differentiate secured from unsecured LGD. Such a split of exposures is required only for the purpose of the calculation of the LGD floor, which is then compared with an LGD estimate applicable to the entire exposure, i.e. by facility.

Amendment 953
Ville Niinistö
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 1 – paragraph 1 – point 77 – point d

Text proposed by the Commission

4b. ***Where an institution is not able to recognise the effects of the FCP securing one of the exposures of that type of exposures in the own LGD estimates, the institution shall be permitted to apply the formula set out in Article 230, with the exception that the LGDU term in that formula shall be the institution's own LGD estimate. In that case, the FCP shall be eligible in accordance with Chapter 4 and the institution own LGD estimate used as LGDU term shall be calculated based on underlying losses data excluding any recoveries arising from that FCP.;***

Amendment

4b. ***To the extent that an institution recognises FCP under the IRB Approach, the institution may recognise the FCP in the calculation of the LGD input floor for secured exposures. Otherwise, the LGD input floor for unsecured exposures shall apply.***

Or. en

Amendment 954

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 77 – point d

Regulation (EU) No 575/2013

Article 164 – paragraph 4b

Text proposed by the Commission

4b. Where an institution is not able to recognise the effects of the FCP securing one of the exposures of that type of exposures in the own LGD estimates, the institution shall be permitted to apply the formula set out in Article 230, with the exception that the LGDU term in that formula shall be the institution's own LGD estimate. In that case, the FCP shall be eligible in accordance with Chapter 4 and the institution own LGD estimate used as LGDU term shall be calculated based on underlying losses data excluding any recoveries arising from that FCP.;

Amendment

4b. Where an institution is not able to recognise the effects of the FCP securing one of the exposures of that type of exposures in the own LGD estimates, the institution shall be permitted to apply the formula set out in Article 230 ***as the institution applies IRB approach without own estimates of LGD or CCF***, with the exception that the LGDU term in that formula shall be the institution's own LGD estimate. In that case, the FCP shall be eligible in accordance with Chapter 4 and the institution own LGD estimate used as LGDU term shall be calculated based on underlying losses data excluding any recoveries arising from that FCP.;

Amendment 955

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 83

Regulation (EU) No 575/2013

Article 171 – paragraph 3

Text proposed by the Commission

3. Rating systems shall be designed in such a way that idiosyncratic or industry-specific changes are a driver of migrations from one grade to another. In addition, business cycles effects shall be taken into account as a driver for migrations of obligors and facilities from one grade or pool to another.;

Amendment

3. ***Although the time horizon used in PD estimation is one year, institutions shall use a longer time horizon in assigning ratings. A borrower rating must represent the institution's assessment of the borrower's ability and willingness to contractually perform independently from the adverse economic conditions or the occurrence of unexpected events.*** Rating systems shall be designed in such a way that idiosyncratic or industry-specific changes are a driver of migrations from one grade to another. In addition, business cycles effects shall be taken into account as a driver for migrations of obligors and facilities from one grade or pool to another.;

Amendment 956

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 83

Regulation (EU) No 575/2013

Article 171 – paragraph 3

Text proposed by the Commission

3. Rating systems shall be designed in such a way that idiosyncratic or industry-specific changes are a driver of migrations from one grade to another. In addition, business cycles effects shall be taken into

Amendment

3. ***Although the time horizon used in PD estimation is one year, institutions shall use a longer time horizon in assigning ratings. A borrower rating must represent the institution's assessment of***

account as a driver for migrations of obligors and facilities from one grade or pool to another.;

the borrower's ability and willingness to contractually perform despite adverse economic conditions or the occurrence of unexpected events. Rating systems shall be designed in such a way that idiosyncratic or industry-specific changes are a driver of migrations from one grade to another. In addition, business cycles effects shall be taken into account as a driver for migrations of obligors and facilities from one grade or pool to another.;

Or. en

Justification

The specification of the time horizon for rating assignments as proposed by the Basel III standards in CRE36.29 and CRE36.30 would ensure adequate risk differentiation despite adverse economic conditions and increase the RWEA comparability across institutions.

Amendment 957

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 89 – point b a (new)

Regulation (EU) No 575/2013

Article 178 – paragraph 1 – subparagraph 2

Present text

In the case of retail exposures, institutions may apply the definition of default laid down in points (a) and (b) of the first subparagraph at the level of an individual credit facility rather than in relation to the total obligations of a borrower.

Amendment

(b a) in paragraph 1, subparagraph 2 is replaced by the following :

In the case of retail exposures ***and purchased receivables***, institutions may apply the definition of default laid down in points (a) and (b) of the first subparagraph at the level of an individual credit facility rather than in relation to the total obligations of a borrower.

Or. en

Amendment 958

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 89 – point c a (new)

Regulation (EU) No 575/2013
Article 178 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

(c a) the following paragraph is inserted:

6a. EBA shall develop draft regulatory technical standards to specify the definition of diminished financial obligation in case of distressed restructuring for the purposes of paragraph 3(d).

EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2023.

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

Or. en

Amendment 959

Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 89 – point c a (new)

Regulation (EU) No 575/2013

Article 178 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

(c a) the following paragraph is inserted:

6a. EBA shall develop draft regulatory technical standards to specify the definition of diminished financial obligation in case of distressed restructuring for the purposes of paragraph 3(d).

EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2023.

Power is delegated to the Commission to

adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

Or. en

Amendment 960

Fabio Massimo Castaldo

Proposal for a regulation

Article 1 – paragraph 1 – point 89 – point c a (new)

Regulation (EU) No 575/2013

Article 178 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

(c a) the following paragraph is inserted:

6a. EBA shall develop draft regulatory technical standards to specify the definition of diminished financial obligation in case of distressed restructuring for the purposes of paragraph 3(d).

EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2023.

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

Or. en

Amendment 961

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 89 – point c a (new)

Regulation (EU) No 575/2013

Article. 178 – paragraph 6 a (new)

Present text

Amendment

(c a) the following paragraph is inserted:

6a. EBA shall develop draft regulatory technical standards to specify the definition of diminished financial obligation in case of distressed restructuring for the purposes of paragraph 3(d).

EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2023.

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

"

Or. en

(02013R0575-20220410)

Amendment 962
Raffaele Fitto

Proposal for a regulation

Article 1 – paragraph 1 – point 89 – point c a (new)

Regulation (EU) No 575/2013

Article 178 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

6a. EBA shall develop draft regulatory technical standards to specify the definition of diminished financial obligation in case of distressed restructuring for the purposes of paragraph 3(d).

EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2023.

Power is delegated to the Commission to

adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No1093/2010

Or. en

Amendment 963

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 90 – point a – point iv

Regulation (EU) No 575/2013

Article 180 – paragraph 1 – subparagraph 1 a

Text proposed by the Commission

‘For the purposes of point (h), where the available observation period spans a longer period for any source, and this data is relevant, this longer period shall be used. The data shall **include a** representative **mix of good and bad years** relevant for the type of exposures. Subject to the permission of competent authorities, institutions which have not received the permission of the competent authority pursuant to Article 143 to use own estimates of LGDs or conversion factors may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a period of five years.’;

Amendment

‘For the purposes of point (h), where the available observation period spans a longer period for any source, and this data is relevant, this longer period shall be used. The data shall **be** representative **of the likely range of variability of default rates** relevant for the type of exposures. Subject to the permission of competent authorities, institutions which have not received the permission of the competent authority pursuant to Article 143 to use own estimates of LGDs or conversion factors may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a period of five years.’;

Or. en

Amendment 964

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 90 – point a – point iv

Regulation (EU) No 575/2013

Article 180 – paragraph 1 – subparagraph 1 a

Text proposed by the Commission

‘For the purposes of point (h), where the available observation period spans a longer period for any source, and this data is relevant, this longer period shall be used. The data shall **include a** representative ***mix of good and bad years*** relevant for the type of exposures. Subject to the permission of competent authorities, institutions which have not received the permission of the competent authority pursuant to Article 143 to use own estimates of LGDs or conversion factors may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a period of five years.’;

Amendment

‘For the purposes of point (h), where the available observation period spans a longer period for any source, and this data is relevant, this longer period shall be used. The data shall **be** representative ***of the range of variability of default rates*** relevant for the type of exposures. Subject to the permission of competent authorities, institutions which have not received the permission of the competent authority pursuant to Article 143 to use own estimates of LGDs or conversion factors may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a period of five years.’;

Or. en

Amendment 965

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 90 – point b – point iii

Regulation 575/2013

Article 180 – paragraph 2 – subparagraph 2 a

Text proposed by the Commission

For the purposes of point (e), where the available observation spans a longer period for any source, and where those data are relevant, such longer period shall be used. The data shall **contain a** representative ***mix of good and bad years*** of the ***economic cycle*** relevant for the type of exposures. The PD shall be based on the observed historical average one-year default rate. Subject to the permission of the competent authorities, institutions may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a

Amendment

For the purposes of point (e), where the available observation spans a longer period for any source, and where those data are relevant, such longer period shall be used. The data shall **be** representative of the ***likely range of variability of default rates*** relevant for the type of exposures. The PD ***for each rating grade*** shall be based on the observed historical average one-year default rate ***that is a simple average based on the number of obligors (count weighted), or based on the number of facilities only where the definition is default is applied at individual credit facility level pursuant to Article 178(1) second subparagraph, and other***

period of five years.;

approaches, including exposure-weighted averages, shall not be permitted. Subject to the permission of the competent authorities, institutions may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a period of five years.;

Or. en

Justification

The use of the adjectives ‘good’ and ‘bad’ are appropriate for a legal text. The text could be aligned with the wording of Article 49(3) of the EBA Final Draft Regulatory Technical Standards on the specification of the assessment methodology for competent authorities regarding compliance of an institution with the requirements to use the IRB Approach in accordance with Articles 144(2), 173(3) and 180(3)(b) of Regulation (EU) No 575/2013 (EBA/RTS/2016/03).

Amendment 966

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 90 – point b – point iii

Regulation (EU) No 575/2013

Article 180 – paragraph 2 – subparagraph 2 a

Text proposed by the Commission

For the purposes of point (e), where the available observation spans a longer period for any source, and where those data are relevant, such longer period shall be used. The data shall contain a representative ***mix of good and bad years of the economic cycle*** relevant for the type of exposures. The PD shall be based on the observed historical average one-year default rate. Subject to the permission of the competent authorities, institutions may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a

Amendment

For the purposes of point (e), where the available observation spans a longer period for any source, and where those data are relevant, such longer period shall be used. The data shall contain a representative ***range of variability of default rates*** relevant for the type of exposures. The PD shall be based on the observed historical average one-year default rate. Subject to the permission of the competent authorities, institutions may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a

period of five years.;

period of five years.;

Or. en

Amendment 967

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 90 – point c a (new)

Regulation (EU) No 575/2013

Article 180 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

(c a) the following paragraph is added:

‘3a. Institutions shall use a longer term horizon than one year when assigning ratings. The rating assigned to a borrower shall reflect its ability and willingness to comply with its contractual obligations even in case of adverse economic conditions or in the occurrence of unexpected adverse events.

Or. en

Amendment 968

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 91 – point a – point iii

Regulation (EU) No 575/2013

Article 181 – paragraph 1 – point k

Text proposed by the Commission

Amendment

(iii) the following point (k) is added:

deleted

‘

(k) additional drawings after default shall be accounted for in the LGD;;

’

Or. en

Justification

In order to ensure an alignment with Basel (CRE 36.89), additional drawing after default should be taken into account in the CCF and not in the LGD.

Amendment 969

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 91 – point b – point i

Regulation (EU) No 575/2013

Article 181 – paragraph 2 – subparagraph 1 – point b

Present text

(i) in the first subparagraph, point (b) is *deleted*;

(b) reflect future drawings either in their conversion factors or in their LGD estimates;

Amendment

i) in the first subparagraph, point (b) is *replaced by the following*

“(b) reflect future drawings either in their conversion factors or in their LGD estimates. *In case institutions include future additional drawings in their conversion factors, these should be taken into account in the LGD in both numerator and denominator. In case institutions do not include future additional drawings in their conversion factors, these should be taken into account in the LGD numerator only.*“

Or. en

Justification

In order to ensure an alignment with Basel (CRE 36.89), additional drawing after default should be taken into account in the CCF and not in the LGD.

Amendment 970

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 91 – point c a (new)

Regulation (EU) No 575/2013

Article 181 – paragraph 4 a (new)

4a. For the purpose of calculating loss in accordance with point 2 of Article 5 with regard to cases that return to non-default status, the EBA shall issue updated guidelines until 31 December 2025, in accordance with Article 16 of Regulation (EU) No 1093/2010, specifying how artificial cashflow should be treated, taking into account the principal, interest, fees, additional observed recoveries, additional drawings and costs.

When developing the guidelines, the EBA shall assess the impact of discounting the balance at cure for cases that return to non-default status, and consider the possibility of institutions only discounting the artificial cash flow over the actual period of default.

Or. en

(See updating of guidelines in Article 16 of Regulation (EU) No 1093/2010)

Justification

In light of the objective of removing unwarranted variability in capital requirements, the EBA shall consider revising its guidelines on PD/LGD estimation and the treatment of defaulted exposures. The current discounting rules that apply to recovered cash-flow for cases that return to non-default status should be assessed and the requirement to discount the balance at cure, which in some cases has been shown to artificially inflate LGD estimates and in turn, RWAs. The EBA should consider whether discounting rules should only apply to exposures for the time they are in default.

Amendment 971

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point i

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) institutions' IRB-CCF shall reflect the possibility of additional drawings by

(c) institutions' IRB-CCF shall reflect the possibility of additional drawings by

the obligor up to the time a default event is triggered. ***The IRB-CCF shall incorporate a larger margin of conservatism where a stronger positive correlation can reasonably be expected between the default frequency and the magnitude of conversion factor;***

the obligor up to ***and after*** the time a default event is triggered;

Or. en

Justification

In order to ensure an alignment with Basel (CRE 36.89), additional drawing after default should be taken into account in the CCF and not in the LGD.

Amendment 972

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point ii

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – point g

Text proposed by the Commission

(g) institutions' IRB-CCF shall be developed using a 12-month fixed-horizon approach. For that purpose, for each observation in the reference data set, default outcomes shall be linked to relevant obligor and facility characteristics at a ***fixed*** reference date ***defined as*** 12 months prior to default day;

Amendment

(g) institutions' IRB-CCF shall be developed using a 12-month fixed-horizon approach. For that purpose, for each observation in the reference data set, default outcomes shall be linked to relevant obligor and facility characteristics at a reference date ***up to*** 12 months prior to default day;

Or. en

Justification

This CCF modelling constraint would reduce the number of observed defaults and related drawings. Defaults that occur within 1 year from the commitment date should be considered as relevant for the CCF modeling.

Amendment 973

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point iii

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

For the purposes of point (c), the IRB-CCF shall incorporate a larger margin of conservatism where a stronger positive correlation can reasonably be expected between the default frequency and the magnitude of the conversion factor.

deleted

Or. en

Amendment 974

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point iii

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – subparagraph 3

Text proposed by the Commission

Amendment

For the purposes of point (g), for each observation in the reference data set, default outcomes shall be linked to relevant obligor and facility characteristics at a fixed reference date which shall be set as 12 months prior to default day.

deleted

Or. en

Amendment 975

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a a (new)

Regulation (EU) No 575/2013

Article 182 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

(a a) the following paragraph is

inserted:

'1a. Institutions shall ensure that their CCF estimates are effectively quarantined from the potential effects of region of instability caused by a facility being close to being fully drawn at reference date.'

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02013R0575-20220410>)

Justification

New paragraph to include the requirement from CRE36.95 of the Basel III standards. This addition will allow reduction of unwarranted RWEA variability.

Amendment 976

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a b (new)

Regulation (EU) No 575/2013

Article 182 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

(a b) the following paragraph is inserted:

'1b. Reference data must not be capped at the principal amount outstanding of a facility or the available facility limit. Accrued interest, other due payments and drawings in excess of facility limits must be included in the reference data.'

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02013R0575-20220410>)

Justification

New paragraph to include the requirement from CRE36.96 of the Basel III standards.

Amendment 977

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point b

Regulation (EU) No 575/2013

Article 182 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

(b) in paragraph 3, the first subparagraph is deleted;

deleted

Or. en

Justification

In order to ensure an alignment with Basel (CRE 36.89), additional drawing after default should be taken into account in the CCF and not in the LGD, except for retail exposures where institutions should be able to decide whether they reflect future drawings in the CCF or LGD (CRE 36.89). The current CRR provision should be maintained.

Amendment 978

Esther de Lange, Caroline Nagtegaal

Proposal for a regulation

Article 1 – paragraph 1 – point 93 – point b – point iii

Regulation 575/2013

Article 183 – paragraph 1 – subparagraph 1a

Text proposed by the Commission

Amendment

For the purposes of point (d), an ‘unconditional guarantee’ means a guarantee where the credit protection contract does not contain any clause the fulfilment of which is outside the direct control of the lending institution and, that could prevent the guarantor from being obliged to pay out in a timely manner in the event that the original obligor fails to make any payments due. A clause in the credit protection contract providing that a faulty due diligence or fraud by the lending institution cancels or diminishes the extent of the guarantee offered by the guarantor shall not disqualify that guarantee from being considered as unconditional. Any credit protection contract which can, in the event of fraud of the obligor, be cancelled or of which the extent of credit protection

For the purposes of point (d), an ‘unconditional guarantee’ means a guarantee where the credit protection contract does not contain any clause the fulfilment of which is outside the direct control of the lending institution and, that could prevent the guarantor from being obliged to pay out in a timely manner **pursuant to the default of the obligor or** in the event that the original obligor fails to make any payments due. A clause in the credit protection contract providing that a faulty due diligence or fraud by the lending institution cancels or diminishes the extent of the guarantee offered by the guarantor shall not disqualify that guarantee from being considered as unconditional. Any credit protection contract which can, in the event of fraud of the obligor, be cancelled

can be diminished, shall not be considered as unconditional.

or of which the extent of credit protection can be diminished, shall not be considered as unconditional.

Or. en

Amendment 979

Esther de Lange, Caroline Nagtegaal

Proposal for a regulation

Article 1 – paragraph 1 – point 93 – point b – point iii

Regulation (EU) No 575/2013

Article 183 – paragraph 1 – subparagraph 1b

Text proposed by the Commission

Amendment

Guarantees where the payment by the guarantor is subject to the lending institution first having to pursue the obligor and that only cover losses remaining after the institutions has completed the workout process shall be considered as unconditional.;

deleted

Or. en

Amendment 980

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 96

Regulation (EU) No 575/2013

Article 193 – paragraph 7 a (new)

Text proposed by the Commission

Amendment

‘7a. Where institutions calculate risk-weighted exposure amounts under the Standardised Approach and the calculation of risk-weighted exposure amounts and expected loss amounts under the IRB Approach in accordance with the provisions laid down in this Chapter, they should factor in the ESG risks, in particular the climate physical risk, to which the collateral is subject.

The EBA shall, in accordance with Article 16 of Regulation (EU) No 1093/2010, issue guidelines on what constitutes the materialisation of climate physical risk and how this risk should be reflected in institutions' calculations of the risk-weighted amount of the exposure;

Or. en

Amendment 981

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 98 – point b a (new)

Regulation (EU) No 575/2013

Article 197 – paragraph 1 – points i and j

Text proposed by the Commission

Amendment

(b a) points (i) and (j) are added:

(i) amounts receivable linked to a commercial transaction or transactions with an original maturity of less than or equal to one year. Eligible receivables do not include those associated with securitisations, sub-participations or credit derivatives or amounts owed by affiliated parties;

(j) other physical collateral in accordance with Article 199 paragraphs 6 and 8;

The requirements outlined in Article 210 apply mutatis mutandis.

Or. en

Justification

Mirrors collateral recognition from IRBA.

Amendment 982

Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 98 a (new)

Regulation (EU) No 575/2013
Article 197 – paragraph 5 – point b

Present text

(b) the CIUs are **limited to** investing in instruments that are eligible for recognition under paragraphs 1 and 4;

Amendment

(98 a) in Article 197(5), point (b) is replaced by the following:

(b) the CIUs are investing in instruments that are eligible for recognition under paragraphs 1 and 4;

Or. en

Amendment 983
Fabio Massimo Castaldo

Proposal for a regulation
Article 1 – paragraph 1 – point 98 a (new)
Regulation (EU) No 575/2013
Article 197 – paragraph 5 – point b

Present text

(b) the CIUs are **limited to** investing in instruments that are eligible for recognition under paragraphs 1 and 4;

Amendment

(98 a) in Article 197(5), point (b) is replaced by the following:

(b) the CIUs are investing in instruments that are eligible for recognition under paragraphs 1 and 4;

"

Or. en

(Regulation (EU) No 575/2013)

Amendment 984
Raffaele Fitto

Proposal for a regulation
Article 1 – paragraph 1 – point 98 a (new)
Regulation (EU) No 575/2013
Article 197 – paragraph 6 subparagraph 1

Present text

Amendment

(98 a) in Article 197(6), the first

For the purposes of paragraph 5, where a CIU ('the original CIU') or any of its underlying CIUs are not limited to investing in instruments that are eligible under paragraphs 1 and 4,

institutions may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

subparagraph is replaced by the following:

For the purposes of paragraph 5, where a CIU ('the original CIU') or any of its underlying CIUs are not limited to investing in instruments that are eligible under paragraphs 1 and 4,

where the institutions can apply the look-through method, they may use units or shares in that CIU as collateral up to the amount equal to the value of the underlying instruments, calculated following the existing provisions of the relevant European and national regulations, that are eligible for recognition under paragraphs 1 and 4;

where institutions can apply the mandate-based approach, they may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Or. en

Amendment 985

Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 98 a (new)

Regulation (EU) No 575/2013

Article 197 – paragraph 6 - subparagraph 1

Present text

For the purposes of paragraph 5, where a CIU ('the original CIU') or any of its underlying CIUs are not limited to investing in instruments that are eligible under paragraphs 1 and 4,

Amendment

(98 a) in Article 197(6), subparagraph 1 is replaced by the following:

For the purposes of paragraph 5, where a CIU ('the original CIU') or any of its underlying CIUs are not limited to investing in instruments that are eligible under paragraphs 1 and 4:

- where the institutions can apply the look-through method, they may use units

institutions may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

or shares in that CIU as collateral up to the amount equal to the value of the underlying instruments, calculated following the existing provisions of the relevant European and national regulations, that are eligible for recognition under paragraphs 1 and 4;

- where institutions can apply the mandate-based approach, they may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Or. en

Amendment 986

Fabio Massimo Castaldo

Proposal for a regulation

Article 1 – paragraph 1 – point 98 a (new)

Regulation (EU) No 575/2013

Article 197 – paragraph 6 – subparagraph 1

Present text

6. For the purposes of paragraph 5, where a CIU ('the original CIU') or any of its underlying CIUs are not limited to investing in instruments that are eligible under paragraphs 1 and 4,

institutions may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that

Amendment

(98 a) in Article 197(6), subparagraph 1 is replaced by the following:

"6. For the purposes of paragraph 5, where a CIU ('the original CIU') or any of its underlying CIUs are not limited to investing in instruments that are eligible under paragraphs 1 and 4:

(i) where the institutions can apply the look-through method, they may use units or shares in that CIU as collateral up to the amount equal to the value of the underlying instruments, calculated following the existing provisions of the relevant European and national regulations, that are eligible for recognition under paragraphs 1 and 4;

(ii) where institutions can apply the mandate-based approach, they may use units or shares in that CIU as collateral to

CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

"

Or. en

(Regulation (EU) No 575/2013)

Amendment 987
Gianna Gancia

Proposal for a regulation
Article 1 – paragraph 1 – point 98 a (new)
Regulation (EU) No 575/2013
Article 197 – paragraph 6 – subparagraph 1

Present text

For the purposes of paragraph 5, where a CIU ('the original CIU') or any of its underlying CIUs are not limited to investing in instruments that are eligible under paragraphs 1 and 4,

institutions may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Amendment

(98 a) in Article 197(6), subparagraph 1 is replaced by the following:

"For the purposes of paragraph 5, where a CIU ('the original CIU') or any of its underlying CIUs are not limited to investing in instruments that are eligible under paragraphs 1 and 4:

-where the institutions can apply the look-through method, they may use units or shares in that CIU as collateral up to the amount equal to the value of the underlying instruments, calculated following the existing provisions of the relevant European and national regulations, that are eligible for recognition under paragraphs 1 and 4;

-where institutions can apply the mandate-based approach, they may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent

allowed under their respective mandates.

”

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0575-20220410&qid=1657192873239&from=EN>)

Amendment 988

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 98 a (new)

Regulation (EU) No 575/2013

Article 197a (new)

Text proposed by the Commission

Amendment

(98 a) the following article is inserted:

Art 197a

Additional eligibility for collateral under the Standardised Approach

1. Competent authorities shall permit an institution to use, as other eligible collateral, physical collateral where conditions specified in Article 199 (6) and in article 210 are met. Institutions shall document the fulfilment of these conditions.

2. Unless otherwise decided by the competent authorities regarding specific risk weights based on the product category, to exposures fully secured by a physical collateral, which met the conditions set in paragraph 1, shall be assigned a risk weight of 60%.

Or. en

(Regulation (EU) No 575/2013)

Amendment 989

Carlo Calenda

Proposal for a regulation
Article 1 – paragraph 1 – point 98 a (new)
Regulation (EU) No 575/2013
Article 197a (new)

Text proposed by the Commission

Amendment

(98 a) the following article is inserted.

Article 197a

Additional eligibility for collateral under the Standardised Approach1.

Competent authorities shall permit an institution to use, as other eligible collateral, physical collateral where conditions specified in Article 199 (6) and in article 210 are met. Institutions shall document the fulfilment of these conditions.

2. Unless otherwise decided by the competent authorities regarding specific risk weights based on the product category, to exposures fully secured by a physical collateral, which met the conditions set in paragraph 1, shall be assigned a risk weight of 60%.

Or. en

Amendment 990
Gianna Gancia

Proposal for a regulation
Article 1 – paragraph 1 – point 98 a (new)
Regulation (EU) No 575/2013
Article 197a (new)

Text proposed by the Commission

Amendment

(98 a) the following article is inserted :

Article 197a

Additional eligibility for collateral under the Standardised Approach

1. Competent authorities shall permit an institution to use, as other eligible collateral, physical collateral where conditions specified in Article 199(6) and

Article 210 are met. Institutions shall document the fulfilment of those conditions.

2. Unless otherwise decided by the competent authorities regarding specific risk weights based on the product category, to exposures fully secured by a physical collateral, which met the conditions set in paragraph 1, shall be assigned a risk weight of 60%.

Or. en

Amendment 991
Raffaele Fitto

Proposal for a regulation
Article 1 – paragraph 1 – point 98 b (new)
Regulation (EU) No 575/2013
Article 198

Present text

Amendment

(98 b) Article 198 is replaced by the following:

Article 198

Article 198

Additional eligibility of collateral under the Financial Collateral Comprehensive Method

Additional eligibility of collateral under the Financial Collateral Comprehensive Method

1. In addition to the collateral established in Article 197, where an institution uses the Financial Collateral Comprehensive Method set out in Article 223, that institution may use the following items as eligible collateral:

1. In addition to the collateral established in Article 197, where an institution uses the Financial Collateral Comprehensive Method set out in Article 223, that institution may use the following items as eligible collateral:

(a) equities or convertible bonds not included in a main index but traded on a recognised exchange;

(a) equities or convertible bonds not included in a main index but traded on a recognised exchange;

(b) units or shares in CIUs where both the following conditions are met:

(b) units or shares in CIUs where both the following conditions are met:

(i) the units or shares have a daily public

(i) the units or shares have a daily public

price quote;

(ii) the CIU is **limited to** investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of this subparagraph.

In the case a CIU invests in units or shares of another CIU, conditions (a) and (b) of this paragraph equally apply to any such underlying CIU.

The use by a CIU of derivative instruments to hedge permitted investments shall not prevent units or shares in that undertaking from being eligible as collateral.

2. Where the CIU or any underlying CIU are not limited to investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of paragraph 1 of this Article,

institutions may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Where non-eligible assets can have a negative value due to liabilities or contingent liabilities resulting from ownership, institutions shall do both of the

price quote;

(ii) the CIU is investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of this subparagraph.

The use by a CIU of derivative instruments to hedge permitted investments shall not prevent units or shares in that undertaking from being eligible as collateral.

2. Where the CIU or any underlying CIU are not limited to investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point(a) of paragraph 1 of this Article,

where institutions can apply the look-through method, they may use units or shares in that CIU as collateral up to the amount equal to the value of the underlying instruments, calculated following the existing provisions of the relevant European and national regulations, that are eligible for recognition under paragraphs 1 and 4 and the items mentioned in point (a) of paragraph 1 of this Article;

where institutions can apply the mandate-based approach, they may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Where non-eligible assets can have a negative value due to liabilities or contingent liabilities resulting from ownership, institutions shall do both of the

following:

- (a) calculate the total value of the non-eligible assets;
- (b) where the amount obtained under point (a) is negative, subtract the absolute value of that amount from the total value of the eligible assets.

following:

- (a) calculate the total value of the non-eligible assets;
- (b) where the amount obtained under point (a) is negative, subtract the absolute value of that amount from the total value of the eligible assets.

Or. en

Amendment 992
Gianna Gancia

Proposal for a regulation
Article 1 – paragraph 1 – point 98 b (new)
Regulation (EU) No 575/2013
Article 198

Present text

Article 198

Additional eligibility of collateral under the Financial Collateral Comprehensive Method

1. In addition to the collateral established in Article 197, where an institution uses the Financial Collateral Comprehensive Method set out in Article 223, that institution may use the following items as eligible collateral:

- (a) equities or convertible bonds not included in a main index but traded on a recognised exchange;
- (b) units or shares in CIUs where both the following conditions are met:

(i) the units or shares have a daily public price quote;

(ii) the CIU is **limited to** investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items

Amendment

(98 b) Article 198 is replaced by the following :

"Article 198

Additional eligibility of collateral under the Financial Collateral Comprehensive Method

1. In addition to the collateral established in Article 197, where an institution uses the Financial Collateral Comprehensive Method set out in Article 223, that institution may use the following items as eligible collateral:

- (a) equities or convertible bonds not included in a main index but traded on a recognised exchange;
- (b) units or shares in CIUs where both the following conditions are met:

(i) the units or shares have a daily public price quote;

(ii) the CIU is investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in

mentioned in point (a) of this subparagraph.

In the case a CIU invests in units or shares of another CIU, conditions (a) and (b) of this paragraph equally apply to any such underlying CIU.

The use by a CIU of derivative instruments to hedge permitted investments shall not prevent units or shares in that undertaking from being eligible as collateral.

2. Where the CIU or any underlying CIU are not limited to investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of paragraph 1 of this Article,

institutions may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Where non-eligible assets can have a negative value due to liabilities or contingent liabilities resulting from ownership, institutions shall do both of the following:

- (a) calculate the total value of the non-eligible assets;
- (b) where the amount obtained under point

point (a) of this subparagraph.

The use by a CIU of derivative instruments to hedge permitted investments shall not prevent units or shares in that undertaking from being eligible as collateral.

2. Where the CIU or any underlying CIU are not limited to investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of paragraph 1 of this Article:

-where institutions can apply the look-through method, they may use units or shares in that CIU as collateral up to the amount equal to the value of the underlying instruments, calculated following the existing provisions of the relevant European and national regulations, that are eligible for recognition under paragraphs 1 and 4 and the items mentioned in point (a) of paragraph 1 of this Article;

-where institutions can apply the mandate-based approach, they may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Where non-eligible assets can have a negative value due to liabilities or contingent liabilities resulting from ownership, institutions shall do both of the following:

- (a) calculate the total value of the non-eligible assets;
- (b) where the amount obtained under point

(a) is negative, subtract the absolute value of that amount from the total value of the eligible assets.

(a) is negative, subtract the absolute value of that amount from the total value of the eligible assets.

”

Or. en

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02013R0575-20220410&from=EN>

Amendment 993

Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 98 c (new)

Regulation (EU) No 575/2013

Article 198 – paragraph 1

Present text

Amendment

1. In addition to the collateral established in Article 197, where an institution uses the Financial Collateral Comprehensive Method set out in Article 223, that institution may use the following items as eligible collateral:

(a) equities or convertible bonds not included in a main index but traded on a recognised exchange;

(b) units or shares in CIUs where both the following conditions are met:

(i) the units or shares have a daily public price quote;

(ii) the CIU is **limited to** investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of this subparagraph.

In the case a CIU invests in units or shares of another CIU, conditions (a) and (b) of this paragraph equally apply to any

(98 c) in Article 198, paragraph 1 is replaced by the following:

1. In addition to the collateral established in Article 197, where an institution uses the Financial Collateral Comprehensive Method set out in Article 223, that institution may use the following items as eligible collateral:

(a) equities or convertible bonds not included in a main index but traded on a recognised exchange;

(b) units or shares in CIUs where both the following conditions are met:

(i) the units or shares have a daily public price quote;

(ii) the CIU is investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of this subparagraph.

such underlying CIU.

The use by a CIU of derivative instruments to hedge permitted investments shall not prevent units or shares in that undertaking from being eligible as collateral.

The use by a CIU of derivative instruments to hedge permitted investments shall not prevent units or shares in that undertaking from being eligible as collateral.

Or. en

Amendment 994
Fabio Massimo Castaldo

Proposal for a regulation
Article 1 – paragraph 1 – point 98 c (new)
Regulation (EU) No 575/2013
Article 198 – paragraph 1

Present text

1. In addition to the collateral established in Article 197, where an institution uses the Financial Collateral Comprehensive Method set out in Article 223, that institution may use the following items as eligible collateral:

- (a) equities or convertible bonds not included in a main index but traded on a recognised exchange;
- (b) units or shares in CIUs where both the following conditions are met:
 - (i) the units or shares have a daily public price quote;
 - (ii) the CIU is *limited to* investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of this subparagraph.

In the case a CIU invests in units or shares of another CIU, conditions (a) and (b) of this paragraph equally apply to any such underlying CIU.

The use by a CIU of derivative instruments to hedge permitted investments shall not prevent units or shares in that undertaking

Amendment

(98 c) in Article 198, paragraph 1 is replaced by the following:

"1. In addition to the collateral established in Article 197, where an institution uses the Financial Collateral Comprehensive Method set out in Article 223, that institution may use the following items as eligible collateral:

- (a) equities or convertible bonds not included in a main index but traded on a recognised exchange;
- (b) units or shares in CIUs where both the following conditions are met:
 - (i) the units or shares have a daily public price quote;
 - (ii) the CIU is investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of this subparagraph.

The use by a CIU of derivative instruments to hedge permitted investments shall not prevent units or shares in that undertaking

from being eligible as collateral.

from being eligible as collateral.

Or. en

(Regulation (EU) No 575/2013)

Amendment 995

Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 98 d (new)

Regulation (EU) No 575/2013

Article 198 – paragraph 2 – subparagraph 1

Present text

2. Where the CIU or any underlying CIU are not limited to investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of paragraph 1 of this Article,

institutions may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Amendment

(98 d) in Article 198(2), subparagraph 1 is replaced by the following:

2. Where the CIU or any underlying CIU are not limited to investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of paragraph 1 of this Article:

- where institutions can apply the look-through method, they may use units or shares in that CIU as collateral up to the amount equal to the value of the underlying instruments, calculated following the existing provisions of the relevant European and national regulations, that are eligible for recognition under paragraphs 1 and 4 and the items mentioned in point (a) of paragraph 1 of this Article;-

- where institutions can apply the mandate-based approach, they may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Or. en

Amendment 996
Fabio Massimo Castaldo

Proposal for a regulation

Article 1 – paragraph 1 – point 98 d (new)

Regulation (EU) No 575/2013

Article 198 – paragraph 2 – subparagraph 1

Present text

2. Where the CIU or any underlying CIU are not limited to investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of paragraph 1 of this Article,

institutions may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

Amendment

(98 d) in Article 198(2), subparagraph 1 is replaced by the following:

"2. Where the CIU or any underlying CIU are not limited to investing in instruments that are eligible for recognition under Article 197(1) and (4) and the items mentioned in point (a) of paragraph 1 of this Article:

(i) where institutions can apply the look-through method, they may use units or shares in that CIU as collateral up to the amount equal to the value of the underlying instruments, calculated following the existing provisions of the relevant European and national regulations, that are eligible for recognition under paragraphs 1 and 4 and the items mentioned in point (a) of paragraph 1 of this Article;

(ii) where institutions can apply the mandate-based approach, they may use units or shares in that CIU as collateral to an amount equal to the value of the eligible assets held by that CIU under the assumption that that CIU or any of its underlying CIUs have invested in non-eligible assets to the maximum extent allowed under their respective mandates.

"

Or. en

(Regulation (EU) No 575/2013)

Amendment 997
Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 99 – point -a (new)

Regulation (EU) No 575/201

Art 199 – paragraph 1 - introductory part

Present text

In addition to the collateral referred to in Articles 197 and 198, institutions that calculate risk-weighted exposure amounts and expected loss amounts under the IRB Approach may also use the following forms of collateral:

Amendment

(-a) in paragraph 1, the introductory part is replaced by:

In addition to the collateral referred to in Articles 197 and 198, institutions that calculate risk-weighted exposure amounts ***all approaches and methods*** and expected loss amounts under the IRB Approach may also use the following forms of collateral:

Or. en

Amendment 998

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 99 – point - a (new)

Regulation (EU) No 575/2013

Article 199 – paragraph 1 – introductory part

Present text

In addition to the collateral referred to in Articles 197 and 198, institutions that calculate risk-weighted exposure amounts and expected loss amounts under the IRB Approach may also use the following forms of collateral:

Amendment

(-a) in paragraph 1, the introductory part is replaced by the following:

In addition to the collateral referred to in Articles 197 and 198, institutions that calculate risk-weighted exposure amounts ***all approaches and methods*** and expected loss amounts under the IRB Approach may also use the following forms of collateral:

”

Or. en

(02013R0575-20220410)

Amendment 999
Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point a – point i

Regulation (EU) No 575/2013

Article 208 – paragraph 3 – point b – subparagraph 1 a

Text proposed by the Commission

Amendment

The value of the property shall not exceed the average value measured for that property or for a comparable property over the last three years in case of commercial immovable property, and over the last six years in case of residential property. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.; **deleted**

Or. en

Amendment 1000

Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point a – point i

Regulation (EU) No 575/2013

Article 208 – paragraph 3 – point b – subparagraph 1 a

Text proposed by the Commission

Amendment

The value of the property shall not exceed the average value measured for that property or for a comparable property over the last three years in case of commercial immovable property, and over the last six years in case of residential property. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

In the case of a revaluation beyond the value at the time the loan was granted the value of the property shall not exceed the average value measured for that property or for a comparable property over the last three years in case of commercial immovable property, and over the last six years in case of residential property. Modifications made to the property that ***unequivocally increase its value shall lead to an upwards adjustment of the property value. Modifications made to the property that*** improve the energy efficiency of the building or housing unit shall ***in any case*** be considered as unequivocally increasing its value

Justification

The opening explanatory memorandum of the EU-COM proposal on Art. 208 (3) contains, inter alia, the note: "In particular, the current requirement for frequent monitoring of property values is maintained, with an upward adjustment possible beyond the value at the time of lending (in contrast to the Basel III standards), but only up to the average value of the last three years for commercial property and the last six years for residential property". The wording of Art. 208 (3) (b) sentence 3 does not clearly clarify this intention. Rather, the current wording is ambiguous and does not make it clear that the upper limit of average values does not apply to initial valuation, monitoring and review.

Amendment 1001

Esther de Lange, Caroline Nagtegaal

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point a – point i

Regulation (EU) No 575/2013

Article 208 paragraph 3 – point b – subparagraph 1 a

Text proposed by the Commission

The value of the property shall not exceed the average value measured for that property or for a comparable property ***over the last three years in case of commercial immovable property, and*** over the last six years in case of ***residential property***. Modifications made to the property that ***improve*** the energy efficiency ***of the building or housing unit shall be considered as unequivocally increasing its value.***;

Amendment

The value of the property shall not exceed the average value measured for that property, or for a comparable property, ***as defined in Article 4(1)(74a)*** over the last six years. ***For the purpose of calculating the average value, institutions shall take the average across property values observed at equal intervals in time and the reference period shall include at least three data points. The value of the property can exceed that average value*** in case of modifications made to the property that ***unequivocally increase its value, such as improvements of*** the energy efficiency.

Or. en

Amendment 1002

Sirpa Pietikäinen

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point a – point i

Regulation (EU) No 575/2013

Article 208 – paragraph 3 – point b – subparagraph 1 a

Text proposed by the Commission

Amendment

The value *of the* property shall not exceed the *average value measured for that property or for a comparable property over the last three years in case of commercial immovable property, and over the last six years in case of residential property*. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

The *property* value *used for an exposure secured by an immovable* property shall not exceed the *market* value *of this* immovable property. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

Or. en

Amendment 1003

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point a – point i

Regulation (EU) No 575/2013

Article 208 – paragraph 3 – point b – subparagraph 1 a

Text proposed by the Commission

Amendment

The value *of the* property shall not exceed the *average value measured for that property or for a comparable property over the last three years in case of commercial immovable property, and over the last six years in case of residential property*. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

The *property* value *used for an exposure secured by an immovable* property shall not exceed the property *value of this* immovable property *measured when the institutions entered that exposure*. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

Or. en

Justification

Basing the ceiling for the present property value on the average value of that property, or comparable properties, over the last years could result in using a value that is higher than the value at origination. CRE20.74 of the Basel III standards prohibits such increase where this does not result from modifications made to the property that unequivocally increase its value. This prohibition represents one of the lessons learned from the global financial crisis, which was fuelled in some real estate markets by continued lending that relied on an increase in

property values which in the end were not sustainable. When an institution enters an exposure secured by immovable properties, the interest rate and other terms and conditions for that exposure are determined by reference to the underlying property value at that point in time. Any later increase in property value does not affect these calculations. Thus prohibiting the use of the current increased property value in the calculation of own funds requirements should not affect the originally intended transaction.

Amendment 1004

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point a – point i

Regulation (EU) No 575/2013

Article 208 – paragraph 3 – point b – subparagraph 1 a

Text proposed by the Commission

The value of the property shall not exceed the *average* value *measured for that property or for a comparable property over the last three years in case of commercial immovable property, and over the last six years in case of residential property*. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

Amendment

The value of the property shall not exceed the value *of this* property *measured when the institution entered that exposure*. Modifications made to the property that improve the energy efficiency of the building or housing unit, *by improving its energy performance certificate by at least one grade*, shall be considered as unequivocally increasing its value.;

Or. en

Amendment 1005

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point a – point i

Regulation (EU) No 575/2013

Article 208 – paragraph 3 – point b – subparagraph 1 a

Text proposed by the Commission

The value of the property shall not exceed the average value measured for that property or for a comparable property over the last three years in case of commercial immovable property, and over the last six

Amendment

The value of the property shall not exceed the *moving* average value measured for that property or for a comparable property over the last three years in case of commercial immovable property, and over

years in case of residential property. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

the last six years in case of residential property. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

Or. en

Justification

Commission text should be maintained.

Amendment 1006
Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point a – point i

Regulation (EU) No 575/2013

Article 208 – paragraph 3 – point b – subparagraph 1 a

Text proposed by the Commission

The value of the property shall not exceed the average value measured for that property or for a comparable property over the last **three** years in case of commercial immovable property, and over the last **six** years in case of residential property. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

Amendment

The value of the property shall not exceed the average value measured for that property or for a comparable property over the last **two** years in case of commercial immovable property, and over the last **four** years in case of residential property. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

Or. <Original> {EN}en</Original>

Justification

This amendment aims to shorten the applicable average value calculation time frame from three to two and from six to four years respectively.

Amendment 1007
Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Text proposed by the Commission

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may carry out the **valuation and revaluation** of the property value by means of advanced statistical or other mathematical methods ('models'), developed independently from the credit decision process, subject to the fulfilment of the following conditions:

Amendment

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may carry out the **monitoring** of the property value **and the identification of immovable property in need of revaluation** by means of advanced statistical or other mathematical methods ('models'), developed independently from the credit decision process, subject to the fulfilment of the following conditions:

Or. en

Justification

Amendments 43 to 46 reflect that the use of statistical models should remain restricted to monitoring the need for revaluation. Institutions should not be allowed to exclusively rely on models for valuation of immovable property. Immovable properties in need of revaluation should always be evaluated by an independent qualified valuer - in line with Basel requirements. Allowing statistical models also for property valuation and revaluation would imprudently allow institutions to never perform any actual revaluation of the pledged individual immovable property by an independent qualified reviewer. Lower own funds requirements for real estate exposures would exclusively rely on an institution's modelling, which could cause a significant gap in loss coverage should the modelled value not be realised when selling the specific immovable property in case of a default on the secured exposure.

Amendment 1008

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – introductory part

Text proposed by the Commission

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may **carry out the valuation and revaluation of** the property value by means of advanced statistical or

Amendment

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may **monitor** the property value **and identify properties in need of revaluation** by means of advanced

other mathematical methods ('models'), developed independently from the credit decision process, subject to the fulfilment of the following conditions:

statistical or other mathematical methods ('models'), developed independently from the credit decision process, subject to the fulfilment of the following conditions:

Or. en

Amendment 1009

Esther de Lange, Caroline Nagtegaal

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – introductory part

Text proposed by the Commission

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may carry out the valuation and revaluation of the property value by means of advanced statistical or other mathematical methods ('models'), developed independently from the credit decision process, subject to the fulfilment of the following conditions:

Amendment

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may carry out the valuation and revaluation of the property value by means of advanced statistical or other mathematical methods ('models'), developed independently from the credit decision process **and** subject to the fulfilment of the following conditions:

Or. en

Justification

Support for the Commission proposal.

Amendment 1010

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – introductory part

Text proposed by the Commission

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may carry out the valuation and revaluation of the property value by means of advanced statistical **or**

Amendment

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may carry out the valuation and revaluation of the property value by means of advanced statistical

other mathematical methods ('models'), developed independently from the credit decision process, subject to the fulfilment of the following conditions:

methods ('models'), developed independently from the credit decision process, subject to the fulfilment of the following conditions:

Or. en

Justification

This amendment aims to limit valuation and revaluation of property to advanced statistical methods, due to the required data to make accurate estimates.

Amendment 1011

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – point a

Text proposed by the Commission

(a) the institutions set out, in their policies and procedures, the criteria for using models to *value, revalue and* monitor the values of collateral. Those policies and procedures shall account for such models' proven track record, property-specific variables considered, the use of minimum available and accurate information, and the models' uncertainty;

Amendment

(a) the institutions set out, in their policies and procedures, the criteria for using models to monitor the values of collateral *and to identify the properties that should be reevaluated*. Those policies and procedures shall account for such models' proven track record, property-specific variables considered, the use of minimum available and accurate information, and the models' uncertainty;

Or. en

Amendment 1012

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – point a

Text proposed by the Commission

(a) the institutions set out, in their policies and procedures, the criteria for

Amendment

(a) the institutions set out, in their policies and procedures, the criteria for

using models to *value, revalue and* monitor the values of collateral. Those policies and procedures shall account for such models' proven track record, property-specific variables considered, the use of minimum available and accurate information, and the models' uncertainty;

using models to monitor the values of collateral *and to identify immovable property in need of revaluation*. Those policies and procedures shall account for such models' proven track record, property-specific variables considered, the use of minimum available and accurate information, and the models' uncertainty;

Or. en

Amendment 1013
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 103 – point b
Regulation (EU) No 575/2013
Article 208 – paragraph 3a – point c

Text proposed by the Commission

(c) the institutions are ultimately responsible for the appropriateness and performance of the models, the valuer referred to in paragraph 3, point (b), is responsible for the valuation *that is made* using the models and the institutions understand the methodology, input data and assumptions of the models used;

Amendment

(c) the institutions are ultimately responsible for the appropriateness and performance of the models, the valuer referred to in paragraph 3, point (b), is responsible for the valuation *of immovable property for which the need for revaluation has been identified* using the models and the institutions understand the methodology, input data and assumptions of the models used;

Or. en

Amendment 1014
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 103 – point b
Regulation (EU) No 575/2013
Article 208 – paragraph 3a – point e

Text proposed by the Commission

(e) the institutions have in place adequate IT processes, systems and capabilities and have sufficient and accurate data for any model-based

Amendment

(e) the institutions have in place adequate IT processes, systems and capabilities and have sufficient and accurate data for any model-based

valuation or revaluation of collateral;

monitoring of the value of immovable property collateral and identification of properties in need of revaluation;

Or. en

Amendment 1015

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – point e

Text proposed by the Commission

Amendment

(e) the institutions have in place adequate IT processes, systems and capabilities and have sufficient and accurate data for any model-based *valuation or revaluation of collateral;*

(e) the institutions have in place adequate IT processes, systems and capabilities and have sufficient and accurate data for any model-based *monitoring of property value and identification of properties in need of reevaluation ;*

Or. en

Amendment 1016

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – point f

Text proposed by the Commission

Amendment

(f) the estimates of models are independently validated and the validation process is generally consistent with the principles set out in Article 185, and the independent valuer referred to in paragraph 3, point (b) is responsible for the final values used by the institution for the purposes of this Chapter.;

(f) the estimates of models are independently validated and the validation process is generally consistent with the principles set out in Article 185, *where applicable*, and the independent valuer referred to in paragraph 3, point (b) is responsible for the final values used by the institution for the purposes of this Chapter.;

Or. en

Justification

This amendment aims to clarify that the principles set out Article 185 are mostly applicable to internal models and not applicable to external models.

Amendment 1017

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 103 a (new)

Regulation (EU) No 575/2013

Article 210 – introductory part

Present text

Physical collateral other than immovable property collateral shall qualify as eligible collateral under *the IRB Approach* where all the following conditions are met:

Amendment

(103 a) in Article 210, the introductory part is replaced by the following:

Physical collateral other than immovable property collateral shall qualify as eligible collateral under ***all approaches and methods*** where all the following conditions are met:

Or. en

Amendment 1018

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 103 a (new)

Regulation (EU) No 575/2013

Article 210 – introductory part

Present text

Physical collateral other than immovable property collateral shall qualify as eligible collateral under *the IRB Approach* where all the following conditions are met:

Amendment

(103 a)"Physical collateral other than immovable property collateral shall qualify as eligible collateral under ***all approaches and methods*** where all the following conditions are met:

"

Or. en

(02013R0575-20220410)

Amendment 1019

Antonio Tajani, Herbert Dorfmann, Fulvio Martusciello

Proposal for a regulation

Article 1 – paragraph 1 – point 104 a (new)

Regulation (EU) 575/2013

Article 212 – paragraph 2 – point g

Present text

(g) the surrender value is declared by the company providing the life insurance **and is non-reducible**;

Amendment

(104 a) in Article 212(2), point (g) is replaced by the following:

(g) the **current** surrender value is declared by the company providing the life insurance. ***Where the surrender value is reducible, it has to be revaluated during the exposure life cycle.***

Or. en

Amendment 1020

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 104 b (new)

Regulation (EU) No 575/2013

Article 212 – paragraph 2 – point g

Present text proposed by the Commission

(g) the surrender value is declared by the company providing the life insurance **and is non-reducible**;

Amendment

(104 b) in Article 212(2), point (g) is replaced by the following:

(g) the **current** surrender value is declared by the company providing the life insurance. ***Where the surrender value is reducible, it has to be revaluated during the exposure life cycle;***

Or. en

Amendment 1021

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 104 b (new)

Regulation (EU) No 575/2013

Article 212 – paragraph 2 – point g

Present text

Amendment

g) the surrender value is declared by the company providing the life insurance **and is non-reducible**;

(104 b) in Article 212(2), point (g) is replaced by the following:

"g) the current surrender value is declared by the company providing the life insurance. **Where the surrender value is reducible, it has to be revaluated during the exposure life cycle;**

"

Or. en

(02013R0575-20220410)

Amendment 1022

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 111 a (new)

Regulation (EU) No 575/2013

Article 222 – paragraph 1

Present text

Amendment

1. Institutions may use the Financial Collateral Simple Method **only** where they calculate risk-weighted exposure amounts under the Standardised Approach. Institution shall not use both the Financial Collateral Simple Method and the Financial Collateral Comprehensive Method, except for the purposes of Articles 148(1) and 150(1). Institutions shall not use this exception selectively with the purpose of achieving reduced own funds requirements or with the purpose of conducting regulatory arbitrage.

(111 a) in Article 222, paragraph.1 is replaced by the following :

"1. Institutions may use the Financial Collateral Simple Method where they calculate risk-weighted exposure amounts under the Standardised Approach **or under the IRB approach foreseen in Article 153(5)**. Institution shall not use both the Financial Collateral Simple Method and the Financial Collateral Comprehensive Method, except for the purposes of Articles 148(1) and 150(1). Institutions shall not use this exception selectively with the purpose of achieving reduced own funds requirements or with the purpose of conducting regulatory arbitrage.

"

Or. en

(Regulation 575/2013)

Amendment 1023

José Manuel García-Margallo y Marfil

Proposal for a regulation

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

Regulation (EU) No 575/2013

Article 228 – paragraph 1b (new)

Text proposed by the Commission

Amendment

(a a) the following paragraph is inserted :

1b. Under the IRB Approach, institutions shall use E as calculated under Article 223(5) as the exposure value for the purposes of Article 153(5). In the case of off-balance sheet items listed in Annex I, institutions shall use E* as the value to which the percentages indicated in Article 166(8) shall be applied to arrive at the exposure value.*

Or. en

Amendment 1024

Dorien Rookmaker

Proposal for a regulation

Article 1 – paragraph 1 – point 118 – point b

Regulation (EU) No 575/2013

Article 229– paragraph 1– point a

Text proposed by the Commission

Amendment

(a) the value shall be appraised *independently from an institution's mortgage acquisition, loan processing and loan decision process by an independent valuer* who possesses the necessary qualifications, ability and experience to execute a valuation;

(a) the value shall be appraised *by a valuer independent from the credit* decision process, who possesses the necessary qualifications, ability and experience to execute a valuation;

Or. en

Amendment 1025

Dorien Rookmaker

Proposal for a regulation

Article 1 – paragraph 1 – point 118 – point b

Regulation (EU) No 575/2013
Article 229– paragraph 1– point b – point i

Text proposed by the Commission

(i) the value *excludes expectations on price increases*;

Amendment

(i) the value *of the collateral shall be the market value or mortgage lending value reduced as appropriate to reflect the results of the monitoring required under Article 208(3) and to take account of any prior claims on the immovable property*;

Or. en

Amendment 1026
Engin Eroglu

Proposal for a regulation
Article 1 – paragraph 1 – point 118 – point b
Regulation (EU) No 575/2013
Article 229 – paragraph 1 – point b – point ii

Text proposed by the Commission

(ii) the value is adjusted to take into account the potential for the current market price to be significantly above the value that would be sustainable *over the life of the loan*;

Amendment

(ii) the value is adjusted to take into account the potential for the current market price to be significantly above the value that would be sustainable;

Or. en

Justification

The wording "value that would be sustainable over the term of the loan" penalises long-term real estate financing (e.g. of 15 years or longer). Market developments over such long periods are very difficult to assess in practice. Potential negative developments in real estate values that might occur are already prevented by paragraph 208 (3) (b), which sets strict requirements for the monitoring and review of real estate values.

Amendment 1027
Raffaele Fitto

Proposal for a regulation
Article 1 – paragraph 1 – point 118 – point b
Regulation (EU) No 575/2013
Article 229 – paragraph 1 – point b – point ii

Text proposed by the Commission

(ii) the value is adjusted to take into account the potential for the **current market price** to be significantly above the **value that would be sustainable over the life of the loan**;

Amendment

(ii) the value is adjusted to take into account the potential for the market **value or mortgage lending value** to be significantly above the **current market price**;

Or. en

Amendment 1028

Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 118 – point b

Regulation (EU) No 575/2013

Article 229 – paragraph 1 – point b – point ii

Text proposed by the Commission

(ii) the value is adjusted to take into account the potential for the **current market price** to be significantly above the **value that would be sustainable over the life of the loan**;

Amendment

(ii) the value is adjusted to take into account the potential for the market **value or mortgage lending value** to be significantly above the **current market price**;

Or. en

Amendment 1029

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 118 – point b

Regulation (EU) No 575/2013

Article 229 – paragraph 1 – point b – point ii

Text proposed by the Commission

(ii) the value is adjusted to take into account the potential for the **current market price** to be significantly above the **value that would be sustainable over the life of the loan**;

Amendment

(ii) the value is adjusted to take into account the potential for the market **value or mortgage lending value** to be significantly above the **current market price**;

Or. en

Amendment 1030
Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 118 – point b

Regulation (EU) No 575/2013

Article 229 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

For the purposes of point a, the value of residential real estate in well-developed and mature property markets may be assessed by means of a desktop valuation.

Or. en

Justification

The insertion serves to harmonise the requirements for real estate valuation of the EBA Guidelines on Loan Origination and Monitoring, para. 210.

Amendment 1031
Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 121 a (new)

Regulation (EU) No 575/2013

Article 232 – paragraph 2

Present text

Amendment

(121 a) in Article 232, paragraph 2 is replaced by the following:

2. Where the conditions set out in Article 212(2) are met, institutions shall subject the portion of the exposure collateralised by the current surrender value of life insurance policies pledged to the lending institution to the following treatment:

(a) where the exposure is subject to the Standardised Approach, it shall be risk-weighted by using the risk weights specified in paragraph 3;

(b) where the exposure is subject to the

2. Where the conditions set out in Article 212(2) are met, institutions shall subject the “portion of the exposure collateralised by the life insurance policies pledged to the lending institution” to the following treatment:

(a) where the exposure is subject to the Standardised Approach, it shall be risk-weighted by using the risk weights specified in paragraph 3;

(b) where the exposure is subject to the

IRB Approach but not subject to the institution's own estimates of LGD, it shall be assigned an LGD of 40 %.

IRB Approach but not subject to the institution's own estimates of LGD, it shall be assigned an LGD of 40 %.

The “portion of the exposure collateralized by the life insurance policies pledged to the lending institution”, where the surrender value (SV) is reducible, has to be calculated by the following formula:

$$SV = SV \cdot (1 - HC)$$

where:

HC = volatility adjustment.

Where institutions are aware of the underlying exposures of the life insurance policy and the underlying exposures satisfy the eligibility criteria set out in Article 197 and 198, they should calculate Hc as the weighted average of each underlying exposure Hc according to Art. 224, paragraph 1 Tables 1 to 3.

Underlying exposures in the form of CIUs should be themselves subject to the look-through approach up the maximum extent. For the purposes of calculating weighted average Hc, underlying exposures not satisfying eligibility criteria set out in Article 197 and 198 and underlying exposures in the for of CIUs for which the look-through approach up to the maximum extent is not available should be considered as having Hc equal to 1.

In the event of a currency mismatch, institutions shall reduce the current surrender value in accordance with Article 233(3), the value of the credit protection being the current surrender value of the life insurance policy.

In the event of a currency mismatch, institutions shall reduce the current surrender value in accordance with Article 233(3), the value of the credit protection being the current surrender value of the life insurance policy.

Or. en

Amendment 1032

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 121 a (new)

Present text

2. Where the conditions set out in Article 212(2) are met, institutions shall subject the portion of the exposure collateralised by the current surrender value of life insurance policies pledged to the lending institution to the following treatment:

- (a) where the exposure is subject to the Standardised Approach, it shall be risk-weighted by using the risk weights specified in paragraph 3;
- (b) where the exposure is subject to the IRB Approach but not subject to the institution's own estimates of LGD, it shall be assigned an LGD of 40 %

Amendment

(121 a) in Article 232, paragraphs 2 is replaced by the following:

"2. Where the conditions set out in Article 212(2) are met, institutions shall subject the “portion of the exposure collateralised by the current surrender value of life insurance policies pledged to the lending institution” to the following treatment:

- (a) where the exposure is subject to the Standardised Approach, it shall be risk-weighted by using the risk weights specified in paragraph 3;
- (b) where the exposure is subject to the IRB Approach but not subject to the institution's own estimates of LGD, it shall be assigned an LGD of 40 %.

The “portion of the exposure collateralized by the life insurance policies pledged to the lending institution”, where the surrender value (SV) is reducible, has to be calculated by the following formula: $SV = SV \cdot (1 - HC)$

where: HC = volatility adjustment. Where institutions are aware of the underlying exposures of the life insurance policy and the underlying exposures satisfy the eligibility criteria set out in Article 197 and 198, they should calculate Hc as the weighted average of each underlying exposure Hc according to Art. 224, paragraph 1 Tables 1 to 3. Underlying exposures in the form of CIUs should be themselves subject to the look-through approach up the maximum extent. For the purposes of calculating weighted average Hc, underlying exposures not satisfying eligibility criteria set out in Article 197 and 198 and underlying exposures in the for of CIUs for which the look-through approach up to the maximum extent is not available should be considered as having

He equal to 1.

"

Or. en

(02013R0575-20220410)

Amendment 1033

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 123 – point b

Regulation (EU) No 575/2013

Article 235 – point g

Text proposed by the Commission

g = the risk weight of exposures to the protection provider as specified in Chapter 2.

Amendment

g = the risk weight of exposures to the protection provider as specified in Chapter 2 **or in Chapter 3 if the institution has been granted permission to use IRB Approach for the exposure class that the protection provider belongs.**

Or. en

Amendment 1034

Aurore Lalucq, Paul Tang

Proposal for a regulation

Article 1 – paragraph 1 – point 126 a (new) Regulation (EU) No 575/2013

Article 236b (new)

Text proposed by the Commission

Amendment

(126 a) the following article is inserted:

Article 236b

Fossil fuel sector exposures

1. The following shall be considered exposures to existing fossil fuel resources:

(i) exposures to projects in fossil fuel sectors

(ii) exposures to companies active in fossil fuel sectors, excluding the ones which invest in expansion or exploration and

plan to add fossil fuel resources to their production portfolio

(iii) exposure to power plants that burn fossil fuels to generate power. Fossil fuel resources and resource fields referred to in this subparagraph must have been explored and known as of 31 December 2021.

2. The following shall be considered exposures to the new fossil fuel resources:

(i) exposure to fossil fuel extraction projects, transport facilities and other infrastructure (such as LNG terminals) that drive expanded extraction. This includes all projects which have not received a final investment decision (FID) before 31 December 2021

(ii) exposures to companies active in fossil fuel sectors, which invest in expansion and exploration and plan to add fossil fuel resources to their production portfolio

(iii) exposure to power plants that burn fossil fuels to generate power; the FID for the exploration or expansion of such fossil fuels must have been on or after 1 January 2022. Exploration or expansion of fossil fuel resources and resource fields referred to in this must have started on or after 1 January 2022.

3. Exposures related to existing fossil fuel resources, as referred to in paragraph 1 of this Article, shall be assigned a risk weight of 150 %

4. Exposures related to new fossil fuel resources, as referred to in paragraph 2 of this Article, shall be assigned a risk weight of 1250 %

Or. en

Amendment 1035

José Manuel García-Margallo y Marfil, Isabel Benjumea Benjumea

Proposal for a regulation

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

Present text

2. Institutions shall calculate the exposure value of a netting set under the standardised approach for counterparty credit risk as follows:

$$\text{Exposure value} = \alpha \cdot (\text{RC} + \text{PFE})$$

where:

RC = the replacement cost calculated in accordance with Article 275; and

PFE = the potential future exposure calculated in accordance with Article 278;

$$\alpha = 1,4.$$

Amendment

(- a) paragraph 2 is replaced by the following:

2. Institutions shall calculate the exposure value of a netting set under the standardised approach for counterparty credit risk as follows:

$$\text{Exposure value} = \alpha \cdot (\text{RC} + \text{PFE})$$

where:

RC = the replacement cost calculated in accordance with Article 275; and

PFE = the potential future exposure calculated in accordance with Article 278;

$\alpha = 1$ for netting sets 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

$$\alpha = 1.4 \text{ for all other nettings sets}$$

Or. en

Amendment 1036

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

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

Regulation (EU) No 575/2013

Article 274 paragraph 2

Present text

2. Institutions shall calculate the exposure value of a netting set under the standardised approach for counterparty credit risk as follows:

$$\text{Exposure value} = \alpha \cdot (\text{RC} + \text{PFE})$$

where:

Amendment

(- a) paragraph 2 is replaced by the following:

"2. Institutions shall calculate the exposure value of a netting set under the standardised approach for counterparty credit risk as follows:

$$\text{Exposure value} = \alpha \cdot (\text{RC} + \text{PFE})$$

where:

RC = the replacement cost calculated in accordance with Article 275;

and

PFE = the potential future exposure calculated in accordance with Article 278;

$\alpha = 1,4$.

RC = the replacement cost calculated in accordance with Article 275;

and

PFE = the potential future exposure calculated in accordance with Article 278;

$\alpha = 1$ for netting sets 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

$\alpha = 1.4$ for all other nettings sets

"

Or. en

(<https://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex:32013R0575>)

Justification

Set the alpha factor at 1 for all banks to calculate the exposure under SA-CCR, for all purposes, and not only for the purpose of the output floor's calculation for certain types of counterparties. Such treatment would apply to netting sets with non-financial counterparties in order to ensure a level playing field with other jurisdictions.

Amendment 1037

Agnès Evren

Proposal for a regulation

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

Regulation (EU) No 575/2013

Article 274 paragraph 2

Present text

2. Institutions shall calculate the exposure value of a netting set under the standardised approach for counterparty credit risk as follows:

Exposure value = $\alpha \cdot (RC + PFE)$

where:

RC=the replacement cost calculated in accordance with Article 275; and

Amendment

(- a) paragraph 2 is replaced by the following:

"2. Institutions shall calculate the exposure value of a netting set under the standardised approach for counterparty credit risk as follows:

Exposure value = $\alpha \cdot (RC + PFE)$

where:

RC=the replacement cost calculated in accordance with Article 275; and

PFE=the potential future exposure
calculated in accordance with Article 278;

$\alpha=1,4$.

PFE=the potential future exposure
calculated in accordance with Article 278;

**$\alpha=1$ for netting sets 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;**

$\alpha = 1.4$ for all other nettings sets.

"

Or. en

(REGULATION (EU) 2019/876)

Amendment 1038

Othmar Karas

Proposal for a regulation

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

Regulation (EU) No 575/2013

Article 274 – paragraph 7 a (new)

Text proposed by the Commission

Amendment

(b a) the following paragraph is added:

***7a. By way of derogation from paragraph
2, institutions may, upon approval of the
competent authorities, replace alpha by 1
in the calculation of the exposure value
for netting sets 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.***

Or. en

(See Regulation (EU) No 648/2012 Article 2, point 9)

Justification

In order to ensure a level playing field of EU banks, competent authorities may approve the replacement of alpha by one when calculating the exposure value for netting sets 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.

Amendment 1039
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 130a (new)
 Regulation (EU) No 575/2013
 Article 284 – paragraph 6

Present text

Effective EPE is the average Effective EE during the first year of future exposure. If all contracts in the netting set mature within less than one year, EPE shall be the average of EE until all contracts in the netting set mature. Effective EPE shall be calculated as a weighted average of Effective EE:

$$\text{Effective EPE} = \frac{1}{\min\{1 \text{ year}, \text{maturity}\}} \cdot \sum_{k=1}^{\min\{1 \text{ year}, \text{maturity}\}} \text{Effective EE}_{t_k} \cdot \Delta t_k$$

where the weights $\Delta t_k = t_k - t_{k-1}$ allow for the case when future exposure is calculated at dates that are not equally spaced over time

Amendment

(130a) Article 284(6) is replaced by the following:

6. The calculation of Effective EPE shall not include the effect of trade-related cash flow payments from the institution to the defaulting counterparty and vice versa for margined trading during the margin period of risk. The impact of such trade-related cash flow payments shall be taken into account by adding to Effective EPE the term:

$$\frac{1}{\min\{1 \text{ year}, \text{maturity}\}} \cdot \sum_{k=1}^{\min\{1 \text{ year}, \text{maturity}\}} \text{ESE}_{t_k} \cdot \Delta t_k$$

Where:

$$\text{ESE}_{t_k} =$$

expected spike exposures is calculated as the expected exposure increase due to trade-related cash flow payments from the institution to the defaulting counterparty during the margin period of risk that are possible due to contractual provisions (e.g. grace periods), the default notification and management processes of the institution and due to applicable settlement netting rules for such cash flows, which can also include variation margin payments if contractually agreed;

$$\Delta t_k =$$

denotes the time period inside the margin period of risk attached to the time grid point where such payments are possible, expressed in units of a year.'

Or. en

Justification

Amendment covers payments in line with processes and legal requirements to still pay to a counterparty that goes into default, and those payments are not seen as an operational failure or operational risk. The change would be in line with un-margined trading because all (material) payments and maturing transactions have an immediate impact on the exposure time profile. Supervisors and regulators outside the EU do not currently consider spike risk. Avoiding capitalising such payments via Effective EPE and instead using a moderate add-on avoids comparative disadvantages for EU banks.

Amendment 1040

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 312

Text proposed by the Commission

The own funds requirement for operational risk shall be the business indicator component calculated in accordance with Article 313.

Amendment

The own funds requirement for operational risk shall be ***the product of*** the business indicator component calculated in accordance with Article 313 ***and the internal loss multiplier calculated in accordance with Article 313a.***

Or. en

Amendment 1041

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 312

Text proposed by the Commission

The own funds requirement for operational

Amendment

The own funds requirement for operational

risk shall be the business indicator component calculated in accordance with Article 313.

risk shall be ***the product of*** the business indicator component calculated in accordance with Article 313 ***and the internal loss multiplier calculated in accordance with article 313a.***

Or. en

Amendment 1042

Gilles Boyer, Stéphanie Yon-Courtin, Olivier Chastel, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 312

Text proposed by the Commission

The own funds requirement for operational risk shall be the business indicator component calculated in accordance with Article 313.

Amendment

The own funds requirement for operational risk shall be the ***product of*** business indicator component calculated in accordance with Article 313, ***and the internal loss multiplier calculated in accordance with Article 315b.***

Or. en

Justification

Introduction of the Internal Loss Multiplier (ILM) to take into account the credit institutions' historical losses in the calculation of their operational risk own funds requirements, thereby creating an incentive for credit institutions to maintain a robust operational risk management framework.

Amendment 1043

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 313a (new)

Text proposed by the Commission

Amendment

Article 313a

Internal Loss Multiplier

1. Institutions shall calculate their internal loss multiplier, which reflects the bank's internal operational risk experience, as follows:

$$ILM = \ln(\exp(1) - 1 + (LC/BIC)^{0.8})$$

*where ILM is the internal loss multiplier
BIC is the business indicator calculated in accordance with article 314, expressed in billions of euro.*

LC is the loss component equals to 15 times average annual operational risk losses incurred over the previous 10 financial years, calculated in accordance with Articles 316 and 318 and Article 319(1)

2. The calculation of average losses as part of the loss component shall rely on high-quality data. Upon supervisory approval, institutions that do not have ten years of high-quality annual loss data, may use five years of high-quality data. Institutions that do not have five years of high-quality loss data must calculate the capital requirement based solely on the BI Component.

Or. en

Amendment 1044
Danuta Maria Hübner

Proposal for a regulation
article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 313 a (new)

Text proposed by the Commission

Amendment

Article 313a

Internal Loss Multiplier

1. Institutions shall calculate their internal loss multiplier component in accordance with the following formula:

$$ILM = \begin{cases} 1, & \text{where } BI \leq 1 \\ \ln\left(e - 1 + \left(\frac{LC}{BIC}\right)^{0.8}\right), & \text{where } BI > 1 \end{cases}$$

where ILM = the internal loss multiplier

BI= the business indicator, expressed in billions of euro, calculated in accordance with Article 314;

LC = the loss component, expressed in billions of euro, calculated as 15 times the annual average over the last ten financial years of the annual operational risk losses calculated in accordance with Articles 316 and 318 and Article 319(1).

2. When the business indicator of an institution exceeds 1 for the first time:

(a) institutions that do not have ten years of good quality loss data may use a minimum of five years of data to calculate the loss component;

(b) institutions that do not have five years of good-quality loss data shall set the internal loss multiplier at 1;

(c) competent authorities may however require an institution to calculate the loss component using fewer than five years of losses if the resulting internal loss multiplier is greater than 1 and competent authorities believe the losses are representative of the institution's operational risk exposure.'

Or. en

Justification

The proposed new Article 313(a) introduces the rules for ILM calculation in accordance with the baseline implementation of the Standardised Approach for operational risk provided for in the Basel III standards. The internal review of the arrangements, processes and mechanisms to inform and keep updated the loss data set is needed to ensure the quality of the data used for the ILM computation.

Amendment 1045

José Manuel García-Margallo y Marfil, Isabel Benjumea Benjumea

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 2 – subparagraph 3

Text proposed by the Commission

IC = the interest component, which is the institution's interest income from all financial assets and other interest income, including finance income from financial and income from operating leases and profits from leased assets, minus the institution's interest expenses from all financial liabilities and other interest expenses, including interest expense from financial and operating leases, depreciation and impairment of, and losses from, operating leased assets, calculated as the annual average of the absolute values of the difference over the previous three financial years;

Amendment

IC = the interest component, ***determined at jurisdiction level for the purposes of taking into consideration high and low net interest margin jurisdictions***, which is the institution's interest income from all financial assets and other interest income, including finance income from financial and income from operating leases and profits from leased assets, minus the institution's interest expenses from all financial liabilities and other interest expenses, including interest expense from financial and operating leases, depreciation and impairment of, and losses from, operating leased assets, calculated as the annual average of the absolute values of the difference over the previous three financial years;

Or. en

Amendment 1046

Lídia Pereira, Frances Fitzgerald

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 2 – subparagraph 3

Text proposed by the Commission

IC = the interest component, which is the institution's interest income from all financial assets and other interest income, including finance income from financial and income from operating leases and profits from leased assets, minus the institution's interest expenses from all financial liabilities and other interest expenses, including interest expense from financial and operating leases, depreciation

Amendment

IC = the interest component, ***determined at jurisdiction level***, which is the institution's interest income from all financial assets and other interest income, including finance income from financial and income from operating leases and profits from leased assets, minus the institution's interest expenses from all financial liabilities and other interest expenses, including interest expense from financial

and impairment of, and losses from, operating leased assets, calculated as the annual average of the absolute values of the difference over the previous three financial years;

and operating leases, depreciation and impairment of, and losses from, operating leased assets, calculated as the annual average of the absolute values of the difference over the previous three financial years;

Or. en

Justification

Important to consider low and high net interest margin jurisdictions.

Amendment 1047

José Manuel García-Margallo y Marfil, Isabel Benjumea Benjumea

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 2 – subparagraph 4

Text proposed by the Commission

AC = the asset component, which is the sum of the institution's total gross outstanding loans, advances, interest bearing securities, including government bonds, and lease assets, calculated as the annual average over the previous three financial years on the basis of the amounts at the end of each of the respective financial years;

Amendment

AC = the asset component, ***determined at jurisdiction level for the purposes of taking into consideration high and low net interest margin jurisdictions***, which is the sum of the institution's total gross outstanding loans, advances, interest bearing securities, including government bonds, and lease assets, calculated as the annual average over the previous three financial years on the basis of the amounts at the end of each of the respective financial years;

Or. en

Amendment 1048

Lídia Pereira, Frances Fitzgerald

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 2 – subparagraph 4

Text proposed by the Commission

AC = the asset component, which is the sum of the institution's total gross outstanding loans, advances, interest bearing securities, including government bonds, and lease assets, calculated as the annual average over the previous three financial years on the basis of the amounts at the end of each of the respective financial years;

Amendment

AC = the asset component, ***determined at jurisdiction level***, which is the sum of the institution's total gross outstanding loans, advances, interest bearing securities, including government bonds, and lease assets, calculated as the annual average over the previous three financial years on the basis of the amounts at the end of each of the respective financial years;

Or. en

Justification

Important to consider low and high net interest margin jurisdictions.

Amendment 1049

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 3 – subparagraph 6 a (new)

Text proposed by the Commission

Amendment

For Institutions having a service component SC weight greater than 50% of the overall business indicator, the service component shall be calculated in accordance to the following formula:

$$SC = \min (SC_0, 50\% BI) + \max (0, [SC_0 - 50\%BI]) * SC_{CF}$$

where:

SC_{CF}: service component calibration factor proposed at 50%.

$$SC_0 = \max (OI, OE) + \max (FI, FE)$$

Or. en

Amendment 1050

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 3 – subparagraph 6 a (new)

Text proposed by the Commission

Amendment

For Institutions having a service component SC weight greater than 50% of the overall business indicator, the service component shall be calculated in accordance to the following formula:

$$SC = \min (SC0 , 50\% BI) +$$

$$\max (0, [SC0 - 50\% BI]) * SCCF$$

where:

SCCF: service component calibration factor proposed at 50%.

$$SC0 = \max (OI , OE) + \max (FI , FE)$$

Or. en

Amendment 1051

Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 3 – subparagraph 6 a (new)

Text proposed by the Commission

Amendment

By way of derogation from this requirement, institutions may exclude fees collected in connection with the conclusion of a transaction giving access to contractual savings schemes leading to a mortgage loan with fixed interest rates and which fees' are passed through to the sales force as acquisition costs immediately after they have been settled when considering the services component.

Or. en

Amendment 1052
Othmar Karas

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 314 – paragraph 3a (new)

Text proposed by the Commission

Amendment

3 a. When calculating the SC, institutions may:

(a) exclude fees collected in connection with the conclusion of a transaction giving access to contractual savings schemes leading to a mortgage loan with fixed interest rates and which fees' are passed through to the sales force as acquisition costs immediately after they have been settled when considering the service component;

(b) exclude any income received from or expenses paid to institutions, given they are members of the same institutional protection scheme meeting the requirements of Article 113(7).

Or. en

Justification

This amendment aims to allow for the netting of expenses/income when calculating the services component for of specific business models where operational risk would otherwise be overstated. While the Commission proposal takes into account unregulated institutions or groups with a branch structure, it forgets to do so in case of financial networks and specialised credit institutions. The specificities related to passed-through and intra group commissions in these cases have to be treated in a comparable manner.

Amendment 1053
Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 314 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3 a. Institutions that are a member of an institutional protection scheme as defined in Article 113(7) may net the fee and commission income and expenses received from and paid to other members the same institutional protection scheme for the purposes of calculating the Services Component.

Or. en

Justification

Avoids artificial inflation of the services components.

Amendment 1054

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 6 – subparagraph 1 – point a

Text proposed by the Commission

Amendment

(a) the components of the business indicator by developing a list of typical sub-items, taking into account international regulatory standards;

(a) the components of the business indicator by developing a list of typical sub-items, taking into account international regulatory standards; ***for the Financial Component calculation, this list shall not be used to separate TC and BC components and shall not prevent an institution from addressing sub-items to the TC or the BC components according to their prudential boundary defined in Part three, Title I, Chapter 3.***

Or. en

Justification

Essential to maintain the distinction in the RTS between Trading Component and Banking Component as foreseen in article 314(4).

Amendment 1055

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 6 – subparagraph 2

Text proposed by the Commission

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **18** months after entry into force of this Regulation].

Amendment

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

The application date of the regulatory technical standards will at least be 18 months after publication in the OJEU.

Or. en

Amendment 1056

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 7 – subparagraph 2

Text proposed by the Commission

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **24** months after entry into force of this Regulation].

Amendment

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **6** months after entry into force of this Regulation]. ***The application date of the regulatory technical standards will at least be 18 months after publication in the OJEU.***

Or. en

Amendment 1057

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 315 – paragraph 1

Text proposed by the Commission

1. Institutions shall include business indicator items of merged or acquired entities or activities in their business indicator calculation from the time of the merger or acquisition, as applicable, and shall cover the previous three financial years.

Amendment

1. Institutions shall include business indicator items of merged or acquired entities or activities in their business indicator calculation from the time of the merger or acquisition, as applicable, and shall cover the previous three financial years. ***When the business indicator of the acquired entity applies a lower marginal factor than the business indicator of the acquiring entity, the difference between the business indicator of the acquired entity calculated using the marginal coefficient of the acquiring entity and the business indicator of the acquired entity calculated using the marginal coefficient of the acquired entity will be applied the following coefficients:***

a) 33.34% during the first year following the acquisition of the acquired entity

b) 66.67% during the second year following the acquisition of the acquired entity

c) 100% from the third year following the acquisition of the acquired entity

Or. en

Amendment 1058

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 315 – paragraph 2

Text proposed by the Commission

2. Institutions ***may request permission from*** the competent authority to exclude business indicator items related to disposed entities or activities from the calculation of their business indicator.

Amendment

2. Institutions ***will notify*** the competent authority to exclude business indicator items related to disposed entities or activities from the calculation of their business indicator, ***through formal communication with tacit agreement (60 days silence procedure)***.

Amendment 1059

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 315 – paragraph 3 – subparagraph 2

Text proposed by the Commission

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **18** months after entry into force of this Regulation].

Amendment

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

Or. en

Amendment 1060

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 315 – paragraph 3 – subparagraph 3 a (new)

Text proposed by the Commission

Amendment

The application date of the regulatory technical standards will at least be 18 months after publication in the OJEU.

Or. en

Amendment 1061

Gilles Boyer, Stéphanie Yon-Courtin, Oliver Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

315 a (new)

Article 315a (new)

Classification of institutions

Each institution is classified into one of the three categories set out in Table 2 on the basis of the highest value of the business indicator that it has reported at the last eight reporting reference dates.

Where an institution has not yet reported its business indicator it shall be classified on the basis of its most recent business indicator.

Table 2

| Business Indicator | Category |
|--|-----------------|
| Below or equal to EUR 750 million | 1a |
| Above EUR 750 million and below or equal to EUR 1 billion | 1b |
| Above EUR 1 billion | 2 |

Or. en

Justification

Introduction of three categories of credit institutions according to the size of their Business indicator to which specific requirements shall apply. Those categories are in line with Basel standards and EBA policy advice on the Basel III reforms.

Amendment 1062

Gilles Boyer, Stéphanie Yon-Courtin, Oliver Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 315 b (new)

Article 315b

Internal loss multiplier

1. Institutions classified pursuant to Article 315a within the category 2 shall calculate their internal loss multiplier in accordance with the following formula:

$$ILM = \ln \left(\exp(1) - 1 + \left(\frac{LC}{BIC} \right)^{0.8} \right)$$

where:

ILM = the internal loss multiplier;

LC = the loss component calculated in accordance with Article 315c; and

BIC = the business indicator component calculated in accordance with Article 313.

2. By way of derogation from the first subparagraph, institutions that are classified pursuant to Article 315a within the categories 2 and that use less than five years of high-quality loss data in accordance with Article 315c(2) shall use an internal loss multiplier equal to 1 for the purpose of the calculation under Article 312. Competent authorities may require those institutions to use their internal loss multiplier calculated in accordance with paragraph 1 of this Article only where it is greater than 1 and where this is appropriate to better reflect the actual operational risk profile of the institution.

3. Institutions classified within the categories 1a and 1b pursuant to Article 315a shall use an internal loss multiplier equal to 1.

4. EBA shall develop draft regulatory technical standards to specify the methodology that competent authorities shall apply for the purposes of the paragraph 2 to assess whether the respective internal loss multiplier appropriately reflects the actual

*operational risk profile of the institution;
EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 12 months after the entry into force of this 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.

Or. en

Justification

Introduction of the formula to compute the Internal loss multiplier (ILM) and specify circumstances (i.e. credit institutions within categories 1a and 1b as well as category 2 credit institutions able to collect less than 5 years of high-quality loss data) under which credit institutions shall use an ILM equal to one (i.e. neutralization of the ILM, the own fund requirements for operational risk being based solely on the Business indicator component (BIC)).

Amendment 1063

Gilles Boyer, Stéphanie Yon-Courtin, Oliver Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 315 c (new)

Text proposed by the Commission

Amendment

Article 315c

Loss component

1. Institutions that calculate their internal loss multiplier according to the paragraph 1 of Article 315b shall compute their loss component in accordance with the following formula:

$$LC = \frac{\sum AL}{n} * \beta$$

where:

LC = the loss component;

AL = the annual operational risk loss, as defined in Article 316, for the previous n financial years;

$n = 10$; and

$\beta = 15$.

2. For the purposes of paragraph 1, the calculation of average losses must meet the requirements for high-quality loss data set out in Chapter 2 of this Title.

By way of derogation from the first paragraph, an institution that is in an uninterrupted transition process to calculate its internal loss multiplier in accordance with Article 315b and that has therefore not yet built-up ten consecutive years of loss data that meets the aforementioned requirements shall determine “ n ” in accordance with Table 3.

The institution shall update “ n ” each year until it has built-up ten consecutive years of loss data that meets the requirements set out in Chapter 2 of this Title.

Table 3

| <i>Number of previous consecutive years for which loss data that meets the requirements set out in Chapter 2 of this Title is available.</i> | <i>n</i> |
|--|-----------------------|
| <i>9</i> | <i>9</i> |
| <i>8</i> | <i>8</i> |
| <i>7</i> | <i>7</i> |
| <i>6</i> | <i>6</i> |
| <i>5</i> | <i>5</i> |
| <i>4</i> | <i>4</i> |
| <i>3</i> | <i>3</i> |
| <i>2</i> | <i>2</i> |
| <i>1</i> | <i>1</i> |

Or. en

Justification

Introduction of the formula to compute the Loss component (LC) of the Internal loss multiplier (ILM) and specific provisions for credit institutions that have not yet built-up ten consecutive years of high-quality loss data.

Amendment 1064

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 316 – paragraph 1

Text proposed by the Commission

1. Institutions ***with a business indicator equal to or exceeding EUR 750 million*** shall calculate annual operational risk losses as the sum of all net losses over a given financial year, calculated in accordance with Article 318(1), that are equal to or exceed the loss data thresholds set out in Article 319, paragraphs 1 or 2, respectively.

Amendment

1. Institutions ***classified within categories 1b or 2 pursuant to Article 315a*** shall calculate annual operational risk losses as the sum of all net losses over a given financial year, calculated in accordance with Article 318(1), that are equal to or exceed the loss data thresholds set out in Article 319, paragraphs 1 or 2, respectively.

Or. en

Justification

Coordination amendment to take into account the introduction of the classification for credit institutions based on the size of the Business Indicator (BI).

Amendment 1065

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 316 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

By way of derogation from the first subparagraph, competent authorities may grant a waiver from the requirement to calculate an annual operational risk loss to institutions with a business indicator that does not exceed EUR 1 billion, provided that the institution has demonstrated to the satisfaction of the competent authority that it would be unduly burdensome for the institution to apply the first subparagraph.

deleted

Or. en

Amendment 1066

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 316 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

By way of derogation from the first subparagraph, competent authorities may grant a waiver from the requirement to calculate an annual operational risk loss to institutions ***with a business indicator that does not exceed EUR 1 billion***, provided that the institution has demonstrated to the satisfaction of the competent authority that it would be unduly burdensome for the institution to apply the first subparagraph.

By way of derogation from the first subparagraph, competent authorities may grant a waiver from the requirement to calculate an annual operational risk loss to institutions ***classified within category 1b***, provided that the institution has demonstrated to the satisfaction of the competent authority that it would be unduly burdensome for the institution to apply the first subparagraph.

Or. en

Justification

Coordination amendment to take into account the introduction of the classification for credit institutions based on the size of the Business indicator component (BIC).

Amendment 1067

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 316 – paragraph 3

Text proposed by the Commission

Amendment

3. EBA shall develop draft regulatory technical standards to specify the condition of ‘unduly burdensome’ for the purposes of the first paragraph.

deleted

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 18 months after entry into force of this 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.

Or. en

Amendment 1068

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 317 – paragraph 1

Text proposed by the Commission

Amendment

1. Institutions that calculate annual operational risk losses in accordance with Article 316(1) shall have in place arrangements, processes and mechanisms to inform and maintain updated on an ongoing basis a loss data set compiling for each recorded operational risk event the gross loss amounts, non-insurance recoveries, insurance recoveries, reference date and grouped losses, including those from misconduct events.

1. Institutions that calculate annual operational risk losses in accordance with Article 316(1) shall have in place arrangements, processes and mechanisms to inform and maintain updated on an ongoing basis a loss data set compiling for each recorded operational risk event the gross loss amounts, non-insurance recoveries, insurance recoveries, reference date and grouped losses, including those from misconduct events.

Institutions shall regularly review these

arrangements, processes and mechanisms for the purpose of using the loss data set for the calculation of own funds requirements for operational risk in accordance with Article 312.

Or. en

Amendment 1069
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 317 – paragraph 1

Text proposed by the Commission

1. Institutions that calculate annual operational risk losses in accordance with Article 316(1) shall have in place arrangements, processes and mechanisms to inform and maintain updated on an ongoing basis a loss data set compiling for each recorded operational risk event the gross loss amounts, non-insurance recoveries, insurance recoveries, reference *date* and grouped losses, including those from misconduct events.

Amendment

1. Institutions that calculate annual operational risk losses in accordance with Article 316(1) shall have in place arrangements, processes and mechanisms to inform and maintain updated on an ongoing basis a loss data set compiling for each recorded operational risk event the gross loss amounts, non-insurance recoveries, insurance recoveries, reference *dates* and grouped losses, including those from misconduct events.

These arrangements, processes and mechanisms shall be internally reviewed before the use of the loss data set for the calculation of own funds requirements for operational risk.

Or. en

Amendment 1070
Ville Niinistö
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 317 – paragraph 8 – introductory part

Text proposed by the Commission

8. For the purposes of this Article, institutions shall ensure the soundness, robustness and performance of the IT infrastructure necessary to maintain and update the loss data set by confirming all of the following:

Amendment

8. For the purposes of this Article, institutions shall ensure the soundness, robustness and performance of the IT ***systems and*** infrastructure necessary to maintain and update the loss data set by confirming all of the following:

Or. en

Amendment 1071

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 317 – paragraph 8 – point c – point ii

Text proposed by the Commission

(ii) that the process for planning, creating, testing, and deploying the IT infrastructure for the purpose of this Article is sound and proper with reference to project management, risk management, and governance, engineering, quality assurance and test planning, systems' modelling and development, quality assurance in all activities, including code reviews and where appropriate, code verification, and testing, including user acceptance;

Amendment

(ii) that the process for planning, creating, testing, and deploying the IT ***systems and*** infrastructure for the purpose of this Article is sound and proper with reference to project management, risk management, and governance, engineering, quality assurance and test planning, systems' modelling and development, quality assurance in all activities, including code reviews and where appropriate, code verification, and testing, including user acceptance;

Or. en

Amendment 1072

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 317 – paragraph 8 – point c – point iii

Text proposed by the Commission

(iii) that the institution's IT infrastructure for the purpose of this Article is subject to configuration management, change management and release management processes;

Amendment

(iii) that the institution's IT **systems and** infrastructure for the purpose of this Article is subject to configuration management, change management and release management processes;

Or. en

Amendment 1073

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 317 – paragraph 8 – point c – point iv

Text proposed by the Commission

(iv) that the process for planning, creating, testing, and deploying the IT infrastructure and contingency plans for the purpose of this Article is approved by the institution's management body or senior management and that the management body and senior management are periodically informed about the IT infrastructure performance for the purposes of this Article.

Amendment

(iv) that the process for planning, creating, testing, and deploying the IT **systems and** infrastructure and contingency plans for the purpose of this Article is approved by the institution's management body or senior management and that the management body and senior management are periodically informed about the IT infrastructure performance for the purposes of this Article.

Or. en

Amendment 1074

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 317 – paragraph 9 – subparagraph 1

Text proposed by the Commission

9. For the purposes of paragraph 6 of this Article, EBA is mandated to develop draft regulatory technical standards

Amendment

9. For the purposes of paragraph 7 of this Article, EBA is mandated to develop draft regulatory technical standards

establishing a risk taxonomy on operational risk and a methodology to classify, based on that risk taxonomy on operational risk, the loss events included in the loss data set.

establishing a risk taxonomy on operational risk and a methodology to classify, based on that risk taxonomy on operational risk, the loss events included in the loss data set, ***that should comply with international standards.***

Or. en

Amendment 1075

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 317 – paragraph 9 – subparagraph 2

Text proposed by the Commission

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **18** months after entry into force of this Regulation].

Amendment

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **6** months after entry into force of this Regulation]. ***The application date of the regulatory technical standards will at least be 18 months after publication in the OJEU.***

Or. en

Amendment 1076

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 319 – paragraph 1

Text proposed by the Commission

1. To calculate an annual operational risk loss as required by Article 316(1), institutions shall take into account from the loss data set operational risk events with a net loss, calculated in accordance with Article 318, that are equal to or above EUR 20 000.

Amendment

1. To calculate an annual operational risk loss as required by Article 316(1), institutions shall take into account from the loss data set operational risk events with a net loss, calculated in accordance with Article 318, that are equal to or above EUR 20 000 ***for banks in bucket and equal to or above EUR 100.000 for banks in buckets 2 and 3.***

Amendment 1077

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) 575/2013

Article 319 – paragraph 2

Text proposed by the Commission

2. ***Without prejudice to paragraph 1, and for the purposes of Article 446, institutions shall also calculate the annual operational risk loss referred to in Article 316(1), taking into account from the loss data set operational risk events with a net loss, calculated in accordance with Article 318, that are equal to or above EUR 100 000.***

Amendment

2. ***An institution may request permission from the competent authorities to increase the threshold mentioned in the paragraph 1 of this Article to EUR 100,000, provided that this institution is classified within the category 2 pursuant to Article 315a and can demonstrate to the satisfaction of the competent authority:***

(a) that the conditions set in the Article 323 are met;

(b) that the change of the threshold is not requested in order to materially reduce the operational risk related own funds requirements of the institution;

(c) that the change of the threshold can be justified on the basis of the nature of the institution, its activities, and the characteristics of losses historically observed;

(d) that this new threshold would not have a material adverse impact on the solvency of the institution.

Or. en

Justification

Introduction of a discretion for competent authorities to increase the loss data threshold from EUR 20 000 to EUR 100 000 for the most significant credit institutions (category 2) when they deem it better suited to the risk profile of the institution as well as objective criteria framing the use of this discretion in order to ensure a level playing field in its application by supervisors.

Amendment 1078

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 319 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3 a. The EBA shall develop draft regulatory technical standards to specify the criteria to be assessed by the competent authority pursuant to paragraph 2 of this Article.

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 12 months after the entry into force of this 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.

Or. en

Justification

Introduction of a discretion for competent authorities to increase the loss data threshold from EUR 20 000 to EUR 100 000 for the most significant credit institutions (category 2) when they deem it better suited to the risk profile of the institution as well as objective criteria framing the use of this discretion in order to ensure a level playing field in its application by supervisors.

Amendment 1079

Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 320 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

1. Competent authorities may permit

1. Competent authorities may permit

an institution to exclude from the calculation of the institution's annual operational risk losses exceptional operational risk events that are no longer relevant to the institution's risk profile, where all of the following conditions are fulfilled:

an institution to exclude *Institutions may notify competent authorities by formal communication with tacit agreement (60 days silence procedure) as already used in the ex ante notification (Commission Delegated Regulation 529/2014) the exclusion* from the calculation of the institution's annual operational risk losses exceptional operational risk events that are no longer relevant to the institution's risk profile, where all of the following conditions are fulfilled:

Or. en

Amendment 1080

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 320 – paragraph 1 – introductory parat

Text proposed by the Commission

1. Competent authorities *may permit an institution to exclude* from the calculation of the institution's annual operational risk losses exceptional operational risk events that are no longer relevant to the institution's risk profile, where all of the following conditions are fulfilled:

Amendment

1. *Institutions may notify* competent authorities *by formal communication with Tacit agreement (60 days silence procedure) the exclusion* from the calculation of the institution's annual operational risk losses exceptional operational risk events that are no longer relevant to the institution's risk profile, where all of the following conditions are fulfilled:

Or. en

Amendment 1081

Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 320 – paragraph 1 – point b – point i

Text proposed by the Commission

(i) equal to or above **15** % of the institution's average annual operational risk loss, calculated based on the threshold referred to in Article 319(1), where the operational risk loss event refers to activities that are still part of the business indicator;

Amendment

(i) equal to or above **5** % of the institution's average annual operational risk loss, calculated based on the threshold referred to in Article 319(1), where the operational risk loss event refers to activities that are still part of the business indicator;

Or. en

Amendment 1082

Lídia Pereira, Frances Fitzgerald

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 320 – paragraph 1 – point b – point i

Text proposed by the Commission

(i) equal to or above **15** % of the institution's average annual operational risk loss, calculated based on the threshold referred to in Article 319(1), where the operational risk loss event refers to activities that are still part of the business indicator;

Amendment

(i) equal to or above **5** % of the institution's average annual operational risk loss, calculated based on the threshold referred to in Article 319(1), where the operational risk loss event refers to activities that are still part of the business indicator;

Or. en

Justification

Alignment with Basel III Standards

Amendment 1083

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 320 – paragraph 1 – point b – point i

Text proposed by the Commission

(i) equal to or above **15** % of the

Amendment

(i) equal to or above **5** % of the

institution's average annual operational risk loss, calculated based on the threshold referred to in Article 319(1), where the operational risk loss event refers to activities that are still part of the business indicator;

institution's average annual operational risk loss, calculated based on the threshold referred to in Article 319(1), where the operational risk loss event refers to activities that are still part of the business indicator;

Or. en

Amendment 1084
Carlo Calenda

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 320 – paragraph 3 – subparagraph 2

Text proposed by the Commission

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **18** months after entry into force of this Regulation].

Amendment

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **6** months after entry into force of this Regulation]. ***J. The application date of the regulatory technical standards will at least be 18 months after publication in the OJEU.***

Or. en

Amendment 1085
José Manuel García-Margallo y Marfil

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 320 – paragraph 3 – subparagraph 2

Text proposed by the Commission

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **18** months after entry into force of this Regulation].

Amendment

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **6** months after entry into force of this Regulation]. ***The application date of the regulatory technical standards will at least be 18 months after publication in the OJEU.***

Or. en

Amendment 1086
José Manuel García-Margallo y Marfil

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Art 321 – paragraph 2 – subparagraph 2

Text proposed by the Commission

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **18** months after entry into force of this Regulation].

Amendment

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **6** months after entry into force of this Regulation]. ***The application date of the regulatory technical standards will at least be 18months after publication in the OJEU.***

Or. en

Amendment 1087
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 322 – paragraph 2

Text proposed by the Commission

2. Competent authorities shall ***periodically*** review the quality of the loss data of an institution that calculates annual operational risk losses in accordance with Article 316(1). ***Competent authorities shall carry out such review at least every three years for an institution with a business indicator above EUR 1 billion.***

Amendment

2. Competent authorities shall review the quality of the loss data of an institution that calculates annual operational risk losses in accordance with Article 316(1).

Or. en

Amendment 1088
Ville Niinistö
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013
Article 322 – paragraph 2

Text proposed by the Commission

2. Competent authorities shall ***periodically*** review the quality of the loss data of an institution that calculates annual operational risk losses in accordance with Article 316(1). ***Competent authorities shall carry out such review at least every three years for an institution with a business indicator above EUR 1 billion.***

Amendment

2. Competent authorities shall review the quality of the loss data of an institution that calculates annual operational risk losses in accordance with Article 316(1).

Or. en

Amendment 1089
José Manuel García-Margallo y Marfil

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 322 – paragraph 2

Text proposed by the Commission

2. Competent authorities shall periodically review the quality of the loss data of an institution that calculates annual operational risk losses in accordance with Article 316(1). ***Competent authorities shall carry out such review at least every three years for an institution with a business indicator above EUR 1 billion.***

Amendment

2. Competent authorities shall periodically review the quality of the loss data of an institution that calculates annual operational risk losses in accordance with Article 316(1).

Or. en

Amendment 1090
Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1 – point 131
Regulation (EU) No 575/2013
Article 322 – paragraph 2

Text proposed by the Commission

2. Competent authorities shall

Amendment

2. Competent authorities shall

periodically review the quality of the loss data of an institution that calculates annual operational risk losses in accordance with Article 316(1). Competent authorities shall carry out such review at least every three years for *an institution with a business indicator above EUR 1 billion*.

periodically review the quality of the loss data of an institution that calculates annual operational risk losses in accordance with Article 316(1). Competent authorities shall carry out such review at least every three years for *institutions within the category 2 pursuant to article 315a*.

Or. en

Justification

Coordination amendment to take into account the introduction of the classification for credit institutions base on the size of the Business Indicator (BI).

Amendment 1091

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 322 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. Institutions that do not meet the requirements set out in Articles 316, 317, 318, 319, 320, and 321 shall apply an internal loss multiplier of at least 1 and competent authorities may require these institutions to apply an internal loss multiplier greater than 1.

Or. en

Justification

The suggested review of the loss data quality by the competent authorities every three years for the largest institutions would be disproportionately onerous compared with the impact of the loss data in the calculation of own funds requirements for operational risk, in particular if the loss data is not taken into account in this calculation. If the quality of the loss data is poor, institutions should apply an ILM of at least 1 and competent authorities may require higher ILM values.

Amendment 1092

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 323 – paragraph 2 – subparagraph 1

Text proposed by the Commission

EBA shall develop draft regulatory technical standards to specify the obligations under paragraph 1, points (a) to (h), taking into consideration institutions' size and complexity.

Amendment

EBA shall develop draft regulatory technical standards to specify the obligations under paragraph 1, points (a) to (h), taking into consideration institutions' size and complexity. ***In addition, EBA shall align the entities' reporting requirements on operational risk with the current regulation.***

Or. en

Amendment 1093

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 323 paragraph 2 – subparagraph 2

Text proposed by the Commission

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **18** months after entry into force of this Regulation].

Amendment

EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = **6** months after entry into force of this Regulation]. ***The application date of the regulatory technical standards will at least be 18 months after publication in the OJEU.***

Or. en

Amendment 1094

Jonás Fernández

Proposal for a regulation

Article 1 – paragraph 1 – point 135 – point c

Regulation (EU) No 575/2013

Article 325c – paragraph 5 – introductory part

Text proposed by the Commission

5. The review of the alternative standardised approach referred to in paragraph 4 shall cover both the activities of the business trading units and of the independent risk control unit and shall assess ***all of*** the following:

Amendment

5. The review of the alternative standardised approach referred to in paragraph 4 shall cover both the activities of the business trading units and of the independent risk control unit and shall assess ***at least*** the following:

Or. en

Amendment 1095

Jonás Fernández

Proposal for a regulation

Article 1 – paragraph 1 – point 135 – point c

Regulation (EU) No 575/2013

Article 325c – paragraph 5 – subparagraph 2

Text proposed by the Commission

An institution shall conduct the review referred to in the first subparagraph at least once a year, or on a less frequent basis upon the approval of the competent authorities.;

Amendment

deleted

Or. en

Amendment 1096

Jonás Fernández

Proposal for a regulation

Article 1 – paragraph 1 – point 135 – point c

Regulation (EU) No 575/2013

Article 325c – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5 a. Competent authorities shall verify that the calculation referred to in paragraph 2, including the implementation by an institution of the requirements set out in this Chapter and in Article 325a, is performed with integrity.

Competent authorities shall establish the frequency and intensity of the verification referred to in the previous subparagraph having regard to the size, systemic importance, nature, scale and complexity of the activities of the institution concerned and taking into account the principle of proportionality.

Or. en

Amendment 1097

Jonás Fernández

Proposal for a regulation

Article 1 – paragraph 1 – point 135 – point c

Regulation (EU) No 575/2013

Article 325c – paragraph 5 b (new)

Text proposed by the Commission

Amendment

5 b. EBA shall develop draft regulatory technical standards to specify the assessment methodology under which competent authorities conduct the verification referred to in paragraph 3.

Or. en

Amendment 1098

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point a

Regulation (EU) No 575/2013

Article 325j – paragraph 1 – point b – point i

Text proposed by the Commission

Amendment

(i) it shall calculate the own funds requirement for market risk of the CIU by considering the position in the CIU as a single equity position allocated to the bucket **'Other sector'** in Article 325ap(1), Table 8;

(i) it shall calculate the own funds requirement for market risk of the CIU by considering the position in the CIU as a single equity position allocated to the bucket **12 or 13, as appropriate**, in Article 325ap(1), Table 8;

Or. en

Amendment 1099

Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point a

Regulation (EU) No 575/2013

Article 325j – paragraph 1 – point b – point i

Text proposed by the Commission

(i) it shall calculate the own funds requirement for market risk of the CIU by considering the position in the CIU as a single equity position allocated to *the* bucket '*Other sector*' in Article 325ap(1), Table 8;

Amendment

(i) it shall calculate the own funds requirement for market risk of the CIU by considering the position in the CIU as a single equity position allocated to Bucket 12 or 13 (*Qualified indices*);

Or. en

Amendment 1100

Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point a

Regulation (EU) No 575/2013

Article 325j – paragraph 1 – subparagraph 2

Text proposed by the Commission

For the purposes of the calculation referred to in point (i), the institution shall consider the position in the CIU as a single unrated equity position allocated to the bucket “Unrated” in Article 325y(1), Table 2.

Amendment

deleted

Or. en

Amendment 1101

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point a

Regulation (EU) No 575/2013

Article 325j – paragraph 1 – subparagraph 2

Text proposed by the Commission

For the purposes of the calculation referred to in point (i), the institution shall **consider the position in the CIU as a single unrated equity position allocated to the bucket “Unrated” in Article 325y(1), Table 2.**

Amendment

For the purposes of the calculation referred to in point (i), the institution shall **apply a 5% default risk weight.**

Or. en

Amendment 1102

Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point b

Regulation UE No 575/2013

Article 325j – paragraph 1 a – introductory part

Text proposed by the Commission

1a. For the purposes of the approaches referred to in paragraph 1, point **(b)(i) and (b)(ii)**, the institution shall:

Amendment

1a. For the purposes of the approaches referred to in paragraph 1, point (b)(ii), the institution shall:

Or. en

Amendment 1103

Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point b

Regulation (EU) No 575/2013

Article 325j – paragraph 1 a – point b

Text proposed by the Commission

(b) for all positions in the same CIU, use the same approach among the approaches set out in paragraph 1, point (b), **to calculate the own funds requirements on a stand-alone basis as a separate portfolio.;**

Amendment

(b) for all positions in the same CIU, use the same approach among the approaches set out in paragraph 1, point (b),

Or. en

Amendment 1104
Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point d

Regulation (EU) No 575/2013

Article 325j – paragraph 6

Text proposed by the Commission

Amendment

- 6. *Institutions that do not have adequate data or information to calculate the own funds requirements for market risk of a CIU position in accordance with the approach set out in paragraph 1, point (a), may rely on a third party to perform such calculation, provided that all the following conditions are met:*** *deleted*
- (a) *the third party is one of the following:***
- (i) *the depository institution or the depository financial institution of the CIU, provided that the CIU exclusively invests in securities and deposits all securities at that depository institution or depository financial institution;***
- (ii) *for CIUs not covered by point (i), the CIU management company, provided that the CIU management company meets the criteria set out in Article 132(3), point (a);***
- (b) *the third party provides the institution with the adequate data or information missing to calculate the own fund requirement for market risk of the CIU position in accordance with the approach referred to in in paragraph 1, point (a);***
- (c) *an external auditor of the institution has confirmed the adequacy of the third party's data or information referred to in point (b) and the institution's competent authority has unrestricted access to these data and***

information upon request.

Or. en

Amendment 1105

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point d

Regulation (EU) No 575/2013

Article 325 j – paragraph 6 – introductory part

Text proposed by the Commission

Amendment

6. ***Institutions that do not have adequate data or information*** to calculate the own funds requirements for market risk of a CIU position in accordance with the approach set out in paragraph 1, point (a), may rely on a third party to perform such calculation, provided that all the following conditions are met:

6. To calculate the own funds requirements for market risk of a CIU position in accordance with the approach set out in paragraph 1, point (a), ***institutions*** may rely on a third party to perform such calculation, provided that all the following conditions are met:

Or. en

Justification

Ensure that required data is available to ensure that the look-through approach for calculating own funds requirements for CIUs in the market risk framework is operationalizable.

Amendment 1106

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point d

Regulation (EU) No 575/2013

Article 325 j – paragraph 6 – point a – point ii a (new)

Text proposed by the Commission

Amendment

(ii a) a third-party vendor on condition that the data, information or risk metrics are provided by or calculated from the third parties of subparagraphs (i) or (ii) or another such third-party vendor;

Justification

Ensure that required data is available to ensure that the look-through approach for calculating own funds requirements for CIUs in the market risk framework is operationalizable.

Amendment 1107

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation**Article 1 – paragraph 1 – point 136 – point d**

Regulation (EU) No 575/2013

Article 325 j – paragraph 6 – point b

Text proposed by the Commission

(b) the third party provides the institution with the ***adequate data or information missing*** to calculate the own fund requirement for market risk of the CIU position in accordance with the approach referred to in in paragraph 1, point (a);

Amendment

(b) the third party provides the institution with the ***data, information or risk metrics*** to calculate the own fund requirement for market risk of the CIU position in accordance with the approach referred to in in paragraph 1, point (a);

Justification

Ensure that required data is available to ensure that the look-through approach for calculating own funds requirements for CIUs in the market risk framework is operationalizable.

Amendment 1108

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation**Article 1 – paragraph 1 – point 136 – point d**

Regulation (EU) No 575/2013

Article 325 j – paragraph 6 – point c

Text proposed by the Commission

(c) an external auditor of the institution has confirmed the adequacy of the third

Amendment

(c) an external auditor of the institution has confirmed the adequacy of the third

party's data *or* information referred to in point (b) and the institution's competent authority has unrestricted access to these data *and* information upon request.

party's data, information *or risk metrics* referred to in point (b) and the institution's competent authority has unrestricted access to these data, information *or risk metrics* upon request.

Or. en

Justification

Ensure that required data is available to ensure that the look-through approach for calculating own funds requirements for CIUs in the market risk framework is operationalizable.

Amendment 1109

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 139 a (new)

Regulation (EU) No 575/2013

Article 325u – paragraph 4 – point c a (new)

Text proposed by the Commission

Amendment

(139 a) In article 325u(4), the following point is added:

(ca) the instrument aims solely at hedging the market risks of the trading book that generate own funds requirement for residual risks, provided that the institution has demonstrated to the satisfaction of the competent authority that the instrument should be treated as a hedging position.

Or. en

Justification

The residual risk add-on is not risk sensitive, as it is based on gross notional of products. The risk of in-scope products can be hedged using other in-scope products, however, the RRAO is applied cumulatively to the initial gross exposure, and to the gross hedging position. Consequently, there is an increased capital charge in the residual risk add-on from pursuing such hedging strategies. This could dis-incentivize institutions from pursuing sound hedging strategies. Instruments traded for the sole purpose of hedging risks should be excluded from the RRAO calculation. The identification of such hedges shall abide by objective risk management criteria (e.g., traded in the interbank market, booked in a dedicated sub-portfolio, sensitivities are effectively reduced with the hedges) to the satisfaction of the

competent authority.

Amendment 1110

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 139 b (new)

Regulation (EU) No 575/2013

Article 325u – paragraph 5 a (new)

Text proposed by the Commission

Amendment

(139 b) in article 325u, the following paragraph is added :

5a. For the purposes of paragraph 4, point (ca), EBA shall issue guidelines in accordance with Article 16 of Regulation (EU) No 1093/2010 to specify the conditions that the competent authority has to assess to determine that an instrument is a hedging position.

Or. en

Justification

The residual risk add-on is not risk sensitive, as it is based on gross notional of products. The risk of in-scope products can be hedged using other in-scope products, however, the RRAO is applied cumulatively to the initial gross exposure, and to the gross hedging position. Consequently, there is an increased capital charge in the residual risk add-on from pursuing such hedging strategies. This could dis-incentivize institutions from pursuing sound hedging strategies. Instruments traded for the sole purpose of hedging risks should be excluded from the RRAO calculation. The identification of such hedges shall abide by objective risk management criteria (e.g., traded in the interbank market, booked in a dedicated sub-portfolio, sensitivities are effectively reduced with the hedges) to the satisfaction of the competent authority.

Amendment 1111

Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 141 a (new)

Regulation (EU) No 575/2013

Article 325y – paragraph 6 a (new)

Text proposed by the Commission

Amendment

6 a. Long and short positions in institution's own debt should be excluded from the calculation of own funds requirements for default risk.

Or. en

Amendment 1112

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 141 a (new)

Regulation (EU) No 575/2013

Article 325y – paragraph 6 a (new)

Text proposed by the Commission

Amendment

6a. Long and short positions in institution's own debt should be excluded from the calculation of own funds requirements for default risk.

Or. en

Amendment 1113

Linea Sogaard-Lidell, Nicola Beer, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 143 a (new)

Regulation (EU) No 575/2013

Article 325ae – paragraph 3 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

(143a) in Article 325ae(3), the following subparagraph is added:

"The domestic currency of the institution referred to in the first subparagraph may also include currencies that the institution has acquired permission by the national competent authority to classify as a domestic currency in accordance with the provision in Article 325bd(new5a)."

Or. en

Justification

The proposed amendment ensures that the proposed amendment in Article 325bd (new 5a) by which a national competent authority may permit an institution that meets certain conditions to classify a currency that is not the institution's reporting currency as a domestic currency for the purpose determining the most liquid currencies and domestic currencies for general interest rate broad risk subcategory under alternative internal model approach for market risk (IMA) will also have effect under the alternative standardised approach for market risk

Amendment 1114 Gianna Gancia

Proposal for a regulation
Article 1 – paragraph 1 – point 149 a (new)
Regulation (EU) No 575/2013
Article 325at – paragraph 2 – subparagraph 3

Present text

$\rho_{kl}^{(tenor)}$ shall be equal to 1 where the two vertices of the sensitivities k and l are identical, otherwise it shall be equal to 99 %; and

Amendment

(149 a) in Article 325at(2), subparagraph 3 is replaced by the following:

$\rho_{kl}^{(tenor)}$ shall be equal to 1 where the two vertices of the sensitivities k and l are identical, otherwise it shall be equal to **99.9% for bucket 3a and 99 % for all other buckets**; and

Or. en

Amendment 1115 Gianna Gancia

Proposal for a regulation
Article 1 – paragraph 1 – point 150 – point b a (new)
Regulation (EU) No 575/2013
Article 325ax – paragraph 6

Present text

6. For general interest rate, credit spread and commodity curvature risk factors, the curvature risk weight shall be the parallel

Amendment

(b a) paragraph 6 is replaced by the following:

"6. For general interest rate, credit spread and commodity curvature risk factors, the curvature risk weight shall be the parallel

shift of all the vertices for each curve on the basis of the highest prescribed delta risk weight referred to in Subsection 1 for the relevant risk *class*.

shift of all the vertices for each curve on the basis of the highest prescribed delta risk weight referred to in Subsection 1 for the relevant risk *bucket*.

"

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02013R0575-20220410&from=EN>)

Amendment 1116
Jonás Fernández

Proposal for a regulation

Article 1 – paragraph 1 – point 151 – point c a (new)

Regulation (EU) No 575/2013

Article 325az – paragraph 8 – point b

Present text

(b) the assessment methodology under which competent authorities verify an institution's compliance with the requirements set out in *Articles 325bh, 325bi, 325bn, 325bo and 325bp*.

Amendment

"(b) the assessment methodology under which competent authorities verify an institution's compliance with the requirements set out in *this Chapter*.

"

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02013R0575-20230628>)

Amendment 1117
Linea Sogaard-Lidell, Nicola Beer, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 153 a (new)

Regulation (EU) No 575/2013

Article 325bd – paragraph 5 a (new)

Text proposed by the Commission

Amendment

(153 a) in Article 325bd, the following paragraph is inserted:

"5a. For the purpose of determining the most liquid currencies and domestic

currencies for general interest rate broad risk subcategory in table 2, a competent authority may permit an institution to classify a currency that is not the institution's reporting currency as a domestic currency. In doing so, the competent authority shall evaluate that the institution has:

(a) a sufficiently large presence in the given domestic interest rate market;

(b) access to liquidity with the local central bank.

"

Or. en

(32019R0876)

Justification

For interest rates risk under both the IMA and SA, preferential treatment is given to a banks domestic reporting currency. Interest rate risk in a banks domestic (reporting) currency is considered to belong to the most liquid (10 day) bucket under IMA and under SA receives a reduction in the risk weight by dividing the risk weight by the square root of 2. These rules will inadvertently penalize banks operating with a significant presence in several EU countries and (home) currencies and, in doing so, create a barrier for international and pan-European banks to have significant participation in certain EU markets. The rules are at odds with the concept of a single EU market, as they create an uneven playing field and may directly lead to a reduction of liquidity in these markets.

Amendment 1118

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 156 – point a

Regulation (EU) No 575/2013

Article 325bg – paragraph 2

Text proposed by the Commission

Amendment

2. Notwithstanding paragraph 1, where the theoretical changes in the value of a trading desk's portfolio, based on the institution's risk-measurement model are sufficiently close to the hypothetical changes in the value of that trading desk's

deleted

portfolio, based on the institution's pricing model, the institution shall calculate, for all the positions assigned to that trading desk, an additional own funds requirement to the own funds requirements referred to in Article 325ba, paragraphs 1 and 2.

Or. en

Amendment 1119

Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 156 – point a

Regulation (EU) No 575/2013

Article 325bg – paragraph 2

Text proposed by the Commission

Amendment

2. *Notwithstanding paragraph 1, where the theoretical changes in the value of a trading desk's portfolio, based on the institution's risk-measurement model are sufficiently close to the hypothetical changes in the value of that trading desk's portfolio, based on the institution's pricing model, the institution shall calculate, for all the positions assigned to that trading desk, an additional own funds requirement to the own funds requirements referred to in Article 325ba, paragraphs 1 and 2.* **deleted**

Or. en

Amendment 1120

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 156 – point a

Regulation (EU) No 575/2013

Article 325bg – paragraph 3

Text proposed by the Commission

Amendment

3. *For each position of a given* **deleted**

trading desk, an institution's compliance with the P&L attribution requirement as referred in to paragraph 1 shall lead to the identification of a precise list of risk factors that are deemed appropriate for verifying the institution's compliance with the back-testing requirement set out in Article 325bf.;

Or. en

Justification

This requirement should be deleted as a solid basis in the text of the Basel Fundamental Review of the Trading Book for such a requirement seems to be missing and the purpose of such a requirement as well as the respective implications for its implementation and monitoring are unclear

Amendment 1121
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 157 – point a
Regulation (EU) 575/2013
Article 325bh – paragraph 1 – point i – introductory part

Text proposed by the Commission

(i) for positions in CIUs, institutions shall look through the underlying positions of the CIUs at least on a weekly basis to calculate their own funds requirements in accordance with this Chapter; institutions that do not have adequate data inputs or information to calculate the own fund requirement for market risk of a CIU position in accordance with the look-through approach may rely on a third party to obtain those data inputs or information, provided that all the following conditions are met:

Amendment

(i) for positions in CIUs, institutions shall look through the underlying positions of the CIUs at least on a weekly basis to calculate their own funds requirements in accordance with this Chapter. ***If an institution looks through less regularly than daily, it shall identify, measure and monitor any risk occurring from its less than daily look through and avoid any significant risk underestimation.*** Institutions that do not have adequate data inputs or information to calculate the own fund requirement for market risk of a CIU position in accordance with the look-through approach may rely on a third party to obtain those data inputs or information, provided that all the following conditions are met:

Justification

Adds an additional requirement for an institution to identify, measure and monitor the relevant risks resulting from its looking through if collective investment undertakings (CIUs) are included in the internal mode less regularly than daily.

Amendment 1122

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 158 a (new)

Regulation (EU) No 575/2013

Article 325bl – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

(158 a) in Article 325bl(1), the following subparagraph is added:

Long and short positions in institution's own debt should be excluded from the calculation of own funds requirements for default risk.

Or. en

Amendment 1123

Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 159 – point a – point -i (new)

Regulation (EU) No 575/2013

Article 325bp – paragraph 5 – point a

Present text

Amendment

(a) the default probabilities shall be floored at 0,03 %;

(-i) point (a) is replaced by the following:

(a) the default probabilities shall be floored at 0,03 % for exposures other than those that would receive a 0 % risk-weight under the Standardised Approach for credit risk in accordance with Chapter 2

Amendment 1124

Raffaele Fitto

Proposal for a regulation

Article 1 – paragraph 1 – point 159 – point a – point -i (new)

Regulation (EU) 575/2013

Article 325bp – paragraph 5 – point a

Present text

(a) the default probabilities shall be floored at 0,03 %;

Amendment

(a) the default probabilities shall be floored at 0,03 % ***for exposures other than those that would receive a 0 % risk-weight under the Standardised Approach for credit risk in accordance with Chapter 2 of Title II***

Or. en

Amendment 1125

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 159 – point a – point -i (new)

Regulation (EU) No 575/2013

Article 325bp – paragraph 5 – point a

Present Text

(a) the default probabilities shall be floored at 0,03 %;

Amendment

(-i) point (a) is replaced by the following:

(a) the default probabilities shall not be floored for exposures to which a 0% risk-weight is applied in accordance with Articles 114 to 118 of this Regulation and for covered bonds to which a 10% risk-weight is applied in accordance with article 129. The default probabilities shall be floored at 0,03% otherwise;

Or. en

Justification

The 3bp floor for Default Risk Calculation for sovereign exposures and covered bonds is not appropriate given their real level of low risk. It is therefore suggested to set this floor at 0.

Amendment 1126

Linea Søgaard-Lidell, Nicola Beer, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 159 – point a – point i

Regulation (EU) No 575/2013

Article 325bp – paragraph 5 – point a

Present text

(a) the default probabilities shall be floored at **0,03 %**;

Amendment

"(a) the default probabilities shall be floored at **0,01% for covered bond issuers and 0,03 % for all other issuers; exposures which would receive a 0 % risk-weight under the Standardised Approach for credit risk in accordance with Chapter 2 of Title II shall not be floored;**

"

Or. en

(32013R0575)

Justification

The 3 bp probability of default (PD) floor in the calculation of the default risk charge (DRC) using the internal model approach (IMA) fails to recognize the limited default risk of high credit quality issuers, and particularly so of high credit quality sovereign issuers. This may be illustrated from a simple example consisting in a balanced portfolio of long positions in four EU-sovereign issuers of best credit quality step (CQS), for instance Germany, France, Netherlands and Austria. With a 3 bp floor, it will result in a DRC capitalization equal to the losses that would stem from the assumed default within a 1-year horizon of one of the four countries. Not only is this unlikely but also it would put EU banks at a disadvantage from their peers in other jurisdictions. Indeed, in jurisdictions with a single sovereign issuer, such as the US, having a concentrated portfolio in their local sovereign issuer (positions on US treasuries in the example) would not result in any DRC capital charge, even under a 3 bp probability of default floor. In addition, it would put at risk the continuing role of EU banks as primary dealer of EU Sovereign debts.

Amendment 1127

Raffaele Fitto

Proposal for a regulation

Article 1 – paragraph 1 – point 159 – point a – point -i (new)

Regulation (EU) No 575/2013

Article 325bp – paragraph 5 – point a

Present text

Amendment

(a) the default probabilities shall be floored at 0,03 %

"(a) the default probabilities shall be floored at 0,03 % **for exposures othert han those that would receive a 0 % risk-weight under the Standardised Approach for credit risk in accordance with Chapter 2 of Title II;**

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0575-20220410&qid=1657284993452&from=EN>)

Amendment 1128

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 166 – point b

Regulation (EU) No 575/2013

Article 382 – paragraph 4

Text proposed by the Commission

Amendment

(b) **the following paragraphs 4a and 4b are inserted:**

(b) **paragraph 4 is deleted**

4a. By way of derogation from paragraph 4, an institution may choose to calculate an own funds requirements for CVA risk, using any of the applicable approaches referred to in Article 382a, for those transactions that are excluded in accordance with paragraph 4, where the institution uses eligible hedges determined in accordance with Article 386 to mitigate the CVA risk of those transactions. Institutions shall establish policies to specify where they choose to satisfy their

own funds requirements for CVA risk for such transactions.

4b. *Institutions shall report to their competent authorities the results of the calculations of the own funds requirements for CVA risk for all the transactions referred to in paragraph 4. For the purposes of that reporting requirement, institutions shall calculate the own funds requirements for CVA risk using the relevant approaches set out in Article 382a(1), that they would have used to satisfy an own funds requirement for CVA risk if those transactions were not excluded from the scope in accordance with paragraph 4.*

Or. en

Amendment 1129

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 166 – point b

Regulation (EU) No 575/2013

Article 382 – paragraph 4

Text proposed by the Commission

Amendment

(b) *the following paragraphs 4a and 4b are inserted:*

(b) *paragraph 4 is deleted;*

4a. *By way of derogation from paragraph 4, an institution may choose to calculate an own funds requirements for CVA risk, using any of the applicable approaches referred to in Article 382a, for those transactions that are excluded in accordance with paragraph 4, where the institution uses eligible hedges determined in accordance with Article 386 to mitigate the CVA risk of those transactions. Institutions shall establish policies to specify where they choose to satisfy their own funds requirements for CVA risk for such transactions.*

4b. Institutions shall report to their competent authorities the results of the calculations of the own funds requirements for CVA risk for all the transactions referred to in paragraph 4. For the purposes of that reporting requirement, institutions shall calculate the own funds requirements for CVA risk using the relevant approaches set out in Article 382a(1), that they would have used to satisfy an own funds requirement for CVA risk if those transactions were not excluded from the scope in accordance with paragraph 4.

Or. en

Justification

The exemptions in paragraph 4 of Article 382 result in risks from uncovered credit valuation adjustment (CVA) risk not being included in Pillar 1. The supervision of exemptions creates additional efforts for both institutions and supervisors; especially if they are kept and complemented by new reporting requirements. Deviating here from Basel III standards creates international reputational risk. By deleting paragraph 4, there is no longer a need for paragraphs 4a and 4b

Amendment 1130

Johan Van Overtveldt, Michiel Hoogeveen, Eugen Jurzyca

Proposal for a regulation

Article 1 – paragraph 1 – point 166 – point b – introductory part

Regulation (EU) No 575/2013

Article 382

Text proposed by the Commission

Amendment

(b) the following paragraphs 4a and 4b are inserted:

(b) paragraph 4 is deleted:

4a. By way of derogation from paragraph 4, an institution may choose to calculate an own funds requirements for CVA risk, using any of the applicable approaches referred to in Article 382a, for those transactions that are excluded in accordance with paragraph 4, where the institution uses eligible hedges determined

in accordance with Article 386 to mitigate the CVA risk of those transactions. Institutions shall establish policies to specify where they choose to satisfy their own funds requirements for CVA risk for such transactions.

4b. *Institutions shall report to their competent authorities the results of the calculations of the own funds requirements for CVA risk for all the transactions referred to in paragraph 4. For the purposes of that reporting requirement, institutions shall calculate the own funds requirements for CVA risk using the relevant approaches set out in Article 382a(1), that they would have used to satisfy an own funds requirement for CVA risk if those transactions were not excluded from the scope in accordance with paragraph 4.*

Or. en

Justification

To avoid that European banking standards stand out as negative outliers in a global perspective, the EP should follow the call for more Basel compliance expressed by the ECB in its opinion. The exemptions in paragraph 4 of Article 382 result in risks from uncovered credit valuation adjustment (CVA) risk not being included in Pillar 1. The supervision of exemptions also creates additional efforts for both institutions and supervisors, especially if they are kept and complemented by new reporting requirements. By deleting paragraph 4, there is no longer a need for paragraphs 4a and 4b.

Amendment 1131
Gianna Gancia

Proposal for a regulation
Article 1 – paragraph 1 – point 166 – point b – introductory part

Text proposed by the Commission

Amendment

(b) the following *paragraphs 4a and 4b are* inserted:

(b) the following *paragraph 4a is* inserted:

Or. en

Amendment 1132

Linea Søgaard-Lidell, Nicola Beer, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 166 – point b

Regulation (EU) No 575/2013

Article 382 – paragraph 4 a

Text proposed by the Commission

4a. By way of derogation from paragraph 4, an institution may choose to calculate an own funds requirements for CVA risk, using any of the applicable approaches referred to in Article 382a, for those transactions that are excluded in accordance with paragraph 4, where the institution uses eligible hedges determined in accordance with Article 386 to mitigate the CVA risk of those transactions. Institutions shall establish policies to specify where they choose to satisfy their own funds requirements for CVA risk for such transactions.

Amendment

4a. By way of derogation from paragraph 4, an institution may choose to calculate an own funds requirements for CVA risk, using any of the applicable approaches referred to in Article 382a, for those transactions that are excluded in accordance with paragraph 4, where the institution uses eligible hedges determined in accordance with Article 386 to mitigate the CVA risk of those transactions. ***For this purpose, an institution may separate the own funds requirements for CVA risk of those transactions between variability of the counterparty credit spread and variability of the exposure component of CVA risk.*** Institutions shall establish policies to specify where they choose to satisfy their own funds requirements for CVA risk for such transactions.

Or. en

Justification

It should be clarified that the discretion to include excluded transactions (Non-Financial Corporates) can be applied to the exposure (market risk) components of CVA risk only. The reason for this would be that the exposure components can be, and typically are, hedged; it is only the credit spread component that is expensive and difficult to effectively hedge in EU. This change would encourage prudent hedging (rather than discourage as accounting hedges would consume market risk capital) but still achieve the objective of shielding corporate end clients from the cost that cannot be effectively mitigated. It would reduce the size of exempted risk and the deviation towards the Basel Framework.

Amendment 1133

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 166 – point b

Regulation (EU) No 575/2013

Article 382 – paragraph 4b

Text proposed by the Commission

Amendment

4b. *Institutions shall report to their competent authorities the results of the calculations of the own funds requirements for CVA risk for all the transactions referred to in paragraph 4. For the purposes of that reporting requirement, institutions shall calculate the own funds requirements for CVA risk using the relevant approaches set out in Article 382a(1), that they would have used to satisfy an own funds requirement for CVA risk if those transactions were not excluded from the scope in accordance with paragraph 4.* **deleted**

Or. en

Amendment 1134

Raffaele Fitto

Proposal for a regulation

Article 1 – paragraph 1 – point 166 – point b

Regulation (EU) No 575/2013

Article 382 – paragraph 4b

Text proposed by the Commission

Amendment

4b. *Institutions shall report to their competent authorities the results of the calculations of the own funds requirements for CVA risk for all the transactions referred to in paragraph 4. For the purposes of that reporting requirement, institutions shall calculate the own funds requirements for CVA risk using the relevant approaches set out in Article 382a(1), that they would have used to satisfy an own funds requirement for CVA risk if those transactions were not excluded from the scope in accordance* **deleted**

with paragraph 4.

Or. en

Amendment 1135
Carlo Calenda

Proposal for a regulation

Article 1 – paragraph 1 – point 166 – point b

Regulation (UE) No 575/2013

Article 382 – paragraph 4b

Text proposed by the Commission

Amendment

4b. Institutions shall report to their competent authorities the results of the calculations of the own funds requirements for CVA risk for all the transactions referred to in paragraph 4. For the purposes of that reporting requirement, institutions shall calculate the own funds requirements for CVA risk using the relevant approaches set out in Article 382a(1), that they would have used to satisfy an own funds requirement for CVA risk if those transactions were not excluded from the scope in accordance with paragraph 4. *deleted*

Or. en

Amendment 1136
Gianna Gancia

Proposal for a regulation

Article 1 – paragraph 1 – point 166 – point b

Regulation (EU) No 575/2013

Article 382 – paragraph 4b

Text proposed by the Commission

Amendment

4b. Institutions shall report to their competent authorities the results of the calculations of the own funds requirements for CVA risk for all the transactions referred to in paragraph 4. For the purposes of that reporting *deleted*

requirement, institutions shall calculate the own funds requirements for CVA risk using the relevant approaches set out in Article 382a(1), that they would have used to satisfy an own funds requirement for CVA risk if those transactions were not excluded from the scope in accordance with paragraph 4.

Or. en

Amendment 1137

Linea Sogaard-Lidell, Nicola Beer, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383b – paragraph 8 – introductory part

Text proposed by the Commission

8. The bucket-specific sensitivity shall be calculated in accordance with paragraphs 5, 6 and 7 for each bucket within a risk class. Once the bucket-specific sensitivity has been calculated for all buckets, weighted sensitivities to all risk factors across buckets shall be aggregated in accordance with the following formula, using the corresponding correlations for weighted sensitivities in different buckets set out in Articles 383l, **383 and 383q**, giving rise to the risk-class specific own funds requirements for delta or vega risk:

Amendment

8. The bucket-specific sensitivity shall be calculated in accordance with paragraphs 5, 6 and 7 for each bucket within a risk class. Once the bucket-specific sensitivity has been calculated for all buckets, weighted sensitivities to all risk factors across buckets shall be aggregated in accordance with the following formula, using the corresponding correlations for weighted sensitivities in different buckets set out in Articles 383l, **383n, 383q, 383u and 383w**, giving rise to the risk-class specific own funds requirements for delta or vega risk:

Or. en

Justification

wrong/missing references.

Amendment 1138

Linea Sogaard-Lidell, Nicola Beer, Engin Eroglu

Proposal for a regulation
Article 1 – paragraph 1 – point 169
Regulation (EU) No 575/2013
Article 383d – paragraph 1

Text proposed by the Commission

1. The foreign exchange delta risk factors to be applied by institutions to instruments in the CVA portfolio sensitive to foreign exchange spot rates shall be the spot foreign exchange rates between the currency in which an instrument is denominated and the institution's reporting currency. There shall be one bucket per currency pair, containing a single risk factor and a single net sensitivity.

Amendment

1. The foreign exchange delta risk factors to be applied by institutions to instruments in the CVA portfolio sensitive to foreign exchange spot rates shall be the spot foreign exchange rates between the currency in which an instrument is denominated and the institution's reporting currency ***or the institution's base currency where the institution is using a base currency in accordance with Article 325q (7)***. There shall be one bucket per currency pair, containing a single risk factor and a single net sensitivity.

Or. en

Justification

Alignment to FRTB-SA (Article 325q (1) in Delegated Act of 17.12.2019)

Amendment 1139
Gianna Gancia

Proposal for a regulation
Article 1 – paragraph 1 – point 169
Regulation (EU) No 575/2013
Article 383d – paragraph 2

Text proposed by the Commission

2. The foreign exchange vega risk factors to be applied by institutions to instruments in the CVA portfolio sensitive to foreign exchange volatility shall be the implied volatilities of foreign exchange rates ***between the currency pairs referred to in paragraph 1***. There shall be one bucket for all ***currencies and maturities***, containing ***all foreign exchange vega risk***

Amendment

2. The foreign exchange vega risk factors to be applied by institutions to instruments in the CVA portfolio sensitive to foreign exchange volatility shall be the implied volatilities of ***all*** foreign exchange rates. There shall be one bucket for all ***currency pairs***, containing a single net sensitivity.

factors and a single net sensitivity.

Or. en

Amendment 1140

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383i – paragraph 2 – subparagraph 1

Text proposed by the Commission

2. Institutions shall calculate the delta sensitivities of the aggregate CVA to risk factors consisting of foreign exchange spot rates, as well as of an eligible hedge instrument to those risk factors, as follows:

$$S_{FX_k}^{CVA} = \frac{V_{CVA}(FX_k + 0.01, x, y \dots) - V_{CVA}(FX_k, x, y \dots)}{0.01}$$
$$S_{FX_k}^{hedge_i} = \frac{V_i(FX_k + 0.01, w, z \dots) - V_i(FX_k, w, z \dots)}{0.01}$$

Amendment

2. Institutions shall calculate the delta sensitivities of the aggregate CVA to risk factors consisting of foreign exchange spot rates, as well as of an eligible hedge instrument to those risk factors, as follows:

$$S_{FX_k}^{CVA} = \frac{V_{CVA}(FX_k \times 1.01, x, y \dots) - V_{CVA}(FX_k, x, y \dots)}{0.01}$$
$$S_{FX_k}^{hedge_i} = \frac{V_i(FX_k \times 1.01, w, z \dots) - V_i(FX_k, w, z \dots)}{0.01}$$

Or. en

Amendment 1141

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383i – paragraph 3 – subparagraph 1

Text proposed by the Commission

3. Institutions shall calculate the delta sensitivities of the aggregate CVA to risk factors consisting of counterparty credit spread rates, as well as of an eligible hedge instrument to those risk factors, as follows:

$$S_{ccs_{kt}}^{CVA} = \frac{V_{CVA}(ccs_{kt} + 0.0001, x, y \dots) - V_{CVA}(ccs_{kt}, x, y \dots)}{0.0001}$$
$$S_{ccs_{kt}}^{hedge_i} = \frac{V_i(ccs_{kt} + 0.0001, w, z \dots) - V_i(ccs_{kt}, w, z \dots)}{0.01}$$

Amendment

3. Institutions shall calculate the delta sensitivities of the aggregate CVA to risk factors consisting of counterparty credit spread rates, as well as of an eligible hedge instrument to those risk factors, as follows:

$$S_{ccs_{kt}}^{CVA} = \frac{V_{CVA}(ccs_{kt} + 0.0001, x, y \dots) - V_{CVA}(ccs_{kt}, x, y \dots)}{0.0001}$$
$$S_{ccs_{kt}}^{hedge_i} = \frac{V_i(ccs_{kt} + 0.0001, w, z \dots) - V_i(ccs_{kt}, w, z \dots)}{0.0001}$$

Or. en

Amendment 1142

Marco Zanni, Antonio Maria Rinaldi, Valentino Grant

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383i – paragraph 5 – subparagraph 1

Text proposed by the Commission

5. Institutions shall calculate the delta sensitivities of the aggregate CVA to risk factors consisting of equity spot prices, as well as of an eligible hedge instrument to those risk factors, as follows:

$$S_{EQ}^{CVA} = \frac{V_{CVA}(EQ + 0.01, x, y \dots) - V_{CVA}(EQ, x, y \dots)}{0.01}$$
$$S_{EQ}^{hedge_i} = \frac{V_i(EQ + 0.01, w, z \dots) - V_i(EQ, w, z \dots)}{0.01}$$

Amendment

5. Institutions shall calculate the delta sensitivities of the aggregate CVA to risk factors consisting of equity spot prices, as well as of an eligible hedge instrument to those risk factors, as follows:

$$S_{EQ}^{CVA} = \frac{V_{CVA}(EQ \times 1.01, x, y \dots) - V_{CVA}(EQ, x, y \dots)}{0.01}$$
$$S_{EQ}^{hedge_i} = \frac{V_i(EQ \times 1.01, w, z \dots) - V_i(EQ, w, z \dots)}{0.01}$$

Or. en

Amendment 1143

Linea Sogaard-Lidell, Nicola Beer, Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383l – paragraph 3 a (new) and 3 b (new)

Text proposed by the Commission

Amendment

3a. The correlation parameter $\gamma_{bc} = 50\%$ shall be used to aggregate general interest risk factors belonging to different buckets.

3b. The correlation parameter $\gamma_{bc} = 80\%$ shall be used to aggregate general interest rate risk factors based on a currency as referred to in Article 325av (3) and a general interest rate risk factor based on the euro.

Or. en

Justification

Alignment to BCBS MAR 50.55 where cross-bucket correlation is set at 0.5 and to CRR article 325ag where cross-bucket is set to 0.8 for currencies referred to in Article 325av (3)

and 0.5 for all other currencies.

Amendment 1144

Linea Sogaard-Lidell, Engin Eroglu, Nicola Beer

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383o – paragraph 1 – table 3 – row 9 a (new)

Text proposed by the Commission

| | | | |
|----|--|-------------------|------|
| 9 | | Other sector | 5,0% |
| 10 | | Qualified indices | 1,5% |

Amendment

| | | | |
|-----------------|--|--|-------------|
| 9 | | Other sector | 5,0% |
| 9a (new) | | <i>Covered bonds issued by credit institutions established in Member States</i> | 1,0% |
| 10 | | Qualified indices | 1,5% |

Or. en

Justification

To a large extent, the risk weights for CVA risk prescribed in table 3 of Article 383o coincide with the risk weights prescribed for credit spread risk in the standardized approach for market risk as outlined in table 4 in Article 325ah with one major exception. In the market risk rules entities established in Member States issuing covered bonds are assigned to bucket 9 which is subject to a risk weight of 1 per cent (100 basis points) whereas there is no specific risk weights for these counterparties in the CVA risk framework, which means that they would need to be assigned to bucket 4 (financials) in table 3 of Article 383o which is subject to a risk weight of 5 per cent (500 basis points). As the credit risk in the derivative is identical to that of the covered bond (swap counterparties rank pari passu with bondholders), the current proposal does not reflect the economic credit risk.

Amendment 1145

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 170 a (new)

Regulation (EU) No 575/2013

Article 395a (new)

Text proposed by the Commission

Amendment

(170 a) the following article is inserted:

Article 395a

Aggregate limit on exposures to non-bank financial intermediaries

1. An institution shall not incur a total exposure to non-bank financial intermediaries as defined in point (154) of Article 4 (1) which value, after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403, exceeds 25% of its Tier 1 capital.

2. Competent authorities may set a lower limit than 25% of Tier 1 capital and shall inform EBA and the Commission thereof.

Or. en

Amendment 1146

Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 171 b (new)

Regulation (EU) No 575/2013

Article 415 – paragraph 3 – subparagraph 1 – point b

Present text

Amendment

(b) additional liquidity monitoring metrics required, to allow competent authorities to obtain a comprehensive view of an institution's liquidity risk profile, proportionate to the nature, scale and complexity of an institution's activities

(171 b) Article 415(3), first subparagraph, point (b) is replaced by the following:

*"(b) additional liquidity monitoring metrics required, to allow competent authorities to obtain a comprehensive view of an institution's liquidity risk profile, proportionate to the nature, scale and complexity of an institution's activities; **in this context, institutions which qualify as***

small and non-complex institutions are to be subject to reduced reporting requirements and only report a maturity ladder; institutions which do not qualify as large institutions are to fulfil their reporting requirement on a quarterly basis.

"

Or. enJustification

Article 430 No. 6 requires the application of the reporting requirements in a “proportionate manner”. In addition, the findings of the EBA’s Cost of Compliance study reveal further possibilities to apply such proportionate measures. The revision of existing reporting requirements for SNCI at Level 2 does not lead to the expected relief. As the Commission asked for a cost reduction of ideally 20 % in Article 430 (8), the Commission should ensure simplifications of reporting directly in the level 1 text. For SNCI the reporting of ALLM does entail an administrative burden, even after the reduction of the reporting requirements by EBA. The levels and information on ALLM are hence not significant for an European based analysis.

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0575-20220410&from=EN>)

Amendment 1147

Marek Belka, Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 172 a (new)

Regulation (EU) No 575/2013

Article 429a – paragraph 1 – point c a (new)

Text proposed by the Commission

Amendment

(172 a) in Article 429a(1), the following point is added:

(ca) where the institution is a member of the network referred to in Article 113(7), the exposures that are assigned a risk weight of 0% in accordance with Article 114 and arising from assets being an equivalent of deposits in the same currency of other members of that network stemming from legal or statutory minimum deposit in accordance with

Article 422(3), point (b). In such a case exposures of other members of that network being legal or statutory minimum deposit are not subject to point c).

Or. en

Justification

Due to the specificity of activities and functions performed by affiliating cooperative banks in the Institutional Protection Schemes (IPS), these banks could have difficulties in fulfilling the supervisory requirements concerning the minimum level of the leverage ratio, being in force since the end of June 2021, at the level of at least 3%. This is due to the large share of funds of affiliated banks (for example the minimum deposit) in the liabilities of affiliating banks and the large share of securing liquid assets of affiliated banks in the assets of affiliating banks. Therefore, it is important to emphasize, that the obstacles in fulfilling the above-mentioned requirements do not arise from excessive credit expansion or unstable sources of financing, but they are the result of the powers conferred upon the affiliating banks and their position in the IPS.

Amendment 1148

Bogdan Rzońca

Proposal for a regulation

Article 1 – paragraph 1 – point 172 a (new)

Regulation (EU) No 575/2013

Article 429a – paragraph 1 – point c a (new)

Text proposed by the Commission

Amendment

(172 a) in Article 429a(1), the following point is added:

(ca) where the institution is a member of the network referred to in Article 113(7), the exposures that are assigned a risk weight of 0% in accordance with Article 114 and arising from assets being an equivalent of deposits in the same currency of other members of that network stemming from legal or statutory minimum deposit in accordance with Article 422(3), point (b). In such a case exposures of other members of that network being legal or statutory minimum deposit are not subject to point c).

Or. en

Justification

Due to the specificity of activities and functions performed by affiliating cooperative banks in the Institutional Protection Schemes (IPS), these banks could have difficulties in fulfilling the supervisory requirements concerning the minimum level of the leverage ratio, being in force since the end of June 2021, at the level of at least 3%. This is due to the large share of funds of affiliated banks (for example the minimum deposit) in the liabilities of affiliating banks and the large share of securing liquid assets of affiliated banks in the assets of affiliating banks. Therefore, it is important to emphasize, that the obstacles in fulfilling the above-mentioned requirements do not arise from excessive credit expansion or unstable sources of financing, but they are the result of the powers conferred upon the affiliating banks and their position in the IPS.

Amendment 1149

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 172 a (new)

Regulation (EU) 575/2013

Article 429a – paragraph 1 – point e

Present text

(e) where the institution is not a public development credit institution, the parts of exposures arising from passing-through promotional loans to other credit institutions;

Amendment

(172 a) in article 429a(1), point (e) is replaced by the following :

(e) where the institution is not a public development credit institution, the parts of exposures arising from ***granting or*** passing-through promotional loans to other credit institutions;

Or. en

Justification

Modification to ensure that exposures arising from promotional loans are treated appropriately and excluded from the calculation of the leverage ratio, irrespective of whether the promotional loans are originated by the credit institution, or whether the promotional loans (originated by another institution) are passed through to another credit institution. This clarification will avoid the situation where the application of the leverage ratio renders economically impossible the provision of promotional loans by certain non-public credit institutions - even where the latter participate to public policy objectives of the central government, regional government or local authority in a Member State. It will thus ensure that their activities related to promotional loans (as strictly defined under paragraph 3 of Article 429a) are not impeded.

Amendment 1150
Aurore Lalucq, Paul Tang

Proposal for a regulation
Article 1 – paragraph 1 – point 176
Regulation (EU) No 575/2013
Article 430 – paragraph 1 – point f a (new)

Text proposed by the Commission

Amendment

(f a) progress towards achieving the targets and plans laid down in Article 76(2) and 76(4) of the Directive 2013/36/EU.

Or. en

Amendment 1151
Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 176
Regulation (EU) No 575/2013
Article 430 – paragraph 1 – point h

Text proposed by the Commission

Amendment

(176) in Article 430, paragraph 1, the following point (h) is added:

deleted

‘
(h) their exposures to ESG risks.;
,

Or. en

Amendment 1152
Engin Eroglu

Proposal for a regulation
Article 1 – paragraph 1 – point 176
Regulation (EU) No 575/2013
Article 430 – paragraph 1 – point h

Text proposed by the Commission

Amendment

(176) in Article 430, paragraph 1, the

deleted

following point (h) is added:

‘

(h) their exposures to ESG risks.;

Or. en

Amendment 1153

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 176

Regulation (EU) No 575/2013

Article 430 – paragraph 1 – point h

Text proposed by the Commission

Amendment

(h) their exposures to ESG risks.;

(h) their exposures to ESG risks,
including:

i) their exposures to existing and new fossil fuel assets;

ii) their exposures to activities that are deemed to do significant harm to one of the environmental objectives as defined in EU Regulation 2020/852;

iii) their exposure to physical risks and transition risks.;

Or. en

Amendment 1154

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 176 a (new)

Regulation (EU) 575/2013

Article 430 – paragraph 1 – subparagraph 2 a (new)

Present text

Amendment

(176 a) in Article 430(1), the following subparagraph is added :

Institutions which meet the definition of small and non-complex institutions shall be exempted from reporting points (e) to

(g).

Or. en

Justification

Strengthens the proportionality regime.

Amendment 1155

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 176 b (new)

Regulation (EU) No 575/2013

Article 430 – paragraph 8 a (new)

Text proposed by the Commission

Amendment

(176 b) in Article 430, the following paragraph is inserted:

'By 1 January 2024 and every year thereafter, the EBA shall publish a progress report on the implementation of the mandate given in paragraph 8 of this Article. EBA shall specifically detail the progress made in relation to the objective specified in point (e) of paragraph 8.'

Or. en

Justification

Provides transparency in relation to the objective of cutting red tape in EU banking regulation.

Amendment 1156

Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 177a (new)

Regulation (EU) No 575/2013

Article 430a – paragraph 3

Present text

Amendment

3. The competent authorities shall publish annually on an aggregated basis the data specified in points (a) to (f) of paragraph 1, together with historical data, where available. A competent authority shall, upon the request of another competent authority in a Member State or EBA provide to that competent authority or EBA more detailed information on the condition of the residential property or commercial immovable property markets in that Member State.

(177 a) in Article 430a, paragraph 3 is replaced by the following:

"3. The competent authorities shall publish annually on an aggregated basis the data specified in points (a) to (f) of paragraph 1, together with historical data, where available, **for each national immovable property market for which such data has been collected**. A competent authority shall, upon the request of another competent authority in a Member State or EBA provide to that competent authority or EBA more detailed information on the condition of the residential property or commercial immovable property markets in that Member State.

"

Or. en

(02013R0575)

Amendment 1157

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 179 -a (new)

Regulation (EU) No 575/2013

Article 433a – paragraph 1 – point b – point xiv a (new)

Text proposed by the Commission

Amendment

(179 -a) in Article 433a(1), point (b), the following point is added :

'(xiv a) Article 449a'

Or. en

Amendment 1158

Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 180
Regulation (EU) No 575/2013
Article 433b

Text proposed by the Commission

(180) *in* Article 433b(1), *point (a)* is amended as follows:

(a) point (ii) is replaced by the following:

‘(ii) points (c), (d) and (da) of Article 438;’;

(b) the following point (iv) is added:

‘(iv) points (c) and (d) of Article 442;’;

Amendment

(180) Article 433b is replaced by the following:

Article 433b

Disclosures by small and non-complex institutions

“Small and non-complex institutions are exempted from disclosure requirements.”

Or. en

Amendment 1159

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 180 – point b a (new)

Regulation (EU) No 575/2013

Article 433b – paragraph 1 – point a – point iv a (new)

Text proposed by the Commission

Amendment

(ba) the following point is added:

(iv a) Article 449a

Or. en

Amendment 1160

Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 180 a (new)

Regulation (EU) No 575/2013

Article 433b – paragraph 1 – subparagraph 1a (new)

Text proposed by the Commission

Amendment

(180 a) in Article 433b(1), the following subparagraph is added:

"Non-listed small and non-complex institutions shall not be required to disclose the information of paragraph 1 of this Article or any other disclosure requirements set out in this Regulation."

Or. en

Amendment 1161

Joachim Schuster, René Repasi

Proposal for a regulation

Article 1 – paragraph 1 – point 180 a (new)

Regulation (EU) No 575/2013

Article 433b – paragraph 2

Present text

Amendment

2. By way of derogation from paragraph 1 of this Article, small and non-complex institutions that are non-listed institutions shall disclose the key metrics referred to in Article 447 on an annual basis.

(180 a) in Article 433b, paragraph 2 is replaced by the following:

"By way of derogation from paragraph 1 of this Article, small and non-complex institutions that are non-listed institutions shall **only be required to** disclose the key metrics referred to in **paragraph 2 of Article 447. Small and non-complex institutions that are non-listed institutions shall disclose the key metrics referred to in paragraph 2 of** Article 447 on an annual basis.

"

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02013R0575-20220410&from=EN>)

Justification

In order to respect the principle of proportionality, administrative requirements for small and non-complex institutions (SNCIs) that are non-listed should be reduced by focussing on the disclosure of key metrics.

Amendment 1162
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 182
Regulation (EU) 575/2013
Article 434 – paragraph 1

Text proposed by the Commission

1. *Institutions other than small and non-complex institutions shall submit all the information required under Titles II and III in electronic format to EBA no later than the date on which institutions publish their financial statements or financial reports for the corresponding period, where applicable, or as soon as possible thereafter. EBA shall also publish the submission date of this information.*

EBA shall ensure that the disclosures made on the EBA website contain the information identical to what institutions submitted to EBA. Institutions shall have the right to resubmit to EBA the information in accordance with the technical standards referred to in Article 434a. EBA shall make available on its website the date when the resubmission took place.

Amendment

1. *EBA shall prepare and keep up-to-date the tool that specifies the mapping of the templates and tables for disclosures with those on supervisory reporting. The mapping tool shall be accessible to the public on the EBA website.*

Institutions may continue to publish a standalone document that provides a readily accessible source of prudential information for users of that information or a distinctive section included in or appended to the institutions' financial statements or financial reports containing the required disclosures and being easily identifiable to those users. Institutions may include in their website a link to the EBA website where the prudential information is published on a centralised manner

EBA shall prepare and keep up-to-date the tool that specifies the mapping of the templates and tables for disclosures with those on supervisory reporting. The mapping tool shall be accessible to the public on the EBA website.

Institutions may continue to publish a standalone document that provides a readily accessible source of prudential information for users of that information or a distinctive section included in or appended to the institutions' financial statements or financial reports containing the required disclosures and being easily identifiable to those users. Institutions may include in their website a link to the EBA website where the prudential information is published on a centralised manner.

Or. en

Justification

For the sake of reducing the reporting burden of all institutions, the EBA should use supervisory reporting to compile the corresponding quantitative public disclosure for all institutions, rather than just for small and non-complex institutions (SNCIs). There is no need to develop a separate reporting process for larger institutions, as it would lead to double reporting of data points and it may create inconsistencies between reporting and disclosure.

**Amendment 1163
Engin Eroglu**

**Proposal for a regulation
Article 1 – paragraph 1 – point 182
Regulation (EU) No 575/2013
Article 434 – paragraph 1 – subparagraph 1**

Text proposed by the Commission

1. Institutions other ***than small and non-complex*** institutions shall submit all the information required under Titles II and III in electronic format to EBA no later

Amendment

1. ***Large*** institutions ***and*** other ***institutions that are listed*** institutions shall submit all the information required under Titles II and III in electronic format to

than the date on which institutions publish their financial statements or financial reports for the corresponding period, where applicable, or as soon as possible thereafter. EBA shall also publish the submission date of this information.

EBA no later than the date on which institutions publish their financial statements or financial reports for the corresponding period, where applicable, or as soon as possible thereafter. EBA shall also publish the submission date of this information.

Or. en

Justification

The benefits of disclosure by non-listed banks remain open to question. This is also demonstrated by the lack of public demand as reflected in the low retrieval rate of Pillar 3 disclosure reports. The disclosure of non-listed banks should be reduced to core metrics. As the information reported to competent authorities does not contain qualitative information, the banks should be exempted from this if the EBA publishes disclosures based on reporting information. Nevertheless, such banks should have the option to prepare their own disclosure reports which include qualitative information and submit these to EBA (i.e. follow the same process as for large banks).

Amendment 1164 **Danuta Maria Hübner**

Proposal for a regulation
Article 1 – paragraph 1 – point 182
Regulation (EU) 575/2013
Article 434 – paragraph 2

Text proposed by the Commission

Amendment

2. *Large institutions and other institutions that are not large institutions or small and non-complex institutions shall submit to EBA the disclosures referred to in Article 433a and Article 433c respectively, but not later than on the date of the publication of financial statements or financial reports for the corresponding period or as soon as possible thereafter. If disclosure is required to be made for a period when an institution does not prepare any financial report, the institution shall submit to EBA the information on disclosures as soon as practicable.*

deleted

Justification

Same as above.

Amendment 1165

Othmar Karas

Proposal for a regulation

Article 1 – paragraph 1 – point 182

Regulation (EU) No 575/2013

Article 434 – paragraph 2

Text proposed by the Commission

2. Large institutions and other institutions that are ***not large institutions or small and non-complex institutions*** shall submit to EBA the disclosures referred to in Article 433a and Article 433c respectively, but not later than on the date of the publication of financial statements or financial reports for the corresponding period or as soon as possible thereafter. If disclosure is required to be made for a period when an institution does not prepare any financial report, the institution shall submit to EBA the information on disclosures as soon as practicable.

Amendment

2. Large institutions and other institutions that are ***listed*** shall submit to EBA the disclosures referred to in Article 433a and Article 433c respectively, but not later than on the date of the publication of financial statements or financial reports for the corresponding period or as soon as possible thereafter. If disclosure is required to be made for a period when an institution does not prepare any financial report, the institution shall submit to EBA the information on disclosures as soon as practicable.

Or. en

Justification

This amendment aims to include only large and listed institutions t the disclosure requirements to the EBA referred to in Articles 433a and 433c.

Amendment 1166

Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 182

Regulation (EU) No 575/2013

Article 434 – paragraph 2

Text proposed by the Commission

2. Large institutions and other institutions that are ***not large institutions or small and non-complex*** institutions shall submit to EBA the disclosures referred to in Article 433a and Article 433c respectively, but not later than on the date of the publication of financial statements or financial reports for the corresponding period or as soon as possible thereafter. If disclosure is required to be made for a period when an institution does not prepare any financial report, the institution shall submit to EBA the information on disclosures as soon as practicable.

Amendment

2. Large institutions and other institutions that are ***listed*** institutions shall submit to EBA the disclosures referred to in Article 433a and Article 433c respectively, but not later than on the date of the publication of financial statements or financial reports for the corresponding period or as soon as possible thereafter. If disclosure is required to be made for a period when an institution does not prepare any financial report, the institution shall submit to EBA the information on disclosures as soon as practicable.

Or. en

Justification

The benefits of disclosure by non-listed banks remain open to question. This is also demonstrated by the lack of public demand as reflected in the low retrieval rate of Pillar 3 disclosure reports. The disclosure of non-listed banks should be reduced to core metrics. As the information reported to competent authorities does not contain qualitative information, the banks should be exempted from this if the EBA publishes disclosures based on reporting information. Nevertheless, such banks should have the option to prepare their own disclosure reports which include qualitative information and submit these to EBA (i.e. follow the same process as for large banks).

Amendment 1167

Joachim Schuster, René Repasi

Proposal for a regulation

Article 1 – paragraph 1 – point 182

Regulation (EU) No 575/2013

Article 434 – paragraph 3

Text proposed by the Commission

3. EBA shall publish on its website the disclosures of small and non-complex institutions on the basis of the information reported by those institutions to competent authorities in accordance with Article 430.

Amendment

3. EBA shall publish on its website the disclosures of small and non-complex institutions on the basis of the information reported by those institutions to competent authorities in accordance with Article 430

and paragraph 2 of Article 447.

Or. en

Justification

In order to respect the principle of proportionality, administrative requirements for small and non-complex institutions (SNCIs) that are non-listed should be reduced by focussing on the disclosure of key metrics.

Amendment 1168

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 182

Regulation (EU) 575/2013

Article 434 – paragraph 3

Text proposed by the Commission

3. EBA shall publish on its website the disclosures of ***small and non-complex*** institutions on the basis of the information reported by those institutions to competent authorities in accordance with Article 430.

Amendment

3. EBA shall publish on its website the disclosures of institutions on the basis of the information reported by those institutions to competent authorities in accordance with Article 430.

Or. en

Justification

Same as above.

Amendment 1169

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 187

Regulation (EU) No 575/2013

446 – paragraph.1 – point d

Text proposed by the Commission

(d) the business indicator, calculated in accordance with Article 314(1), and the amounts of each of the business indicator ***sub-items*** for each of the three years

Amendment

(d) the business indicator, calculated in accordance with Article 314(1), and the amounts of each of the business indicator ***components, which are ILDC, SC and***

relevant for the calculation of the business indicator;

FC, for each of the three years relevant for the calculation of the business indicator;

Or. en

Amendment 1170

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 187

Regulation (EU) No 575/2013

Article 446 – paragraph 2 – point c a (new)

Text proposed by the Commission

Amendment

(ca) the internal loss multiplier calculated in accordance with Article 313a;

Or. en

Amendment 1171

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 187

Regulation (EU) No 575/2013

Article 446 – paragraph 2 – point c b (new)

Text proposed by the Commission

Amendment

(cb) the loss component calculated in accordance with article 313a'

Or. en

Amendment 1172

Gilles Boyer, Stéphanie Yon-Courtin, Billy Kelleher, Olivier Chastel

Proposal for a regulation

Article 1 – paragraph 1 – point 187

Regulation (EU) No 575/2013

Article 446 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. Institutions that calculate an internal loss multiplier in accordance with Article 315b shall disclose the following information:

(a) the internal loss data for each of the years with high-quality loss data used to calculate the loss component in accordance with Article 315c;

(b) the internal loss multiplier and the number of years with high-quality loss data used to calculate the loss component in accordance with Article 315c.'

For the purposes of paragraphs 2 and 3, institutions shall report on both thresholds independently of which threshold they use.

Or. en

Justification

Adjustments to reporting requirements to reflect the introduction of the Internal loss multiplier (ILM).

Amendment 1173

Joachim Schuster, René Repasi

Proposal for a regulation

Article 1 – paragraph 1 – point 188 – point d a (new)

Regulation (EU) No 575/2013

Article 447 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

x

(da) the following paragraph is added:

"(1a) Small and non-complex institutions that are non-listed institutions shall only disclose the following key metrics in a tabular format:

(a) the composition of their own funds and their risk-based capital ratios as

calculated in accordance with Article 92(2);

(b) the total risk exposure amounts as calculated in accordance with Article 92(3) and, where applicable;

(c) where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with point (a) of Article 104(1) of Directive 2013/36/EU;

(d) the combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU;

(e) their leverage ratio as calculated in accordance with Article 429;

(f) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period as calculated in accordance with the delegated act referred to in Article 460(1);

(g) the net stable funding ratio at the end of each quarter of the relevant disclosure period as calculated in accordance with Title IV of Part Six.

"

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02013R0575-20220410&from=EN>)

Justification

In order to respect the principle of proportionality, administrative requirements for small and non-complex institutions (SNCIs) that are non-listed should be reduced by focussing on the disclosure of key metrics.

Amendment 1174
Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 189
Regulation (EU) No 575/2013
Article 449a

Text proposed by the Commission

Amendment

(189) Article 449a is replaced by the following: *deleted*

‘

Article 449a

Disclosure of environmental, social and governance risks (ESG risks)

Institutions shall disclose information on ESG risks, including physical risks and transition risks.

The information referred to in the first paragraph shall be disclosed on an annual basis by small and non-complex institutions and on a semi-annual basis by other institutions.

EBA shall develop draft implementing technical standards specifying uniform disclosure formats for ESG risks, as laid down in Article 434a, ensuring that they are consistent with and uphold the principle of proportionality.’ For small and non-complex institutions, the formats shall not require disclosure of information beyond the information required to be reported to competent authorities in accordance with Article 430(1), point (h).;

’

Or. en

Amendment 1175
Aurore Lalucq, Paul Tang, Csaba Molnár

Proposal for a regulation
Article 1 – paragraph 1 – point 189
Regulation (EU) No 575/2013
Article 449a – paragraph

Text proposed by the Commission

Institutions shall disclose information on ESG risks, including physical risks and transition risks.

Amendment

Institutions shall disclose:

(a) information on ESG risks, including physical risks and transition risks.

(b) climate targets and transition plans, including absolute carbon emission reduction targets, submitted in accordance with Article 76(2) of the Directive 2013/36/EU, and the progress made towards implementing them

(c) how the institution's business model and strategy take account of ESG risks faced by the undertaking.

Or. en

Amendment 1176

Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 189

Regulation (EU) No 575/2013

Article 449a – paragraph 1

Text proposed by the Commission

Institutions shall disclose information on ESG risks, including physical risks and transition risks.

Amendment

***Institutions other than small and non-complex** institutions shall disclose information on ESG risks, including physical risks and transition risks.*

Or. en

Amendment 1177

José Manuel García-Margallo y Marfil

Proposal for a regulation

Article 1 – paragraph 1 – point 189

Regulation (EU) No 575/2013

Article 449a – paragraph 2

Text proposed by the Commission

The information referred to in the first paragraph shall be disclosed on an annual basis **by small and non-complex institutions and on a semi-annual basis by other institutions.**

Amendment

The information referred to in the first paragraph shall be disclosed on an annual basis.

Or. en

Amendment 1178
Engin Eroglu

Proposal for a regulation
Article 1 – paragraph 1 – point 189
Regulation (EU) No 575/2013
Article 449a – paragraph 2

Text proposed by the Commission

The information referred to in the first paragraph shall be disclosed on an annual basis **by small and non-complex institutions and on a semi-annual basis by other institutions.**

Amendment

The information referred to in the first paragraph shall be disclosed on an annual basis.

Or. en

Amendment 1179
Othmar Karas

Proposal for a regulation
Article 1 – paragraph 1 – point 189
Regulation (EU) No 575/2013
Article 449a – paragraph 2

Text proposed by the Commission

The information referred to in the first paragraph shall be disclosed **on an annual basis** by small and non-complex institutions and on a **semi-annual** basis by other institutions.

Amendment

The information referred to in the first paragraph shall be disclosed **once every two years** by small and non-complex institutions and on a **annual** basis by other institutions.

Or. en

Justification

This amendment aims to reduce the administrative burden on ESG disclosure for institutions and secure more proportionality for SNCIs.

Amendment 1180

Engin Eroglu

Proposal for a regulation

Article 1 – paragraph 1 – point 189

Regulation (EU) No 575/2013

Article 449a – paragraph 3

Text proposed by the Commission

EBA shall develop draft implementing technical standards specifying uniform disclosure formats for ESG risks, as laid down in Article 434a, ensuring that they are consistent with and uphold the principle of proportionality.’ ***For small and non-complex institutions, the formats shall not require disclosure of information beyond the information required to be reported to competent authorities in accordance with Article 430(1), point (h).;***

Amendment

EBA shall develop draft implementing technical standards specifying uniform disclosure formats for ESG risks, as laid down in Article 434a, ensuring that they are consistent with and uphold the principle of proportionality.’

Or. en

Justification

The Commission’s proposal and also the rapporteur’s proposal both lack proportionality – the achievements for SNCI within CRR II should not be diluted. Comprehensive disclosures are already foreseen within the CSRD and the Taxonomy-Regulation. These disclosures often concern similar matters or even the same KPIs (Green Asset Ratio). Scope of CSRD and Taxonomy-Reporting will also be limited to certain institutions, dependant on their size. Moreover, there are no reasons for semi-annual reporting and disclosure for any institution as ESG risk drivers are of a long-term nature, cf. long-term time horizons in ESG-scenario analyses. The ESG-disclosure requirements would be particularly burdensome for SNCIs, creating parallel obligations under multiple legal frameworks.

Amendment 1181

Aurore Lalucq, Paul Tang

Proposal for a regulation
Article 1 – paragraph 1 – point 189
Regulation (EU) No 575/2013
Article 449a – paragraph 3

Text proposed by the Commission

EBA shall develop draft implementing technical standards specifying uniform disclosure formats for ESG risks, as laid down in Article 434a, ensuring that they are consistent with and uphold the principle of proportionality.’ For small and non-complex institutions, the formats shall not require disclosure of information beyond the information required to be reported to competent authorities in accordance with Article 430(1), **point (h)**.;

Amendment

EBA shall develop draft implementing technical standards specifying uniform disclosure formats for ESG risks, as laid down in Article 434a, ensuring that they are consistent with and uphold the principle of proportionality.’ For small and non-complex institutions, the formats shall not require disclosure of information beyond the information required to be reported to competent authorities in accordance with Article 430(1), **points (h) and (i)**.;

Or. en

Amendment 1182
Ville Niinistö
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 1 – paragraph 1 – point 189 a (new)
Regulation (EU) No 575/2013
Article 449b (new)

Text proposed by the Commission

Amendment

(189 a) the following article is inserted:

‘Article 449b

Disclosure of exposures to shadow banking entities

1. Credit institutions shall disclose information concerning their individual exposures to non-bank financial intermediaries, including all potential risks to the institution arising from those exposures, and the potential impact of those risks, as well as the supervisory regime applicable to their non-bank

financial intermediaries counterparties.

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

EBA shall submit those draft regulatory technical standards to the Commission by [12 months after the entry into force of this 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.

Or. en

Amendment 1183

Aurore Lalucq, Paul Tang

Proposal for a regulation

Article 1 – paragraph 1 – point 189 a (new)

Regulation (EU) No 575/2013

Article 450 – paragraph 1 – point h – point vii a (new)

Present text

Amendment

(189a) in Article 450(1), point h, the following point is added:

(vii a) the amounts of variable remuneration linked to achievement of the targets related to management of ESG risks, including climate targets and transition plans referred to in Article 76(2) of the Directive 2013/36/EU.

Or. en

Amendment 1184

Luis Garicano, Esther de Lange, Caroline Nagtegaal, Luděk Niedermayer

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Text proposed by the Commission

Amendment

‘The Commission shall monitor the implementation of the international standards on own funds requirements for market risk in third countries. Where significant differences between the Union implementation and third countries’ implementation of those international standards are observed, including as regards the impact of the rules in terms of own funds requirements and as regards their entry into application, the Commission shall be empowered to adopt a delegated act in accordance with Article 462 to amend this Regulation by:

deleted

(a) applying, where necessary to deliver a level playing field, a multiplier equal to or greater than 0 and lower than 1 to the institutions’ own funds requirements for market risk, calculated for specific risk classes and specific risk factors using one of the approaches referred to in Article 325(1), and laid out in:

- (i) Articles 325c to 325ay, specifying the alternative standardised approach;***
 - (ii) Articles 325az to 325bp, specifying the alternative internal model approach;***
 - (iii) Articles 326 to 361, specifying the simplified standardised approach, to offset those observed differences between the third countries rules and Union law;***
- (b) postponing by two years the date from which institutions shall apply the own funds requirements for market risk set out in Part Three, Title IV, or any of the approaches to calculate the own funds requirements for market risk referred to in Article 325(1).;***

Or. en

Justification

Suggested by ECB

Amendment 1185

Markus Ferber

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Regulation (EU) No 575/2013

Article 461a – introductory part

Text proposed by the Commission

‘The Commission shall monitor the implementation of the international standards on own funds requirements for market risk in third countries. Where significant differences between the Union implementation and third countries’ implementation of those international standards are observed, including as regards the impact of the rules in terms of own funds requirements and as regards their entry into application, the Commission shall be empowered to ***adopt a delegated act in accordance with Article 462*** to amend ***this Regulation*** by:

Amendment

‘The Commission shall monitor the implementation of the international standards on own funds requirements for market risk in third countries. Where significant differences between the Union implementation and third countries’ implementation of those international standards are observed, including as regards the impact of the rules in terms of own funds requirements and as regards their entry into application, the Commission shall be empowered to ***postpone by two years the date from which institutions shall apply the own funds requirements for market risk set out in Part Three, Title IV, or any of the approaches to calculate the own funds requirements for market risk referred to in Article 325(1). The Commission shall, where appropriate, submit to European Parliament and to the Council a legislative proposal by 31 December 2026*** to amend ***the framework for own funds requirements for market risk in light of significant differences.***’

Or. en

Justification

The co-legislator should be involved in case changes to this regulation are necessary due to significant deviations from the Basel package in other jurisdictions.

Amendment 1186

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Regulation (EU) No 575/2013

Article 461a – introductory part

Text proposed by the Commission

‘The Commission shall monitor the implementation of the international standards on own funds requirements for market risk in third countries. Where significant differences between the Union implementation and third countries’ implementation of those international standards *are observed*, including as regards the impact of the rules in terms of own funds requirements and as regards their entry into application, the Commission shall ***be empowered to adopt a delegated act in accordance with Article 462 to amend this Regulation by:***

Amendment

‘The Commission shall monitor the implementation of the international standards on own funds requirements for market risk in third countries. ***The Commission shall report to the European Parliament and the Council where it identifies*** significant differences between the Union implementation and third countries’ implementation of those international standards, including as regards the impact of the rules in terms of own funds requirements and as regards their entry into application. ***Where appropriate*** the Commission shall ***submit a legislative proposal to the European Parliament and the Council to adjust the EU implementation of the own funds requirement for market risks as swiftly as possible.***

Or. en

Amendment 1187

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Regulation (EU) No 575/2013

Article 461a – introductory part

Text proposed by the Commission

‘The Commission shall ***monitor*** the implementation of the international

Amendment

By 31 December 2025, the Commission shall ***submit a report to the European***

standards on own funds requirements for market risk in *third countries*. *Where significant differences between the Union implementation and third countries' implementation of those international standards are observed, including as regards the impact of the rules in terms of own funds requirements and as regards their entry into application, the Commission shall be empowered to adopt a delegated act in accordance with Article 462 to amend this Regulation by:*

Parliament and to the Council, on the implementation of the international standards on own funds requirements for market risk in other jurisdictions. This report may be accompanied by a legislative proposal, if appropriate, in order to ensure a global level playing field.

Or. en

Justification

The EU should finalise the implementation of internationally agreed standards in a timely and faithful way so as to provide clarity to banks and ensure the soundness of the EU Single Rulebook. The possibility for postponing the implementation by two more years might especially have negative implications on banks' internal implementation plans and therefore could create issues in the application and approval process for internal models. However, understanding the necessity of the EU being mindful of how other major jurisdictions implement the Basel III standards, the propose amendment includes a new mandate for the Commission to report on the implementation in other jurisdictions and to submit a legislative proposal, if appropriate, in order to ensure a global level playing field.

Amendment 1188

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Regulation (EU) No 575/2013

Article 461a – point a

Text proposed by the Commission

Amendment

(a) applying, where necessary to deliver a level playing field, a multiplier equal to or greater than 0 and lower than 1 to the institutions' own funds requirements for market risk, calculated for specific risk classes and specific risk factors using one of the approaches referred to in Article 325(1), and laid out

deleted

in:

- (i) Articles 325c to 325ay, specifying the alternative standardised approach;*
- (ii) Articles 325az to 325bp, specifying the alternative internal model approach;*
- (iii) Articles 326 to 361, specifying the simplified standardised approach, to offset those observed differences between the third countries rules and Union law;*

Or. en

Amendment 1189
Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 193
Regulation (EU) No 575/2013
Article 461a – point a

Text proposed by the Commission

Amendment

(a) applying, where necessary to deliver a level playing field, a multiplier equal to or greater than 0 and lower than 1 to the institutions' own funds requirements for market risk, calculated for specific risk classes and specific risk factors using one of the approaches referred to in Article 325(1), and laid out in:

deleted

- (i) Articles 325c to 325ay, specifying the alternative standardised approach;*
- (ii) Articles 325az to 325bp, specifying the alternative internal model approach;*
- (iii) Articles 326 to 361, specifying the simplified standardised approach, to offset those observed differences between the third countries rules and Union law;*

Or. en

Justification

The co-legislator should be involved in case changes to this regulation are necessary due to

significant deviations from the Basel package in other jurisdictions.

Amendment 1190
Danuta Maria Hübner

Proposal for a regulation
Article 1 – paragraph 1 – point 193
Regulation (EU) No 575/2013
Article 461a – point a

Text proposed by the Commission

Amendment

- (a) applying, where necessary to deliver a level playing field, a multiplier equal to or greater than 0 and lower than 1 to the institutions' own funds requirements for market risk, calculated for specific risk classes and specific risk factors using one of the approaches referred to in Article 325(1), and laid out in:*
- (i) Articles 325c to 325ay, specifying the alternative standardised approach;*
- (ii) Articles 325az to 325bp, specifying the alternative internal model approach;*
- (iii) Articles 326 to 361, specifying the simplified standardised approach, to offset those observed differences between the third countries rules and Union law;*

deleted

Or. en

Justification

It is essential that this anti-dumping tool is foreseen to ensure a level playing field, in particular in the field of market risk.

Amendment 1191
Markus Ferber

Proposal for a regulation
Article 1 – paragraph 1 – point 193
Regulation (EU) No 575/2013
Article 461a – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) postponing by two years the date from which institutions shall apply the own funds requirements for market risk set out in Part Three, Title IV, or any of the approaches to calculate the own funds requirements for market risk referred to in Article 325(1).; *deleted*

Or. en

Justification

The co-legislator should be involved in case changes to this regulation are necessary due to significant deviations from the Basel package in other jurisdictions.

Amendment 1192

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Regulation (EU) No 575/2013

Article 461a – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) postponing by two years the date from which institutions shall apply the own funds requirements for market risk set out in Part Three, Title IV, or any of the approaches to calculate the own funds requirements for market risk referred to in Article 325(1).; *deleted*

Or. en

Amendment 1193

Danuta Maria Hübner

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Regulation (EU) No 575/2013

Article 461a – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) postponing by two years the date from which institutions shall apply the own funds requirements for market risk set out in Part Three, Title IV, or any of the approaches to calculate the own funds requirements for market risk referred to in Article 325(1).;

deleted

Or. en

Amendment 1194

Luis Garicano, Esther de Lange, Caroline Nagtegaal, Luděk Niedermayer

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Regulation (EU) No 575/2013

Article 461a – paragraph 1 a (new)

Text proposed by the Commission

Amendment

By 31 December 2025, the Commission shall submit a report to the European Parliament and to the Council, on the implementation of the international standards on own funds requirements for market risk in other jurisdictions. This report may be accompanied by a legislative proposal, if appropriate, in order to ensure a global level playing field.

Or. en

Justification

Suggested by ECB

Amendment 1195

Ville Niinistö

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 1 – paragraph 1 – point 194

Text proposed by the Commission

By 31 December **2025**, the Commission shall review ***whether a dedicated*** prudential treatment ***should be developed*** for exposures to crypto assets, and shall, after consulting EBA and taking into account international developments, submit a report to the European Parliament and to the Council, together with a legislative proposal, where appropriate.’

Amendment

By 31 December **2028**, the Commission shall review ***the*** prudential treatment for exposures to crypto assets ***as developed in Article 126c***, and shall, after consulting EBA and taking into account international developments, submit a report to the European Parliament and to the Council, together with a legislative proposal, where appropriate.

Or. en

Amendment 1196
Irene Tinagli

Proposal for a regulation
Article 1 – paragraph 1 – point 195 – point a
Regulation (EU) No 575/2013
Article 462 – paragraph 2

Text proposed by the Commission

2. The power to adopt delegated acts referred to in Articles 244(6) and 245(6), in Articles 456 to 460 ***and*** in Articles 461a and 461b shall be conferred on the Commission for an indeterminate period of time from 28 June 2013.

Amendment

2. The power to adopt delegated acts referred to in ***Article 47a***, Articles 244(6) and 245(6), in Articles 456 to 460, in Articles 461a and 461b, ***and in Article 500*** shall be conferred on the Commission for an indeterminate period of time from 28 June 2013.

Or. en

Amendment 1197
Irene Tinagli

Proposal for a regulation
Article 1 – paragraph 1 – point 195 – point a
Regulation (EU) No 575/2013
Article 462 – paragraph 3

Text proposed by the Commission

3. The delegation of power referred to in Articles 244(6) and 245(6), in Articles 456 to 460 **and** in Article 461a and 461b may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of the delegated acts already in force.;

Amendment

3. The delegation of power referred to in **Article 47a**, Articles 244(6) and 245(6), in Articles 456 to 460, in Article 461a and 461b, **and in Article 500** may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of the delegated acts already in force.;

Or. en