



**2020/0066(COD)**

20.5.2020

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## **DRAFT REPORT**

on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards adjustments in response to the COVID-19 pandemic (COM(2020)0310 – C9-0122/2020 – 2020/0066(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Jonás Fernández

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION .....	5



## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards adjustments in response to the COVID-19 pandemic (COM(2020)0310 – C9-0122/2020 – 2020/0066(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2020)0310),
  - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0122/2020),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 59 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs (A9-0000/2020),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

### **Amendment 1**

#### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point -1 (new)**

Regulation (EU) No 575/2013

Article 47c – paragraph 4

*Text proposed by the Commission*

*Amendment*

***(-1) Article 47c(4) is replaced by the following:***

***"4a. By way of derogation from paragraph 3, the following factors shall***

*apply to the part of the non-performing exposure guaranteed or insured by an official export credit agency or guaranteed by an eligible protection provider referred to in points (a) to (e) of Article 201(1):*

*(a) 0 for the secured part of the non-performing exposure to be applied during the period between one year and seven years following its classification as non-performing; and*

*(b) 1 for the secured part of the non-performing exposure to be applied as of the first day of the eighth year following its classification as non-performing."*

Or. en

## **Amendment 2**

### **Proposal for a regulation**

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

Regulation (EU) No 575/2013

Article 114 – paragraph 6

*Text proposed by the Commission*

*Amendment*

*(-1a) In Article 114, paragraph 6 is deleted.*

Or. en

## **Amendment 3**

### **Proposal for a regulation**

**Article 1 – paragraph 1 – point -1 b (new)**

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – point d – point ii

*Present text*

*Amendment*

*(-1b) In Article 150, point (ii) of point (d) of paragraph (1) is replaced by the following:*

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

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

*Article 495(2);"*

Or. en

*(<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02013R0575-20230628>)*

#### **Amendment 4**

##### **Proposal for a regulation**

##### **Article 1 – paragraph 1 – point -1 c (new)**

Regulation (EU) No 575/2013

Article 366 – paragraph 4 – subparagraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***(-1c) In Article 366(4), the following subparagraph is added:***

***"Competent authorities may in individual cases exclude the overshootings that do not result from deficiencies in the internal model and that have occurred between 1 January 2020 and 31 December 2020 in the calculation of the addend set out in paragraph 3."***

Or. en

#### **Amendment 5**

##### **Proposal for a regulation**

##### **Article 1 – paragraph 1 – point 1 a (new)**

Regulation (EU) No 575/2013

Article 467 a (new)

*Text proposed by the Commission*

*Amendment*

***(1a) The following article is inserted:***

***"Article 467a***

***Unrealised gains and losses measured at fair value through other comprehensive income***

***1. By way of derogation from Article 35 and until the end of the transitional period set out in paragraph 2 of this Article, institutions may remove from their calculation of their Common Equity Tier 1 the amount A calculated as follows:***

$$A=(a) \times f$$

where:

*(a) = the amount of unrealised gains or losses from 31 December 2019 accounted in “Fair value changes of debt instruments measured at fair value through other comprehensive income” of the balance sheet, corresponding to exposures to central governments, to regional governments or local authorities referred to in Article 115(2) and to public sector entities referred to in Article 116(4), excluding those that are credit-impaired as defined in Appendix A to the Annex relating to IFRS 9; and*

*f = the applicable factor at each reporting year of the transitional period.*

2. *Institutions shall apply the following factors f to calculate the amount A referred in paragraph 1:*

*(a) 1 during the period from 1 January 2020 to 31 December 2020;*

*(b) 1 during the period from 1 January 2021 to 31 December 2021;*

*(c) 0,75 during the period from 1 January 2022 to 31 December 2022;*

*(d) 0,50 during the period from 1 January 2023 to 31 December 2023;*

*(e) 0,25 during the period from 1 January 2024 to 31 December 2024;*

3. *An institution shall decide whether to apply the arrangements set out in this Article during the transitional period and may not revert its decision. Institutions shall inform the competent authority of its decision 45 days before the reporting date of the year from which the institution will first apply the transitional period.*

4. *During the periods set out in paragraph 2 of this Article, in addition to disclosing the information required in Part Eight, institutions that have decided to apply the transitional arrangements set out in this Article shall disclose the*



*amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, the total capital ratio and the leverage ratio they would have in case they were not to apply this Article."*

Or. en

## Amendment 6

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2 – point b

Regulation (EU) No 575/2013

Article 473a – paragraph 3 – point b

#### *Text proposed by the Commission*

(b) the sum of the 12-month expected credit losses determined in accordance with paragraph 5.5.5 of the Annex relating to IFRS 9 and the amount of the loss allowance for lifetime expected credit losses determined in accordance with paragraph 5.5.3 of the Annex relating to IFRS 9 excluding the loss allowance for lifetime expected credit losses for financial assets that are credit-impaired as defined in Appendix A to the Annex relating to IFRS 9 as of 1 January 2020 or on the date of initial application of IFRS 9, whichever is later.;

#### *Amendment*

(b) the sum of the 12-month expected credit losses determined in accordance with paragraph 5.5.5 of the Annex relating to IFRS 9 and the amount of the loss allowance for lifetime expected credit losses determined in accordance with paragraph 5.5.3 of the Annex relating to IFRS 9 excluding the loss allowance for lifetime expected credit losses for financial assets that are credit-impaired as defined in Appendix A to the Annex relating to IFRS 9 as of 1 January 2020 or on the date of initial application of IFRS 9, whichever is later. *Institutions may replace the reference date mentioned above by 1 January 2018 when the sum of expected credit losses is lower at that date.*;

Or. en

## Amendment 7

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2 – point c

Regulation (EU) No 575/2013

Article 473a – paragraph 5 – point c

#### *Text proposed by the Commission*

(c) institutions shall replace the amount calculated in accordance with point (b) of

#### *Amendment*

(c) institutions shall replace the amount calculated in accordance with point (b) of

paragraph 3 of this Article by the sum of the 12-month expected credit losses determined in accordance with paragraph 5.5.5 of the Annex relating to IFRS 9 and the amount of the loss allowance for lifetime expected credit losses determined in accordance with paragraph 5.5.3 of the Annex relating to IFRS 9 excluding the loss allowance for lifetime expected credit losses for financial assets that are credit-impaired, as defined in Appendix A to the Annex relating to IFRS 9, as of 1 January 2020 or on the date of initial application of IFRS 9, whichever is later, reduced by the sum of related expected loss amounts for the same exposures calculated in accordance with Article 158(5), (6) and (10). Where the calculation results in a negative number, the institution shall set the value of the amount referred to in point (b) of paragraph 3 of this Article as equal to zero.;

paragraph 3 of this Article by the sum of the 12-month expected credit losses determined in accordance with paragraph 5.5.5 of the Annex relating to IFRS 9 and the amount of the loss allowance for lifetime expected credit losses determined in accordance with paragraph 5.5.3 of the Annex relating to IFRS 9 excluding the loss allowance for lifetime expected credit losses for financial assets that are credit-impaired, as defined in Appendix A to the Annex relating to IFRS 9, as of 1 January 2020 or on the date of initial application of IFRS 9, whichever is later, reduced by the sum of related expected loss amounts for the same exposures calculated in accordance with Article 158(5), (6) and (10). ***Institutions may replace the reference date of 1 January 2020 with 1 January 2018 when the sum of expected credit losses is lower at that date.*** Where the calculation results in a negative number, the institution shall set the value of the amount referred to in point (b) of paragraph 3 of this Article as equal to zero.;

Or. en

## Amendment 8

### Proposal for a regulation

Article 1 – paragraph 1 – point 2 – point d

Regulation (EU) No 575/2013

Article 473a – paragraph 6 – point -a (new)

*Text proposed by the Commission*

*Amendment*

***(-a) 0,95 during the period from 1 January 2018 to 31 December 2018;***

Or. en

## Amendment 9

### Proposal for a regulation

Article 1 – paragraph 1 – point 2 – point d

Regulation (EU) No 575/2013  
Article 473a – paragraph 6 – point -a a (new)

*Text proposed by the Commission*

*Amendment*

**(-aa) 0.85 during the period from 1 January 2019 to 31 December 2019;**

Or. en

## **Amendment 10**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 2 – point d**

Regulation (EU) No 575/2013

Article 473a – paragraph 6 – point a

*Text proposed by the Commission*

*Amendment*

(a) **0,7** during the period from 1 January 2020 to 31 December 2020;

(a) **1** during the period from 1 January 2020 to 31 December 2020;

Or. en

## **Amendment 11**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 2 – point d**

Regulation (EU) No 575/2013

Article 473a – paragraph 6 – point b

*Text proposed by the Commission*

*Amendment*

(b) **0,5** during the period from 1 January 2021 to 31 December 2021;

(b) **1** during the period from 1 January 2021 to 31 December 2021;

Or. en

## **Amendment 12**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 2 – point d**

Regulation (EU) No 575/2013

Article 473a – paragraph 6 – point c

*Text proposed by the Commission*

*Amendment*

(c) **0,25** during the period from 1

(c) **0,75** during the period from 1

January 2022 to 31 December 2022;

January 2022 to 31 December 2022;

Or. en

### Amendment 13

#### Proposal for a regulation

##### Article 1 – paragraph 1 – point 2 – point d

Regulation (EU) No 575/2013

Article 473a – paragraph 6 – point d

*Text proposed by the Commission*

*Amendment*

(d) **0** during the period from 1 January 2023 to 31 December **2024**.

(d) **0,5** during the period from 1 January 2023 to 31 December **2023**;

Or. en

### Amendment 14

#### Proposal for a regulation

##### Article 1 – paragraph 1 – point 2 – point d

Regulation (EU) No 575/2013

Article 473a – paragraph 6 – point d a (new)

*Text proposed by the Commission*

*Amendment*

**(da) 0,25 during the period from 1 January 2024 to 31 December 2024.**

Or. en

### Amendment 15

#### Proposal for a regulation

##### Article 1 – paragraph 1 – point 3

Regulation (EU) No 575/2013

Article 500a – title

*Text proposed by the Commission*

*Amendment*

Temporary treatment of public **guarantees** related to the COVID-19 pandemic

Temporary treatment of public **debt** related to the COVID-19 pandemic **issued in the currency of another Member State**

Or. en

## Amendment 16

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 3

Regulation (EU) No 575/2013

Article 500a – paragraph 1

*Text proposed by the Commission*

By way of derogation from Article 47c(3), ***until*** [date of entry into force of this amending Regulation + 7 years] ***the factors set out in Article 47c(4) shall also apply to the part of the non-performing exposure guaranteed by an eligible provider referred to in points (a) to (e) of Article 201(1), where, subject to compliance with Union State aid rules, where applicable, the guarantee or counter-guarantee is provided as part of support measures to assist borrowers amid the COVID-19 pandemic.***"

*Amendment*

***1. By way of derogation from Article 114(2), for exposures to the central governments and central banks of Member States denominated and funded in the domestic currency of another Member State and consisting of asset items issued between*** [date of entry into force of this amending Regulation] ***and 31 December 2022 in the context of the COVID-19 pandemic:***

***(a) until 31 December 2022, the risk weight applied to the exposure values shall be 0 % of the risk weight assigned to those exposures in accordance with Article 114(2);***

***(b) during the period from 1 January 2023 to 31 December 2023, the risk weight applied to the exposure values shall be 20 % of the risk weight assigned to those exposures in accordance with Article 114(2);***

***(c) during the period from 1 January 2024 to 31 December 2024, the risk weight applied to the exposure values shall be 50 % of the risk weight assigned to those exposures in accordance with Article 114(2);***

***(d) during the period beginning 1 January 2025 and thereafter, the risk weight applied to the exposure values shall be 100 % of the risk weight assigned to those exposures in accordance with Article 114(2).***

Or. en

## **Amendment 17**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 3**

Regulation (EU) No 575/2013

Article 500a – paragraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

**1a.** *By way of derogation from Articles 395(1) and 493(4), competent authorities may allow institutions to incur exposures referred to in paragraph 1 of this Article, up to the following limits:*

**(a)** *100 % of the institution's Tier 1 capital until 31 December 2022;*

**(b)** *75 % of the institution's Tier 1 capital until 31 December 2023;*

**(c)** *50 % of the institution's Tier 1 capital until 31 December 2024.*

*The limits referred to in points (a), (b) and (c) of the first subparagraph of this paragraph shall apply to exposure values after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403.*

Or. en

## **Amendment 18**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 3**

Regulation (EU) No 575/2013

Article 500a – paragraph 1 b (new)

*Text proposed by the Commission*

*Amendment*

**1b.** *By way of derogation from point (ii) of point (d) of Article 150(1), after receiving the prior permission of the competent authorities and subject to the conditions laid down in Article 150, institutions may also apply the Standardised Approach to exposures to central governments and central banks that are assigned a 0 % risk weight under*

*paragraph 1 of this Article.*

Or. en

## **Amendment 19**

### **Proposal for a regulation**

#### **Article 1 – paragraph 1 – point 3 a (new)**

Regulation (EU) No 575/2013

Article 500a a (new)

*Text proposed by the Commission*

*Amendment*

***(3a) the following article is inserted:***

***Article 500aa***

***Temporary adjustment to the prudential backstop's calendar in the context of the COVID-19 pandemic***

***By way of derogation from Article 47c(2) and (3), between [01 March 2020] and [01 March 2022], no days shall accrue for the purpose of determining the factors specified therein."***

Or. en