DRAFT REPORT


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.
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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION


(Ordinary legislative procedure: first reading)

The European Parliament,

– having regard to the Commission proposal to Parliament and the Council (COM(2021)0665),

– 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 (C9-0398/2021),

– 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 (A9-0000/2022),

1. Adopts its position at first reading hereinafter set out;

2. Approves its statement annexed to this resolution;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation
Recital 2

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

A similar requirement is provided for in Article 45d(4) of Directive 2014/59/EU, for the additional requirement for own funds and eligible liabilities that may be imposed by resolution authorities pursuant to paragraph 3 of that Article. In line with the TLAC standard, those calculations should take into account all third-country entities belonging to a G-SII that would be resolution entities were they established in the Union.

Amendment 2
Proposition for a regulation
Recital 3

**Text proposed by the Commission**

(3) According to Article 45h(2), third subparagraph, of Directive 2014/59/EU, and to the TLAC standard, the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy must not be lower than that group’s theoretical requirement under an SPE resolution strategy. Regulation (EU) No 575/2013, namely Articles 12a and 92a(3), should be aligned with the corresponding provisions of Directive 2014/59/EU and ensure that resolution authorities always act in accordance with that Directive and consider both the requirements for own funds and eligible liabilities laid down in Regulation (EU) No 575/2013 as well as any additional requirement for own funds.

**Amendment**

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

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

Or. en

Amendment 3

Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the subsidiaries concerned. In line with the

Amendment

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

Amendment 4

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

Where at least two G-SII entities belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the EU parent institution of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in Article 92a(1), point (a). That calculation shall be undertaken on the basis of the consolidated situation of the EU parent institution as if it were the only resolution entity of the G-SII.
Amendment 5

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

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

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

Or. en

Amendment 6

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

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

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

Or. en

Amendment 7

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point a
Regulation (EU) No 575/2013
Article 72e – paragraph 4 – subparagraph 10
aRWA\(_i\) = the total risk exposure amount of the G-SII entity \(i\) calculated in accordance with Article 92(3), taking into account the adjustments set out in Article 12a of this Regulation, or, for third-country subsidiaries, in accordance with the applicable national law;

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

aLRE\(_i\) = the total exposure measure of the
G-SII entity i calculated in accordance with Article 429(4), or, for third-country subsidiaries, calculated in accordance with the applicable national law.

Amendment 10

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b a (new)
Regulation (EU) No 575/2013
Article 72e – paragraph 6 (new)

_text proposed by the Commission_  

**Amendment**

(ba) The following paragraph 6 is added:

6. By way of derogation from paragraph 4 and until 31 December 2024 at the latest, entities shall calculate \( r_i \) as follows:

\[
 r_i = \text{the ratio applicable to subsidiary i at the level of its resolution group in accordance with Article 92a(1), point (a), of this Regulation and Article 45c(3), first subparagraph, point (a), of Directive 2014/59/EU or, for third-country subsidiaries, in accordance with legally enforceable national law implementing internationally agreed standards applicable to subsidiary i in the third country where it has its head office, insofar as those requirements are met with instruments that would be considered own funds or eligible liabilities under this Regulation; or the total capital requirement for those third-country subsidiaries without an applicable equivalent resolution requirement.}
\]

Or. en

Amendment 11

Proposal for a regulation
Article 1 – paragraph 1 – point 7
Regulation (EU) No 575/2013
Article 113 – paragraph 1

**Text proposed by the Commission**

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

**Amendment**

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

Or. en

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**Amendment 12**

**Proposal for a regulation**

**Article 1 – paragraph 1 – point 8**

Regulation (EU) No 575/2013
Article 151 – paragraph 1

**Text proposed by the Commission**

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

**Amendment**

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

Or. en
Amendment 13
Proposal for a regulation
Article 1 – paragraph 1 – point 9
Regulation (EU) No 575/2013
Article 429a – paragraph 1 – point q

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 14
Proposal for a regulation
Article 2 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment to Directive 2014/59/EU

Directive 2014/59/EU is amended as follows:

Or. en

Amendment 15
Proposal for a regulation
Article 2 – paragraph 1 – point -1 (new)
Directive 2014/59/EU
Article 45d – paragraph 4

Present text

(-1) In Article 45d, paragraph 4 is replaced by the following:

**Amendment**

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

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

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

Amendment 16
Proposal for a regulation
Article 2 – paragraph 1 – point 1 a (new)
Directive 2014/59/EU
Article 45h – paragraph 2

Present text

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

Amendment

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

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

Such an adjustment may be applied subject to the following:

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

(a) the adjustment may be applied in respect of differences in the calculation of the total risk exposure amounts between the relevant Member States or third countries by adjusting the level of the
(b) the adjustment shall not be applied to eliminate differences resulting from exposures between resolution groups.

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

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