

2020/0156(COD)

COLUMN TABLE FOR INTERINSTITUTIONAL NEGOTIATIONS – WORKING DOCUMENT

Proposal for a regulation of the European Parliament and of the Council
amending Regulation (EU) No 575/2013 as regards adjustments to the
securitisation framework to support the economic recovery in response to the
COVID-19 pandemic
(COM(2020)0283 – C9-0208/2020 – 2020/0156(COD))

Date of the trilogue: 1.12.2020

Committee on Economic and Monetary Affairs – Negotiating team

NB: this cover page has been added for technical reasons only.

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
amending Regulation (EU) No 575/2013 as regards adjustments to the securitisation framework to support the economic recovery in response to the
COVID-19 pandemic

(Text with EEA relevance)

2020/0156(COD)

Document dated: TM 20/11/2020

Key	
	Identical text

Nr.	Ref.	COM	Council	EP	Compromise
1	Title	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
2	Citation 1	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,
3	Citation 2	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,

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4	Citation 3	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,
5	Citation 4	Having regard to the opinion of the European Central Bank,	Having regard to the opinion of the European Central Bank,	Having regard to the opinion of the European Central Bank <i>of 23 September 2020,</i>	Having regard to the opinion of the European Central Bank <i>of 23 September 2020,</i>
6	Citation 5	Having regard to the opinion of the European Economic and Social Committee,	Having regard to the opinion of the European Economic and Social Committee,	Having regard to the opinion of the European Economic and Social Committee <i>of 29 October 2020,</i>	Having regard to the opinion of the European Economic and Social Committee <i>of 29 October 2020,</i>
7	Citation 6	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,
8		Whereas:	Whereas:	Whereas:	Whereas:
9	Recital 1	(1) The COVID-19 pandemic is severely affecting people, companies, health systems and the economies of Member States. The Commission, in its Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 27 <i>March</i> 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’ stressed that	(1) The COVID-19 pandemic is severely affecting people, companies, health systems and the economies of Member States. The Commission, in its Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 27 <i>May</i> 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’ stressed that liquidity and access to	(1) The COVID-19 pandemic is severely affecting people, companies, health systems and the economies of Member States. The Commission, in its Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 27 <i>March</i> 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’ stressed that	(1) The COVID-19 pandemic is severely affecting people, companies, health systems and the economies of Member States. The Commission, in its Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 27 <i>May</i> 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’ stressed that liquidity and access to

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		liquidity and access to finance will be a continued challenge in the months to come. It is therefore crucial to support the recovery from the severe economic shock caused by the COVID-19 pandemic by introducing targeted amendments to existing pieces of financial legislation. This package of measures is adopted under the label “Capital Markets Recovery Package”.	finance will be a continued challenge in the months to come. It is therefore crucial to support the recovery from the severe economic shock caused by the COVID-19 pandemic by introducing targeted amendments to existing pieces of financial legislation. This package of measures is adopted under the label “Capital Markets Recovery Package”.	liquidity and access to finance will be a continued challenge in the months to come. It is therefore crucial to support the recovery from the severe economic shock caused by the COVID-19 pandemic by introducing targeted amendments to existing pieces of financial legislation. This package of measures is adopted under the label “Capital Markets Recovery Package”.	finance will be a continued challenge in the months to come. It is therefore crucial to support the recovery from the severe economic shock caused by the COVID-19 pandemic by introducing targeted amendments to existing pieces of financial legislation. This package of measures is adopted under the label “Capital Markets Recovery Package”.
10	Recital 2	(2) Credit institutions and investment firms (‘institutions’) will have a key role in contributing to the recovery. At the same time, they are likely to be impacted by the deteriorating economic situation. Competent authorities have provided temporary capital, liquidity and operational relief to institutions to ensure that institutions can continue to fulfil their role in funding the real economy in a more challenging environment.	(2) Credit institutions and investment firms (‘institutions’) will have a key role in contributing to the recovery. At the same time, they are likely to be impacted by the deteriorating economic situation. Competent authorities have provided temporary capital, liquidity and operational relief to institutions to ensure that institutions can continue to fulfil their role in funding the real economy in a more challenging environment.	(2) Credit institutions and investment firms (‘institutions’) will have a key role in contributing to the recovery. At the same time, they are likely to be impacted by the deteriorating economic situation. Competent authorities have provided temporary capital, liquidity and operational relief to institutions to ensure that institutions can continue to fulfil their role in funding the real economy in a more challenging environment. <i>For the same purpose, the European Parliament and the Council have already adopted</i>	[TM: 20 11 2020] (2) Credit institutions and investment firms (‘institutions’) will have a key role in contributing to the recovery. At the same time, they are likely to be impacted by the deteriorating economic situation. Competent authorities have provided temporary capital, liquidity and operational relief to institutions to ensure that institutions can continue to fulfil their role in funding the real economy in a more challenging environment. <i>For the same purpose, the European Parliament and the Council have already adopted</i>

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				<i>certain targeted adjustments to Regulations (EU) No 575/2013 and (EU) 2019/876 in response to the COVID-19 crisis.</i>	<i>certain targeted adjustments to Regulations (EU) No 575/2013 and (EU) 2019/876 in response to the COVID-19 crisis.</i>
11	Recital 3	(3) Securitisations are an important component of well-functioning financial markets since they contribute to diversifying institutions' funding sources and releasing regulatory capital that can be reallocated to support further lending. Furthermore, securitisations provide institutions and other market participants with additional investment opportunities, thus allowing portfolio diversification and facilitating the flow of funding to businesses and individuals both within Member States and on a cross-border basis throughout the Union.	(3) Securitisations are an important component of well-functioning financial markets since they contribute to diversifying institutions' funding sources and releasing regulatory capital that can be reallocated to support further lending. Furthermore, securitisations provide institutions and other market participants with additional investment opportunities, thus allowing portfolio diversification and facilitating the flow of funding to businesses and individuals both within Member States and on a cross-border basis throughout the Union.	(3) Securitisations are an important component of well-functioning financial markets since they contribute to diversifying institutions' funding sources and releasing regulatory capital that can be reallocated to support further lending. Furthermore, securitisations provide institutions and other market participants with additional investment opportunities, thus allowing portfolio diversification and facilitating the flow of funding to businesses and individuals both within Member States and on a cross-border basis throughout the Union.	(3) Securitisations are an important component of well-functioning financial markets since they contribute to diversifying institutions' funding sources and releasing regulatory capital that can be reallocated to support further lending. Furthermore, securitisations provide institutions and other market participants with additional investment opportunities, thus allowing portfolio diversification and facilitating the flow of funding to businesses and individuals both within Member States and on a cross-border basis throughout the Union.
12	Recital 4	(4) It is important to reinforce the capacity of institutions to provide the necessary flow of funding to	(4) It is important to reinforce the capacity of institutions to provide the necessary flow of funding to	(4) It is important to reinforce the capacity of institutions to provide the necessary flow of funding to	(4) It is important to reinforce the capacity of institutions to provide the necessary flow of funding to the

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		the real economy in the aftermath of the COVID-19 pandemic, while ensuring that adequate prudential safeguards are in place to preserve financial stability. Targeted changes to Regulation (EU) No 575/2013 as regards the securitisation framework should contribute to the achievement of those objectives and enhance the coherence and complementarity of that framework with the various measures taken at Union and national level to address the COVID-19 pandemic.	the real economy in the aftermath of the COVID-19 pandemic, while ensuring that adequate prudential safeguards are in place to preserve financial stability. Targeted changes to Regulation (EU) No 575/2013 as regards the securitisation framework should contribute to the achievement of those objectives and enhance the coherence and complementarity of that framework with the various measures taken at Union and national level to address the COVID-19 pandemic.	the real economy in the aftermath of the COVID-19 pandemic, while ensuring that adequate prudential safeguards are in place to preserve financial stability. Targeted changes to Regulation (EU) No 575/2013 as regards the securitisation framework should contribute to the achievement of those objectives and enhance the coherence and complementarity of that framework with the various measures taken at Union and national level to address the COVID-19 pandemic.	real economy in the aftermath of the COVID-19 pandemic, while ensuring that adequate prudential safeguards are in place to preserve financial stability. Targeted changes to Regulation (EU) No 575/2013 as regards the securitisation framework should contribute to the achievement of those objectives and enhance the coherence and complementarity of that framework with the various measures taken at Union and national level to address the COVID-19 pandemic.
13	Recital 5	(5) The final elements of the Basel III framework published on 7 December 2017 impose, in case of securitisation exposures, a minimum credit rating requirement only upon a limited set of protection providers, namely to entities that are not sovereign entities, public sector entities, institutions or other prudentially regulated financial institutions. It is therefore necessary to amend Article	(5) The final elements of the Basel III framework published on 7 December 2017 impose, in case of securitisation exposures, a minimum credit rating requirement only upon a limited set of protection providers, namely to entities that are not sovereign entities, public sector entities, institutions or other prudentially regulated financial institutions. It is therefore necessary to amend Article	(5) The final elements of the Basel III framework published on 7 December 2017 impose, in case of securitisation exposures, a minimum credit rating requirement only upon a limited set of protection providers, namely to entities that are not sovereign entities, public sector entities, institutions or other prudentially regulated financial institutions. It is therefore necessary to amend Article	[20 11 2020, line 42 Council text, no replication of wording of Art. in recital] (5) The final elements of the Basel III framework published on 7 December 2017 impose, in case of securitisation exposures, a minimum credit rating requirement only upon a limited set of protection providers, namely to entities that are not sovereign entities, public sector entities, institutions or other prudentially regulated financial

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		249(3) of Regulation (EU) No 575/2013 to align it with the Basel III framework in order to enhance the effectiveness of national public guarantee schemes assisting institutions' strategies to securitise non-performing exposures (NPEs) in the aftermath of the COVID-19 pandemic.	249(3) of Regulation (EU) No 575/2013 to align it with the Basel III framework in order to enhance the effectiveness of national public guarantee schemes assisting institutions' strategies to securitise non-performing exposures (NPEs) in the aftermath of the COVID-19 pandemic.	249(3) of Regulation (EU) No 575/2013 to align it with the Basel III framework in order to enhance the effectiveness of national public guarantee schemes <i>in</i> assisting institutions' strategies to securitise non-performing exposures (NPEs) in the aftermath of the COVID-19 pandemic. <i>In order to be consistent with the Basel III framework, an unregulated provider of unfunded credit protection is required to have credit quality step 2 at inception and credit quality step 3 thereafter.</i>	institutions. It is therefore necessary to amend Article 249(3) of Regulation (EU) No 575/2013 to align it with the Basel III framework in order to enhance the effectiveness of national public guarantee schemes assisting institutions' strategies to securitise non-performing exposures (NPEs) in the aftermath of the COVID-19 pandemic.
14	Recital 6	(6) The current Union prudential framework for securitisation is designed on the basis of the most common features of typical securitisation transactions, i.e. performing loans. In its "Opinion on the Regulatory Treatment of Non-Performing Exposure	(6) The current Union prudential framework for securitisation is designed on the basis of the most common features of typical securitisation transactions, i.e. performing loans. In its "Opinion on the Regulatory Treatment of Non-Performing Exposure	(6) The current Union prudential framework for securitisation is designed on the basis of the most common features of typical securitisation transactions, i.e. performing loans. In its "Opinion on the Regulatory Treatment of Non-Performing Exposure	

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		<p>Securitisations”¹ of 23 October 2019, the European Banking Authority (EBA) pointed out that the current prudential framework for securitisation set out in Regulation (EU) No 575/2013, when applied to securitisations of NPEs, leads to disproportionate capital requirements because the securitisation Internal Ratings Based Approach (SEC-IRBA) and the securitisation Standardised Approach (SEC-SA), is not consistent with the specific risk drivers of NPEs. A specific treatment for the securitisation of NPEs should therefore be introduced.</p>	<p>Securitisations”² of 23 October 2019, the European Banking Authority (EBA) pointed out that the current prudential framework for securitisation set out in Regulation (EU) No 575/2013, when applied to securitisations of NPEs, leads to disproportionate capital requirements because the Securitisation Internal Ratings Based Approach (SEC-IRBA) and the Securitisation Standardised Approach (SEC-SA), is not consistent with the specific risk drivers of NPEs. A specific treatment for the securitisation of NPEs should therefore be introduced.</p>	<p>Securitisations”³ of 23 October 2019, the European Banking Authority (EBA) pointed out that the current prudential framework for securitisation set out in Regulation (EU) No 575/2013, when applied to securitisations of NPEs, leads to disproportionate capital requirements because the securitisation Internal Ratings Based Approach (SEC-IRBA) and the securitisation Standardised Approach (SEC-SA), is not consistent with the specific risk drivers of NPEs. A specific treatment for the securitisation of NPEs should therefore be introduced <i>building on the EBA Opinion and taking due account of the Union specificities of the NPE securitisation market and the market for NPEs as well as of the developments in the international standards for exposures to NPE securitisations. To allow for</i></p>	

¹ <https://eba.europa.eu/risk-analysis-and-data/npls>

² <https://eba.europa.eu/risk-analysis-and-data/npls>

³ <https://eba.europa.eu/risk-analysis-and-data/npls>

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				<p><i>the due assessment of the relevant Basel standard once it is published, the Commission should be mandated to review the prudential treatment of NPE securitisations.</i></p>	
15	Recital 6a (new)			<p><i>(6a) Since the market for NPEs is very likely to grow and change quite substantially as a result of the COVID-19 crisis, it is deemed appropriate to continue monitoring closely the NPE securitisation market and to reassess the framework in the light of a potentially larger pool of data. Therefore, a mandate should be included in Article 519aa for the EBA to monitor the NPE securitisation market and to submit a report to the European Parliament and the Commission on the convenience of reviewing the regulatory capital treatment of NPE securitisations, having regard to the state of the NPE securitisation market, in particular, and the market for</i></p>	

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				<i>NPEs, in general, following the COVID-19 crisis.</i>	
16	Recital 7	<p>(7) As pointed out by the EBA in its “Report on STS framework for synthetic securitisation” of 6 May 2020, it is necessary to introduce a specific framework for simple, transparent and standardised (STS) on-balance sheet securitisation. Given the lower agency risk and modelling risk of a STS on-balance-sheet securitisation compared with a non-STS on-balance-sheet synthetic securitisation, a fitting risk-sensitive calibration for STS on-balance-sheet securitisations as recommended by the EBA in its report should be introduced. The greater recourse to the STS on-balance-sheet securitisation promoted by the more risk sensitive treatment of the senior tranche of such securitisations will free up regulatory capital and ultimately further expand the lending capacity of institutions in a prudentially sound manner.</p>	<p>(7) As pointed out by The EBA <i>recommends</i> in its “Report on STS framework for synthetic securitisation” of 6 May 2020, it is necessary to introduce a specific framework for simple, transparent and standardised (STS) on-balance-sheet securitisation. Given the lower agency risk and modelling risk of aan STS on-balance-sheet securitisation compared with a non-STS on-balance-sheet synthetic securitisation, a fitting risk-sensitive calibration for STS on-balance-sheet securitisations as recommended <i>discussed</i> by the EBA in its report should be introduced <i>and accompanied by a mandate to the EBA to monitor the functioning of the respective market.</i> The greater recourse to the STS on-balance-sheet securitisation promoted by the more risk sensitive treatment of the senior tranche of such securitisations will free up regulatory capital and <i>could</i></p>	<p>(7) As pointed out by the EBA in its “Report on STS framework for synthetic securitisation” of 6 May 2020, it is necessary to introduce a specific framework for simple, transparent and standardised (STS) on-balance sheet securitisation. Given the lower agency risk and modelling risk of a STS on-balance-sheet securitisation compared with a non-STS on-balance-sheet synthetic securitisation, a fitting risk-sensitive calibration for STS on-balance-sheet securitisations as recommended by the EBA in its report <i>building on the current preferential regulatory treatment of senior tranches of SME portfolios</i> should be introduced. The greater recourse to the STS on-balance-sheet securitisation promoted by the more risk sensitive treatment of the senior tranche of such securitisations will free up regulatory capital and</p>	<p>[TM 20 11 2020, tentative, Council text better reflects EBA wording, alignment with EBA report, consistent terminology to be ensured in CRR and STSR , to be finally double checked later] (7) As pointed out by In its “Report on STS framework for synthetic securitisation” of 6 May 2020, the EBA <i>recommends</i> in it is necessary to introduce a specific framework for simple, transparent and standardised (STS) on-balance sheet securitisation. Given the lower agency risk and modelling risk of <i>an</i> STS on-balance-sheet securitisation compared with a non-STS on-balance-sheet synthetic securitisation, a fitting risk-sensitive calibration for STS on-balance-sheet securitisations as recommended <i>discussed</i> by the EBA in its report [TM 20 11 2020: to be solved with Art. 270 CRR]</p>

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			ultimately further expand the lending capacity of institutions in a prudentially sound manner.	ultimately further expand the lending capacity of institutions in a prudentially sound manner. <i>Also, a grandfathering rule should be applied to outstanding senior positions in synthetic on-balance sheet securitisations to which originator institutions have applied the current Article 270 before the entry into force of this Regulation.</i>	[<i>building on the current preferential regulatory treatment of senior tranches of SME portfolios</i>] should be introduced. <i>The EBA should be mandated to monitor the functioning of the respective STS on-balance sheet securitisation market.</i> The greater recourse to the STS on-balance-sheet securitisation promoted by the more risk sensitive treatment of the senior tranche of such securitisations will free up regulatory capital and <i>could</i> ultimately further expand the lending capacity of institutions in a prudentially sound manner.
16a					[TM 20 11 2020: separate recital for grandfathering] <i>Also, A grandfathering rule should be introduced for applied to outstanding senior positions in synthetic on-balance-sheet securitisations that benefited from the preferential prudential treatment that applied</i>

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					<p><i>applicable before [entry into force of this amending Regulation.]</i> <i>to which originator institutions have applied the current Article 270 before the entry into force of this Regulation.</i></p>
17	Recital 7a (new)			<p><i>(7a) In the context of the economic recovery from the COVID-19 crisis and for the purpose of preserving financial stability, it is essential that end-users can effectively hedge their risks to protect the robustness of their balance-sheets. The Final Report of the High-Level Forum on the Capital Markets Union noted that an overly conservative Standardised Approach for Counterparty Credit Risk (SA-CCR) might have a detrimental impact on the availability and cost of financial hedges to end-users. In that regard, the Commission should review by ...[30 June 2021] the application of the SA-CCR approach while taking due</i></p>	[PT]

Nr.	Ref.	COM	Council	EP	Compromise
				<p><i>account of the specificities of the European banking sector and economy, the international level-playing-field and any developments in international standards and fora.</i></p>	
18	Recital 7b (new)			<p><i>(7b) In close cooperation with the European Systemic Risk Board (ESRB), the Commission should, as part of the upcoming implementation of the Basel III framework, produce a report by ... [31 December 2021] to duly assess the preferential regulatory treatment of exposures in the form of units or shares in Collective Investment Undertakings (CIUs) with an underlying portfolio consisting of sovereign bonds of euro area Member States, whose relative weight for each Member State's bonds equals the relative weight of each Member State's capital contribution to the European Central Bank (ECB) taking</i></p>	[PT]

Nr.	Ref.	COM	Council	EP	Compromise
				<i>into account the European Parliament's position on the Sovereign Bond-backed Securities Regulation adopted on 23 March 2019.</i>	
19	Recital 8	(8) In order to take account of developments in the international standards for exposures to NPE securitisations, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission.	(8) In order to take account of developments in the international standards for exposures to NPE securitisations, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission.		[TM 20 11 2020]
20	Recital 8		<i>The synthetic excess spread (SES) is a mechanism commonly used in the securitisation of certain asset classes for originators and investors to reduce the cost of protection and the exposure at risk, respectively. A dedicated prudential treatment of SES should be provided for to prevent it from being used for regulatory arbitrage purposes. This regulatory arbitrage happens when the originator institution provides credit enhancement to the securitisation positions held by the protection providers by</i>		[TM 20 11 2020: see also line 36, 98] <i>(8) The synthetic excess spread (SES) is a mechanism commonly used in the securitisation of certain asset classes for originators and investors to reduce the cost of protection and the exposure at risk, respectively. A dedicated prudential treatment of SES should be <u>set out</u> provided for to prevent it <u>SES</u> from being used for regulatory arbitrage purposes. <u>In this context, This</u> regulatory arbitrage <u>occurs</u> happens when the originator institution provides credit</i>

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			<p><i>contractually designating certain amounts to cover losses of the securitised exposures during the life time of the transaction, and such amounts, which encumber the originator's income statement in a similar way as an unfunded guarantee, are not risk-weighted.</i></p>		<p><i>enhancement to the securitisation positions held held by the protection providers by contractually designating certain amounts to cover losses of the securitised exposures during the <u>lifetime</u> of the transaction, and such amounts, which encumber the originator's income statement in a similar way as an unfunded guarantee, are not risk-weighted.</i></p>
21	Recita 8a (new)		<p><i>(9) To ensure a harmonised determination of the exposure value of SES, the EBA should be mandated to develop draft regulatory technical standards. Those technical standards should be in place before the new prudential treatment becomes applicable. Institutions should be given sufficient time to apply the new prudential treatment of SES to avoid disruptions to the synthetic securitisations market. As part of its report on the functioning</i></p>		<p>[TM 20 11 2020: see also line 36, 98, Lawyer linguistic issue: highlighted grey: no corresponding provision in Art., to be checked]</p> <p><i>(8a) new To ensure a harmonised determination of the exposure value of SES, the EBA should be mandated to develop draft regulatory technical standards. Those technical standards should be in place before the new prudential treatment becomes applicable. Institutions should be given sufficient time to apply</i></p>

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			<p><i>of Regulation (EU) 2017/2402, the Commission should also review the new prudential treatment of SES in light of developments at international level.</i></p>		<p><i>the new prudential treatment of SES to avoid disruptions to the synthetic securitisations market. As part of its report on the functioning of Regulation (EU) 2017/2402, the Commission should also review the new prudential treatment of SES in light of developments at international level.</i></p>
22	Recital 9	<p>(9) Since the objectives of this Regulation, namely to maximise the capacity of institutions to lend and to absorb losses related to the COVID-19 pandemic, while still ensuring their continued resilience, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this</p>	<p>(10) Since the objectives of this Regulation, namely to maximise the capacity of institutions to lend and to absorb losses related to the COVID-19 pandemic, while still ensuring their continued resilience, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this</p>	<p>(9) Since the objectives of this Regulation, namely to maximise the capacity of institutions to lend and to absorb losses related to the COVID-19 pandemic, while still ensuring their continued resilience, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this</p>	<p>[TM 20 11 2020] (9) Since the objectives of this Regulation, namely to maximise the capacity of institutions to lend and to absorb losses related to the COVID-19 pandemic, while still ensuring their continued resilience, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not</p>

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		Regulation does not go beyond what is necessary in order to achieve those objectives.	Regulation does not go beyond what is necessary in order to achieve those objectives.	Regulation does not go beyond what is necessary in order to achieve those objectives.	go beyond what is necessary in order to achieve those objectives.
23	Recital 10	(10) Regulation (EU) No 575/2013 should therefore be amended accordingly,	(11) Regulation (EU) No 575/2013 should therefore be amended accordingly,	(10) Regulation (EU) No 575/2013 should therefore be amended accordingly,	[TM 20 11 2020] (10) Regulation (EU) No 575/2013 should therefore be amended accordingly,
24		HAVE ADOPTED THIS REGULATION:	HAVE ADOPTED THIS REGULATION:	HAVE ADOPTED THIS REGULATION:	HAVE ADOPTED THIS REGULATION:
25		<i>Article 1 Amendments to Regulation (EU) No 575/2013</i>	<i>Article 1 Amendments to Regulation (EU) No 575/2013</i>	<i>Article 1 Amendments to Regulation (EU) No 575/2013</i>	<i>Article 1 Amendments to Regulation (EU) No 575/2013</i>
26		Regulation (EU) No 575/2013 is amended as follows:	Regulation (EU) No 575/2013 is amended as follows:	Regulation (EU) No 575/2013 is amended as follows:	Regulation (EU) No 575/2013 is amended as follows:
27	<i>Art. 1 – para. 1 – point -1 (new) Art. 242 - point 19a (new)</i>		<i>(1) in Article 242, the following number (20) is inserted:</i>	<i>(-1) in Article 242, the following point is inserted:</i>	<i>(-1) in Article 242, the following point is inserted:</i>
28	<i>Art. 1 – para. 1 – point -1 (new) Art. 242 - point 19a (new)</i>		<i>“(20) ‘synthetic excess spread’ means a synthetic excess spread as defined in point (28) of Article 2 of Regulation (EU) 2017/2402.”;</i>	<i>“(19a) ‘synthetic excess spread’ means a synthetic excess spread as defined in point (28) of Article 2 of Regulation (EU) 2017/2402.”;</i>	<i>“(19a) ‘synthetic excess spread’ means a synthetic excess spread as defined in point (28) of Article 2 of Regulation (EU) 2017/2402.”;</i>
29	<i>Art. 1 – para. 1 – point -1a Art. 248</i>		<i>(2) Article 248 is amended as follows:</i>	<i>(-1a) Article 248 is amended as follows:</i>	[PT 19 11 2020: SES: line 36 EP text, line 98 Council text] <i>(-1a) Article 248 is amended as follows:</i>

Nr.	Ref.	COM	Council	EP	Compromise
30	<i>Art. 1 – para. 1 – point -1a - point a</i> Art. 248 - para 1 - point e		<i>(a) in paragraph (1), the following point (e) is inserted:</i>	<i>(a) in paragraph 1, the following point is added:</i>	<i>(a) in paragraph 1, the following point is added:</i>
31	<i>Art. 1 – para. 1 – point -1a - point a</i> Art. 248 - para 1 - point da - subpara 1 - intro part		<i>“(e) The exposure value of a synthetic excess spread shall include the following items, as applicable:</i>	<i>“(da) The exposure value of a synthetic excess spread shall include, as applicable, the following:</i>	<i>“(da) The exposure value of a synthetic excess spread shall include, as applicable, the following:</i>
32	<i>Art. 1 – para. 1 – point -1a - point a</i> Art. 248 - para 1 - point da - subpara 1 - point i		<i>i. any income from the securitised exposures already recognised by the originator institution in its income statement under the applicable accounting framework that the originator institution has contractually designated to the transaction as synthetic excess spread that is still available to absorb losses;</i>	<i>(i) any income from the securitised exposures already recognised by the originator institution in its income statement under the applicable accounting framework that the originator institution has contractually designated to the transaction as synthetic excess spread;</i>	[TM 20 11 2020: EP to check, term: “ is still available to absorb losses”, only if it is still available over time it should be subject to OF requirements and not only in the past] <i>i. any income from the securitised exposures already recognised by the originator institution in its income statement under the applicable accounting framework that the originator institution has contractually designated to the transaction as synthetic excess spread that is still available to absorb losses;</i>
33	<i>Art. 1 – para. 1 – point -1a - point a</i> Art. 248 - para 1 - point da -		<i>ii. any synthetic excess spread contractually designated by the originator institution in any previous</i>	<i>(ii) any synthetic excess spread contractually designated by the originator institution in any previous</i>	<i>(ii) any synthetic excess spread contractually designated by the originator institution in any previous</i>

Nr.	Ref.	COM	Council	EP	Compromise
	subpara 1 - point ii		<i>periods that is still available to absorb losses;</i>	<i>periods that is still available to absorb losses;</i>	<i>periods that is still available to absorb losses;</i>
34	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point da - subpara 1 - point iii		<i>iii. any synthetic excess spread contractually designated by the originator for the current period that is still available to absorb losses;</i>	<i>(iii) any synthetic excess spread contractually designated by the originator for the current period that is still available to absorb losses;</i>	<i>(iii) any synthetic excess spread contractually designated by the originator for the current period that is still available to absorb losses;</i>
35	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point da - subpara 1 - point iv		<i>iv. any synthetic excess spread contractually designated by the originator for future periods.</i>	<i>(iv) any synthetic excess spread contractually designated by the originator for future periods.</i>	<i>(iv) any synthetic excess spread contractually designated by the originator for future periods.</i>
36	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point da - subpara 2		<i>For the purposes of point (i) of the first subparagraph, any amount that is provided as collateral or credit enhancement in relation to the synthetic securitisation and that is already subject to an own funds requirement in accordance with the provisions set out in this Chapter shall not be included in the exposure value.”;</i>	<i>For the purposes of the first subparagraph, any amount that is provided as collateral or credit enhancement in relation to the synthetic securitisation and that is already subject to an own funds requirement in accordance with the provisions of this Chapter shall not be included in the exposure value.”</i>	[TM 20 11 2020: This refers to the whole point da, i.e. it refers to point (i) to point (iv)] <i>For the purposes of this point the first subparagraph, any amount that is provided as collateral or credit enhancement in relation to the synthetic securitisation and that is already subject to an own funds requirement in accordance with the provisions of this Chapter shall not be</i>

Nr.	Ref.	COM	Council	EP	Compromise
					<i>included in the exposure value."</i>
37	<i>Art. 1 – para. 1 – point -1a - point b</i> Art. 248 - para 3a (new)		<i>(b) the following paragraph 4 is inserted:</i>	<i>(b) the following paragraph is added:</i>	[TM 20 11 2020] <i>(b) the following paragraph is added:</i>
38	<i>Art. 1 – para. 1 – point -1a - point b</i> Art. 248 - para 3a (new) - subpara 1		<i>“4. The EBA shall develop draft regulatory technical standards to specify how originator institutions shall determine the exposure value referred to in point (e) of paragraph 1.</i>	<i>"3a. EBA shall develop draft regulatory technical standards to specify how originator institutions shall determine the exposure value referred to in point (da) of paragraph 1.</i>	<i>"3a. <u>The</u> EBA shall develop draft regulatory technical standards to specify how originator institutions shall determine the exposure value referred to in point (da) of paragraph 1.</i>
39	<i>Art. 1 – para. 1 – point -1a - point b</i> Art. 248 - para 3a (new) - subpara 2		<i>The EBA shall submit those draft regulatory technical standards to the Commission 6 months after the date of entry into force of this amending Regulation.</i>	<i>EBA shall submit those draft regulatory technical standards to the Commission by ... [six months after the date of entry into force of this amending Regulation].</i>	<i><u>The</u> EBA shall submit those draft regulatory technical standards to the Commission by ... [six months after the date of entry into force of this amending Regulation].</i>
40	<i>Art. 1 – para. 1 – point -1a - point b</i> Art. 248 - para 3a (new) - subpara 3		<i>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.”;</i>	<i>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.”</i>	<i>Power is delegated to the Commission <u>to supplement this Regulation by adopting the</u> regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.”</i>
41	<i>Art. 1 – para. 1 – point 1</i> Art. 249 - para	(1) in Article 249(3), the first subparagraph is replaced by the following:	(3) in Article 249(3), the first subparagraph is replaced by the following:	(1) in Article 249(3), the first subparagraph is replaced by the following:	(1) in Article 249(3), the first subparagraph is replaced by the following:

Nr.	Ref.	COM	Council	EP	Compromise
	3 - subpara 1				
42	<i>Art. 1 – para. 1 – point 1</i> Art. 249 - para 3 - subpara 1	“By way of derogation from paragraph 2, the eligible providers of unfunded credit protection listed in point (g) of Article 201(1) shall have been assigned a credit assessment by a recognised ECAI which is credit quality step 3 or above.”;	“By way of derogation from paragraph 2, the eligible providers of unfunded credit protection listed in point (g) of Article 201(1) shall have been assigned a credit assessment by a recognised ECAI which was credit quality step 2 or above at the time the credit protection was first recognised and is currently credit quality step 3 or above.”;	“By way of derogation from paragraph 2 of this Article , the eligible providers of unfunded credit protection listed in point (g) of Article 201(1) shall have been assigned a credit assessment by a recognised ECAI which is credit quality step 2 or above at the time the credit protection was first recognised and credit quality step 3 or above thereafter. ”;	[PT 19 11 2020: Council text, TM 20 11 2020] “By way of derogation from paragraph 2 of this Article , the eligible providers of unfunded credit protection listed in point (g) of Article 201(1) shall have been assigned a credit assessment by a recognised ECAI which was credit quality step 2 or above at the time the credit protection was first recognised and is currently credit quality step 3 or above.”;
43	<i>Art. 1 – para. 1 – point 1a (new)</i> Art. 256 - para 5a (new)		(4) in Article 256, the following paragraph (6) is inserted:	(1a) in Article 256, the following paragraph is added:	[TM 20 11 2020: To check: wording has to be checked technically “it retains”] (1a) in Article 256, the following paragraph is added:
44	<i>Art. 1 – para. 1 – point 1a (new)</i> Art. 256 - para 5a (new)		“For the purpose of calculating the attachment points (A) and detachment points (D) of a synthetic securitisation, the originator institution of the securitisation shall treat the exposure value of the securitisation position corresponding to synthetic	“5a. For the purposes of calculating the attachment points (A) and detachment points (D) of a synthetic securitisation, the originator institution of the securitisation shall treat the exposure value of the securitisation position corresponding to synthetic	“5a. For the purposes of calculating the attachment points (A) and detachment points (D) of a synthetic securitisation, the originator institution of the securitisation shall treat the exposure value of the securitisation position corresponding to synthetic

Nr.	Ref.	COM	Council	EP	Compromise
			<i>excess spread referred to in point (e) of Article 248 as a tranche, and adjust the attachment points (A) and detachment points (D) of the other tranches it retains by adding that exposure value to the outstanding balance of the pool of underlying exposures in the securitisation. Institutions other than the originator institution shall not make this adjustment.”;</i>	<i>excess spread referred to in point (da) of Article 248 as a tranche, and adjust the attachment points (A) and detachment points (D) of the other tranches it retains by adding that exposure value to the outstanding balance of the pool of underlying exposures in the securitisation. Institutions other than the originator institution shall not make this adjustment.”</i>	<i>excess spread referred to in point (da) of Article 248 as a tranche, and adjust the attachment points (A) and detachment points (D) of the other tranches it retains by adding that exposure value to the outstanding balance of the pool of underlying exposures in the securitisation. Institutions other than the originator institution shall not make this adjustment.”</i>
45	<i>Art. 1 – para. 1 – point 2 Art. 269a</i>	(2) the following Article 269a is inserted:	(5) the following Article 269a is inserted:	(2) the following Article is inserted:	
46	<i>Art. 1 – para. 1 – point 2 Art. 269a</i>	Article 269a	Article 269a	Article 269a	
47	<i>Art. 1 – para. 1 – point 2 Art. 269a - title</i>	Treatment of non-performing exposures (NPE) securitisations	Treatment of non-performing exposures (NPE) securitisations	Treatment of non-performing exposures (NPE) securitisations	
48	<i>Art. 1 – para. 1 – point 2 Art. 269a - para 1</i>	1. The risk weight for a position in an NPE securitisation shall be calculated in accordance with Article 254, subject to a floor of 100%.	[1. The risk weight for a position in an NPE securitisation shall be calculated in accordance with Article 254, subject to a floor of 100%.	1. The risk weight for a position in an NPE securitisation shall be calculated in accordance with Article 254, subject to a floor of 100%.	
49	<i>Art. 1 – para. 1 – point 2 Art. 269a - para 2</i>	2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 100% to the senior	2. By way of derogation from paragraph 1, institutions shall assign a risk weight of 100% to the senior	2. By way of derogation from paragraph 1, institutions shall assign <i>the following risk weights</i> to the senior <i>tranche of</i>	

Nr.	Ref.	COM	Council	EP	Compromise
		securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable price discount of at least 50% on the nominal amount of the exposures.	securitisation position in a traditional NPE securitisation, provided the exposures in the pool backing the securitisation have been transferred to the SSPE with a non-refundable <i>purchase</i> price discount of at least 50% on the nominal amount of the exposures <i>as of the securitisation's origination cut-off date</i> .	<i>a qualifying</i> traditional NPE securitisation <i>subject to a 50 % risk-weight floor and a 100 % risk-weight ceiling:</i>	
50	<i>Art. 1 – para. 1 – point 2</i> Art. 269a - para 2 -point a			<i>(a) where the SEC-IRBA or the SEC-SA must be used in accordance with Article 254, the risk weight that results from Article 259 or Article 261, respectively;</i>	
51	<i>Art. 1 – para. 1 – point 2</i> Art. 269a - para 2 -point b			<i>(b) where the SEC-ERBA must be used in accordance with Article 254, the risk weight that results from Article 263.</i>	
52	<i>Art. 1 – para. 1 – point 2</i> Art. 269a - para 3	3. Institutions that pursuant to Chapter 3 of this Title are not permitted to use own estimates of LGD and conversion factors with respect to the exposures of the pool shall not be permitted to use the	3. Institutions that pursuant to Chapter 3 of this Title are not permitted to use own estimates of LGD and conversion factors with respect to the exposures of the pool shall not be permitted to use the	3. Institutions that pursuant to Chapter 3 of this Title are not permitted to use own estimates of LGD and conversion factors with respect to the exposures of the pool shall not be permitted to use the	

Nr.	Ref.	COM	Council	EP	Compromise
		SEC-IRBA for the calculation of risk weighted exposures amounts for a position in an NPE securitisation.	SEC-IRBA for the calculation of risk-weighted <i>exposure</i> amounts for a position in an NPE securitisation and shall also not be permitted to use paragraph 4.]	SEC-IRBA for the calculation of risk weighted exposures amounts for a position in an NPE securitisation.	
53	Art. 1 – para. 1 – point 2 Art. 269a - para 4	4. For the purpose of Article 268(1), expected losses associated with positions in an NPE securitisation shall be included after deduction of the non-refundable price discount as referred to in paragraph 2 of this Article and, where applicable, any additional specific credit risk adjustments.	4. For the <i>purposes</i> of Article 268(1), expected losses associated with positions in an NPE securitisation shall be included after deduction of the non-refundable <i>purchase</i> price discount as referred to that meets the condition set out in paragraph 2 of this Article and, where applicable, any additional specific credit risk adjustments.	4. For the purpose of Article 268(1), expected losses associated with positions in a qualifying traditional NPE securitisation shall be included after deduction of the non-refundable <i>purchase</i> price discount and, where applicable, any additional specific credit risk adjustments.	
54	Art. 1 – para. 1 – point 2 Art. 269a - para 4a (new)			4a. For the purposes of Article 267, where the institution uses the IRB approach, expected losses and exposure values associated with positions in a qualifying traditional NPE securitisation shall be included after deduction of the non-refundable purchase price discount.	
55	Art. 1 – para. 1 – point 2	5. For the purposes of this Article, ‘NPE securitisation’	5. For the purposes of this Article, ‘NPE securitisation’	5. For the purposes of this Article, the non-refundable	

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 269a - para 5	means NPE securitisation as defined in point (24) of Article 2 of Regulation 2017/2402.”;	means NPE securitisation as defined in point (24) of Article 2 of Regulation (EU) 2017/2402.”;	<i>purchase price discount shall be calculated as the difference between the amount in point (a) and the amount in point (b):</i>	
56	<i>Art. 1 – para. 1 – point 2</i> Art. 269a - para 5 - point a			<i>(a) the outstanding amount of the underlying exposures of the NPE securitisation;</i>	
57	<i>Art. 1 – para. 1 – point 2</i> Art. 269a - para 5 - point b			<i>(b) the sum of the sale price of the tranches or, where applicable, parts of tranches of the NPE securitisation sold to third party investors, and the outstanding value of the tranches or, where applicable, parts of tranches of that securitisation retained by the originator.</i>	
58	<i>Art. 1 – para. 1 – point 2</i> Art. 269a - para 5 - point b - subpara 2			<i>Where a discount is structured in such a way that it can be refunded in whole or in part to the originator, such discount shall be treated as refundable and shall not count as a non-refundable purchase price discount for the purposes of this Article.</i>	

Nr.	Ref.	COM	Council	EP	Compromise
59	<i>Art. 1 – para. 1 – point 2</i> Art. 269a - para 5a (new) - intro part			5a. For the purposes of this Article:	
60	<i>Art. 1 – para. 1 – point 2</i> Art. 269a - para 5a (new) - point a			(a) ‘NPE securitisation’ means an NPE securitisation as defined in point (24) of Article 2 of Regulation (EU) 2017/2402;	
61	<i>Art. 1 – para. 1 – point 2</i> Art. 269a - para 5a (new) - point b			(b) ‘qualifying traditional NPE securitisation’ means a traditional NPE securitisation where the underlying exposures have been transferred to the SSPE with a non-refundable purchase price discount of at least 50 % on the outstanding balance of those exposures.’;	
62	<i>Art. 1 – para. 1 – point 3</i> Art. 270	(3) Article 270 is replaced by the following:	(6) Article 270 is replaced by the following:	(3) Article 270 is replaced by the following:	[PT 19 11 2020: EP proposed this to be further discussed together with Review of SA-CCR (Recital 7a new) and CIUs (Art. 519ba new, Recital 7ba new)]
63	<i>Art. 1 – para. 1 – point 3</i> Art. 270 - title	“Article 270 Senior positions in STS on-balance-sheet securitisation	“Article 270 Senior positions in STS on-balance-sheet securitisation	“Article 270 Senior positions in STS on-balance-sheet securitisation	
64	<i>Art. 1 – para. 1 – point 3</i> Art. 270 -	An originator institution may calculate the risk-weighted exposure amounts of an STS	(I) An originator institution may calculate the risk-weighted exposure amounts of an STS	An originator institution may calculate the risk-weighted exposure amounts <i>in respect of</i>	

Nr.	Ref.	COM	Council	EP	Compromise
	subpara 1 - intro part	on-balance-sheet securitisation as referred to in Article 26a(1) of Regulation 2017/2402 in accordance with Articles 260, 262 or 264 of this Regulation, as applicable, where both of the following conditions are met:	on-balance-sheet securitisation as referred to in Article 26a(1) of Regulation (EU) 2017/2402 in accordance with Articles 260, 262 or 264 of this Regulation, as applicable, where both of the following conditions are met:	<i>a securitisation position</i> of an STS on-balance-sheet securitisation as referred to in Article 26a(1) of Regulation (EU) 2017/2402 in accordance with Articles 260, 262 or 264 of this Regulation, as applicable, where both of the following conditions are met <i>in respect of that position:</i>	
65	<i>Art. 1 – para. 1 – point 3</i> Art. 270 - subpara 1 - point a	(a) the securitisation meets the requirements set out in Article 243(2);	(a) the securitisation meets the requirements set out in Article 243(2);	(a) the securitisation meets the requirements set out in Article 243(2);	
66	<i>Art. 1 – para. 1 – point 3</i> Art. 270 - subpara 1 - point b	(b) the position qualifies as the senior securitisation position.”;	(b) the position qualifies as the senior securitisation position.	(b) the position qualifies as the senior securitisation position.”;	
67	<i>Art. 1 – para. 1 – point 3</i> Art. 270 - subpara 1 - point ba (new)			<i>(ba) the credit risk associated with the positions not retained by the originator institution is transferred through a guarantee or a counter-guarantee meeting the requirements for unfunded credit protection set out in Chapter 4 for the Standardised Approach to credit risk.”;</i>	[PT]

Nr.	Ref.	COM	Council	EP	Compromise
68	Art. 1 – para. 1 – point 3 Art. 270 - para 1a (new) - intro part		(2) The EBA shall monitor the application of paragraph 1 of this Article in particular with regard to:		[PT discussion ongoing, no agreement yet on lines 68 to 74. TM 20 11 2020, inclusion depends on political agreement, technically modified text. TO CHECK: Wording] [(2) The EBA shall monitor the application of paragraph 1 of this Article in particular with regard to:
69	Art. 1 – para. 1 – point 3 Art. 270 - para 1a (new) - point a		(a) the market volume and market share of STS on-balance sheet securitisations in respect of which the originator institution applies paragraph 1, across different asset classes;		(a) the market volume and market share of STS on-balance sheet securitisations in respect of which the originator institution applies paragraph 1, across different asset classes;
70	Art. 1 – para. 1 – point 3 Art. 270 - para 1a (new) - point b		(b) the observed allocation of losses to the senior tranche and to other tranches of STS on-balance sheet securitisations, where the originator institution applies paragraph 1 in respect of the senior position held in such securitisations;		(b) the observed allocation of losses to the senior tranche and to other tranches of STS on-balance sheet securitisations, where the originator institution applies paragraph 1 in respect of the senior position held in such securitisations;
71	Art. 1 – para. 1 – point 3 Art. 270 - para 1a (new) - point		(c) the impact of the application of paragraph 1 on the leverage of		(c) the impact of the application of paragraph 1 on the leverage of institutions;

Nr.	Ref.	COM	Council	EP	Compromise
	c		<i>institutions;</i>		
72	<i>Art. 1 – para. 1 – point 3</i> Art. 270 - para 1a (new) - point d		<i>(d) the impact of the use of STS on-balance sheet securitisations in respect of which the originator institution applies paragraph 1 on the issuance of capital instruments by the respective originator institutions.</i>		<i>(d) the impact of the use of STS on-balance sheet securitisations in respect of which the originator institution applies paragraph 1 on the issuance of capital instruments by the respective originator institutions.</i>
73	<i>Art. 1 – para. 1 – point 3</i> Art. 270 - para 1b (new)		<i>(3) The EBA shall publish a report on its findings to the Commission [by 24 months after the date of entry into force].</i>		<i>(3) The EBA shall submit publish a report on its findings to the Commission ...[by 24 months after the date of entry into force <u>of this amending Regulation</u>].</i>
74	<i>Art. 1 – para. 1 – point 3</i> Art. 270 - para 1c (new)		<i>(4) By [30 months after the date of entry into force] the Commission shall, on the basis of the EBA report referred to in paragraph 2, submit a report to the European Parliament and the Council on the application of this Article with particular regard to the risk of excessive leverage and to the potential substitution of the issuance of capital instruments by originator institutions due to the use of</i>		<i>(4) By <u>...</u>[30 months after the date of entry into force <u>of this amending Regulation</u>] the Commission shall, on the basis of the EBA report referred to in paragraph 2 <u>3</u>, submit a report to the European Parliament and the Council on the application of this Article with particular regard to the risk of excessive leverage <u>resulting from</u> and to the potential substitution of the issuance of capital instruments by</i>

Nr.	Ref.	COM	Council	EP	Compromise
			<i>STS on-balance-sheet securitisations qualifying for the treatment in accordance with paragraph 1, together with a legislative proposal for amending this Article, if appropriate.”</i>		<i>originator institutions through due to the use of STS on-balance-sheet securitisations qualifying for the treatment in accordance with paragraph 1, together with a legislative proposal for amending this Article, <u>where if appropriate.”]</u></i>
75	<i>Art. 1 – para. 1 – point 3 a (new)</i> Art. 430			<i>(3a) in Article 430, the following paragraph is inserted:</i>	
76	<i>Art. 1 – para. 1 – point 3 a (new)</i> Art. 430 - para 1a (new)			<i>“1a. For the purposes of point (a) of paragraph 1, when institutions report on own funds requirements on securitisations, the information they report shall also include the exposure value of NPE securitisations benefitting from the treatment set out in Article 269a, the exposure value of synthetic securitisations they originate, and the breakdown of the assets underlying those synthetic securitisations by asset class.”</i>	
77	<i>Art. 1 – para. 1 – point 4</i> Art. 456 - point 1	<i>(4) in Article 456(1) the following point (1) is added:</i>	<i>(4) in Article 456(1) the following point (1) is added:</i>		[TM 20 11 2020]

Nr.	Ref.	COM	Council	EP	Compromise
78	<i>Art. 1 – para. 1 – point 4</i> Art. 456 - point 1	“(1) amendments to Article 269a of this Regulation to take account of developments in the international standards for exposures to NPE securitisations.”	“(1) amendments to Article 269a of this Regulation to take account of developments in the international standards for exposures to NPE securitisations.”		
79	<i>Art. 1 – para. 1 – point 4a (new)</i> Art. 494ba (new)		<i>(7) the following Article 494c is inserted:</i>	<i>(4a) the following Article is inserted:</i>	[TM 20 11 2020] <i>(4a) the following Article is inserted:</i>
80	<i>Art. 1 – para. 1 – point 4a (new)</i> Art. 494ba (new) - title		“Article 494c Grandfathering of securitisation positions	“Article 494ba Grandfathering for securitisation positions	“Article 494ba Grandfathering of <u>senior</u> securitisation positions
81	<i>Art. 1 – para. 1 – point 4a (new)</i> Art. 494ba (new)- intro part		<i>By way of derogation from Article 270, an originator institution may calculate the risk-weighted exposure amounts of a senior securitisation position in accordance with Articles 260, 262 or 264 where both the following conditions are met:</i>	<i>By way of derogation from Article 270, an originator institution may calculate the risk-weighted exposure amounts of a securitisation in accordance with Articles 260, 262 or 264 where both of the following conditions are met:</i>	[TM 202 11 2020: Art. 270 is about senior securitisation] <i>By way of derogation from Article 270, an originator institution may calculate the risk-weighted exposure amounts of a senior securitisation position in accordance with Articles 260, 262 or 264 where both the following conditions are met:</i>
82	<i>Art. 1 – para. 1 – point 4a (new)</i> Art. 494ba (new) - point a		<i>(a) the securitisation was issued before [date of entry into force];</i>	<i>(a) the securitisation was issued before ...[date of entry into force of this amending Regulation];</i>	<i>(a) the securitisation was issued before ...[date of entry into force of this amending Regulation];</i>

Nr.	Ref.	COM	Council	EP	Compromise
83	Art. 1 – para. 1 – point 4a (new) Art. 494ba (new) - point b		<i>(b) the securitisation met the conditions laid down in Article 270 as applicable on [day before date of entry into force].”</i>	<i>(b) the securitisation met, on ...[day before date of entry into force of this amending Regulation], the conditions laid down in Article 270 as applicable at that date.”</i>	<i>(b) the securitisation met, on ...[day before date of entry into force of this amending Regulation], the conditions laid down in Article 270 as applicable at that date.”</i>
84	Art. 1 – para. 1 – point 4b (new) Art. 501c - intro part			<i>(4b) in Article 501c the introductory part is replaced by the following:</i>	[Subject to final political agreement, TM 20 11 2020 worked already technically on possible text] <i>[(4b) in Article 501c the introductory part is replaced by the following:</i>
85	Art. 1 – para. 1 – point 4c (new) Art. 501c - intro part			“EBA, after consulting the ESRB, shall assess, on the basis of available data and the findings of the Commission High-Level Expert Group on Sustainable Finance, whether a dedicated prudential treatment of exposures related to assets, including securitisations , or activities associated substantially with environmental and/or social objectives would be justified. In particular, EBA shall assess:”	[“EBA, after consulting the ESRB, shall assess, on the basis of available data and the findings of the Commission High-Level Expert Group on Sustainable Finance, whether a dedicated prudential treatment of exposures related to assets, including securitisations , or activities associated substantially with environmental and/or social objectives would be justified. In particular, EBA shall assess:”]
86	Art. 1 – para. 1 – point 4c (new)			<i>(4c) in Article 519a the following point is added:</i>	[Subject to final political agreement, TM 20 11 2020

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 519a - point da (new)				worked already technically on possible text] <i>[(4c) in Article 519a the following point is added:</i>
87	<i>Art. 1 – para. 1 – point 4c (new)</i> Art. 519a - point da (new)			<i>“(da) how environmental sustainability criteria could be integrated in the securitisation framework, including for exposures to NPE securitisations.”</i>	<i>“(da) how environmental sustainability criteria could be integrated in the securitisation framework, including for exposures to NPE securitisations.”]</i>
88	<i>Art. 1 – para. 1 – point 4d (new)</i> Art. 519aa (new)			<i>(4d) the following Article is inserted:</i>	
89	<i>Art. 1 – para. 1 – point 4d (new)</i> Art. 519aa (new) - title			<i>“Article 519aa NPE securitisations</i>	
90	<i>Art. 1 – para. 1 – point 4d (new)</i> Art. 519aa (new) - para 1			<i>1. By ... [31 December 2020], the Commission shall review the prudential treatment of NPE securitisations pursuant to Article 269a to take account of developments in the international standards for exposures to NPE securitisation and shall submit a legislative proposal, where appropriate, to the European</i>	

Nr.	Ref.	COM	Council	EP	Compromise
				<i>Parliament and the Council.</i>	
91	<i>Art. 1 – para. 1 – point 4d (new)</i> Art. 519aa (new) - para 2 - subpara 1			<i>2. EBA shall monitor the application of Article 269a and shall evaluate the regulatory capital treatment of NPE securitisations having regard to the state of the NPE securitisation market, in particular, and the market for NPEs, in general, and submit a report on its findings to the Commission by ... [12 months after the date of entry into force of this amending Regulation].</i>	
92	<i>Art. 1 – para. 1 – point 4d (new)</i> Art. 519aa (new) - para 2 - subpara 2			<i>The Commission shall, on the basis of the EBA report, submit a report to the European Parliament and the Council on the application of Article 269a together with a legislative proposal, where appropriate, by ... [18 months after the date of entry into force of this amending Regulation].”</i>	
93	<i>Art. 1 – para. 1 – point 4e (new)</i> Art. 519ba (new)			<i>(4e) the following Article is inserted:</i>	
94	<i>Art. 1 – para. 1 – point 4e (new)</i>			<i>“Article 519ba CIUs with an underlying</i>	

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 519ba (new) - title			<i>portfolio of euro area sovereign bonds</i>	
95	<i>Art. 1 – para. 1 – point 4e (new)</i> Art. 519ba (new) - subpara 1			<i>In close cooperation with the ESRB, the Commission shall, as part of the upcoming implementation of the Basel III framework, produce a report by ... [31 December 2021] to duly assess a preferential regulatory treatment of exposures in the form of units or shares in Collective Investment Undertakings (CIUs) with an underlying portfolio consisting of sovereign bonds of euro area Member States, whose relative weights for each Member States' bonds equals the relative weight of each Member States' capital contribution to the ECB taking into account the European Parliament's position on the Sovereign Bond-backed Securities Regulation adopted on 23 March 2019.</i>	
96	<i>Art. 2 - title</i>	Article 2 Entry into force	Article 2 Entry into force	Article 2 Entry into force	<i>[PT 19 11 2020]</i>

Nr.	Ref.	COM	Council	EP	Compromise
					<i>Article 2</i> <i>Entry into force</i>
97	<i>Art. 2 - subpara 1</i>	This Regulation shall enter into force on the twentieth day following that of its publication in the <i>Official Journal of the European Union</i> .	(1) This Regulation shall enter into force on the twentieth day following that of its publication in the <i>Official Journal of the European Union</i> .	This Regulation shall enter into force on the twentieth day following that of its publication in the <i>Official Journal of the European Union</i> .	(1) This Regulation shall enter into force on the twentieth day following that of its publication in the <i>Official Journal of the European Union</i> .
98	<i>Art. 2 - para 1 a (new)</i>		(2) By way of derogation from paragraph 1, points (2) and (4) of Article 1 shall apply from [entry into force of this Regulation + 12 months].		[TM 10 11 2020: points -1a new refers to Art. 248(1), point 1a new refers to Art. 256] (2) By way of derogation from paragraph 1 of this Article, points -1a new and 1a new of Article 1 shall apply from ...[entry into force of this amending Regulation + 12 months].
99		Done at Brussels,	Done at Brussels,	Done at Brussels,	
100		<i>For the European Parliament</i> <i>For the Council</i>	<i>For the European Parliament</i> <i>For the Council</i>	<i>For the European Parliament</i> <i>For the Council</i>	
101		<i>The President</i> <i>The President</i>	<i>The President</i> <i>The President</i>	<i>The President</i> <i>The President</i>	