## 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))

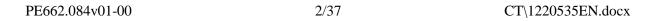
Date of the trilogue: 1.12.2020

**Committee on Economic and Monetary Affairs – Negotiating team** 

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

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## 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	THE EUROPEAN	THE EUROPEAN	THE EUROPEAN
		PARLIAMENT AND THE	PARLIAMENT AND THE	PARLIAMENT AND THE	PARLIAMENT AND THE
		COUNCIL OF THE	COUNCIL OF THE	COUNCIL OF THE	COUNCIL OF THE
		EUROPEAN UNION,	EUROPEAN UNION,	EUROPEAN UNION,	EUROPEAN UNION,
2	Citation 1	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	from the European	from the European	from the European
		Commission,	Commission,	Commission,	Commission,

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

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Nr.	Ref.	COM	Council	EP	Compromise
		liquidity and access to finance	finance will be a continued	liquidity and access to finance	finance will be a continued
		will be a continued challenge in	challenge in the months to	will be a continued challenge in	challenge in the months to
		the months to come. It is	come. It is therefore crucial to	the months to come. It is	come. It is therefore crucial to
		therefore crucial to support the	support the recovery from the	therefore crucial to support the	support the recovery from the
		recovery from the severe	severe economic shock caused	recovery from the severe	severe economic shock caused
		economic shock caused by the	by the COVID-19 pandemic by	economic shock caused by the	by the COVID-19 pandemic by
		COVID-19 pandemic by	introducing targeted	COVID-19 pandemic by	introducing targeted
		introducing targeted	amendments to existing pieces	introducing targeted	amendments to existing pieces
		amendments to existing pieces	of financial legislation. This	amendments to existing pieces	of financial legislation. This
		of financial legislation. This	package of measures is adopted	of financial legislation. This	package of measures is adopted
		package of measures is adopted	under the label "Capital	package of measures is adopted	under the label "Capital
		under the label "Capital	Markets Recovery Package".	under the label "Capital	Markets Recovery Package".
		Markets Recovery Package".		Markets Recovery Package".	
10	Recital 2	(2) Credit institutions and	(2) Credit institutions and	(2) Credit institutions and	[TM: 20 11 2020]
		investment firms ('institutions')	investment firms ('institutions')	investment firms ('institutions')	(2) Credit institutions and
		will have a key role in	will have a key role in	will have a key role in	investment firms ('institutions')
		contributing to the recovery. At	contributing to the recovery. At	contributing to the recovery. At	will have a key role in
		the same time, they are likely to	the same time, they are likely to	the same time, they are likely to	contributing to the recovery. At
		be impacted by the	be impacted by the	be impacted by the	the same time, they are likely to
		deteriorating economic	deteriorating economic	deteriorating economic	be impacted by the deteriorating
		situation. Competent authorities	situation. Competent authorities	situation. Competent authorities	economic situation. Competent
		have provided temporary	have provided temporary	have provided temporary	authorities have provided
		capital, liquidity and	capital, liquidity and	capital, liquidity and	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.	more challenging environment.	more challenging environment.	more challenging environment.
				For the same purpose, the	For the same purpose, the
				European Parliament and the	European Parliament and the
				Council have already adopted	Council have already adopted

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

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

Nr.	Ref.	COM	Council	EP	Compromise
		249(3) of Regulation (EU) No	249(3) of Regulation (EU) No	249(3) of Regulation (EU) No	institutions. It is therefore
		575/2013 to align it with the	575/2013 to align it with the	575/2013 to align it with the	necessary to amend Article
		Basel III framework in order to	Basel III framework in order to	Basel III framework in order to	249(3) of Regulation (EU) No
		enhance the effectiveness of	enhance the effectiveness of	enhance the effectiveness of	575/2013 to align it with the
		national public guarantee	national public guarantee	national public guarantee	Basel III framework in order to
		schemes assisting institutions'	schemes assisting institutions'	schemes <i>in</i> assisting	enhance the effectiveness of
		strategies to securitise non-	strategies to securitise non-	institutions' strategies to	national public guarantee
		performing exposures (NPEs)	performing exposures (NPEs)	securitise non-performing	schemes assisting institutions'
		in the aftermath of the COVID-	in the aftermath of the COVID-	exposures (NPEs) in the	strategies to securitise non-
		19 pandemic.	19 pandemic.	aftermath of the COVID-19	performing exposures (NPEs) in
				pandemic. In order to be	the aftermath of the COVID-19
				consistent with the Basel III	pandemic.
				framework, an unregulated	
				provider of unfunded credit	
				protection is required to have	
				credit quality step 2 at	
				inception and credit quality	
1.4	D : 16	(6)		step 3 thereafter.	
14	Recital 6	(6) The current Union	(6) The current Union	(6) The current Union	
		prudential framework for	prudential framework for	prudential framework for	
		securitisation is designed on the	securitisation is designed on the	securitisation is designed on the	
		basis of the most common	basis of the most common	basis of the most common	
		features of typical securitisation	features of typical securitisation	features of typical securitisation	
		transactions, i.e. performing	transactions, i.e. performing	transactions, i.e. performing	
		loans. In its "Opinion on the	loans. In its "Opinion on the	loans. In its "Opinion on the	
		Regulatory Treatment of Non-	Regulatory Treatment of Non-	Regulatory Treatment of Non-	
		Performing Exposure	Performing Exposure	Performing Exposure	

Nr.	Ref.	COM	Council	EP	Compromise
		Securitisations" of 23 October	Securitisations" <sup>2</sup> of 23 October	Securitisations <sup>3</sup> of 23 October	
		2019, the European Banking	2019, the European Banking	2019, the European Banking	
		Authority (EBA) pointed out	Authority (EBA) pointed out	Authority (EBA) pointed out	
		that the current prudential	that the current prudential	that the current prudential	
		framework for securitisation set	framework for securitisation set	framework for securitisation set	
		out in Regulation (EU) No	out in Regulation (EU) No	out in Regulation (EU) No	
		575/2013, when applied to	575/2013, when applied to	575/2013, when applied to	
		securitisations of NPEs, leads	securitisations of NPEs, leads	securitisations of NPEs, leads	
		to disproportionate capital	to disproportionate capital	to disproportionate capital	
		requirements because the	requirements because the	requirements because the	
		securitisation Internal Ratings	Securitisation Internal Ratings	securitisation Internal Ratings	
		Based Approach (SEC-IRBA)	Based Approach (SEC-IRBA)	Based Approach (SEC-IRBA)	
		and the securitisation	and the Securitisation	and the securitisation	
		Standardised Approach (SEC-	Standardised Approach (SEC-	Standardised Approach (SEC-	
		SA), is not consistent with the	SA), is not consistent with the	SA), is not consistent with the	
		specific risk drivers of NPEs. A	specific risk drivers of NPEs. A	specific risk drivers of NPEs. A	
		specific treatment for the	specific treatment for the	specific treatment for the	
		securitisation of NPEs should	securitisation of NPEs should	securitisation of NPEs should	
		therefore be introduced.	therefore be introduced.	therefore be introduced	
				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	

<sup>2</sup> 

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

Nr.	Ref.	COM	Council	EP	Compromise
				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.	
15	Recital 6a (new)			(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	

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

Nr.	Ref.	COM	Council	EP	Compromise
			ultimately further expand the	ultimately further expand the	[building on the current
			lending capacity of institutions	lending capacity of institutions	preferential regulatory
			in a prudentially sound manner.	in a prudentially sound manner.	treatment of senior tranches of
				Also, a grandfathering rule	SME portfolios] should be
				should be applied to	introduced.
				outstanding senior positions in	The EBA should be mandated
				synthetic on-balance sheet	to monitor the functioning of
				securitisations to which	the respective STS on-balance
				originator institutions have	sheet securitisation market.
				applied the current Article 270	The greater recourse to the STS
				before the entry into force of	on-balance-sheet securitisation
				this Regulation.	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.
160					
16a					[TM 20 11 2020: separate recital for grandfathering]
					2 23
					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

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					applicable before [entry into
					force of this amending
					Regulation.]
					to which originator
					institutions have applied the
					current Article 270 before the
					entry into force of this
					Regulation.
17	Recital 7a (new)			(7a) In the context of the	[PT]
				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	

Nr.	Ref.	COM	Council	EP	Compromise
				account of the specificities of	
				the European banking sector	
				and economy, the	
				international level-playing-	
				field and any developments in	
				international standards and	
				fora.	
18	Recital 7b (new)			(7b) In close cooperation	[PT]
				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	

Nr.	Ref.	COM	Council	EP	Compromise
				into account the European Parliament's position on the Sovereign Bond-backed Securities Regulation adopted on 23 March 2019.	
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		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 hold by the protection providers by		[TM 20 11 2020: see also line 36, 98] (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 set out provided for to prevent it SES from being used for regulatory arbitrage purposes. In this context, This regulatory arbitrage occurs happens when the originator institution provides credit

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

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

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

Nr.	Ref.	COM	Council	EP	Compromise
30	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point e		(a) in paragraph (1), the following point (e) is inserted:	(a) in paragraph 1, the following point is added:	(a) in paragraph 1, the following point is added:
31	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point da - subpara 1 - intro part		"(e) The exposure value of a synthetic excess spread shall include the following items, as applicable:	"(da) The exposure value of a synthetic excess spread shall include, as applicable, the following:	"(da) The exposure value of a synthetic excess spread shall include, as applicable, the following:
32	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point da - subpara 1 - point 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) 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;	[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. 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;
33	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point da -		ii. any synthetic excess spread contractually designated by the originator institution in any previous	(ii) any synthetic excess spread contractually designated by the originator institution in any previous	(ii) any synthetic excess spread contractually designated by the originator institution in any previous

Nr.	Ref.	COM	Council	EP	Compromise
	subpara 1 - point ii		periods that is still available to absorb losses;	periods that is still available to absorb losses;	periods that is still available to absorb losses;
34	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point da - subpara 1 - point iii		iii. any synthetic excess spread contractually designated by the originator for the current period that is still available to absorb losses;	(iii) any synthetic excess spread contractually designated by the originator for the current period that is still available to absorb losses;	(iii) any synthetic excess spread contractually designated by the originator for the current period that is still available to absorb losses;
35	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point da - subpara 1 - point iv		iv. any synthetic excess spread contractually designated by the originator for future periods.	(iv) any synthetic excess spread contractually designated by the originator for future periods.	(iv) any synthetic excess spread contractually designated by the originator for future periods.
36	Art. 1 – para. 1 – point -1a - point a Art. 248 - para 1 - point da - subpara 2		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.";	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."	[TM 20 11 2020: This refors to the whole point da, i.e. it refers to point (i) to point (iv)]  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

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Nr.	Ref.	COM	Council	EP	Compromise
					included in the exposure value."
37	Art. 1 – para. 1 – point -1a - point b Art. 248 - para 3a (new)		(b) the following paragraph 4 is inserted:	(b) the following paragraph is added:	[TM 20 11 2020] (b) the following paragraph is added:
38	Art. 1 – para. 1 – point -1a - point b Art. 248 - para 3a (new) - subpara 1		"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.	"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.	"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.
39	Art. 1 – para. 1 – point -1a - point b Art. 248 - para 3a (new) - subpara 2		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.	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].	The 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].
40	Art. 1 – para. 1 – point -1a - point b Art. 248 - para 3a (new) - subpara 3		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.";	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."	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010."
41	Art. 1 – para. 1 – point 1 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	Art. 1 – para. 1 – point 1 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
43	Art. 1 – para. 1 – point 1a (new) Art. 256 - para 5a (new)		(4) in Article 256, the following paragraph (6) is inserted:	(1a) in Article 256, the following paragraph is added:	credit quality step 3 or above.";  [TM 20 11 2020: To check: wording has to be checked technically "it retains"]  (1a) in Article 256, the following paragraph is added:
44	Art. 1 – para. 1 – point 1a (new) 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
			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.";	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."	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."
45	Art. 1 – para. 1 – point 2 Art. 269a	(2) the following Article 269a is inserted:	(5) the following Article 269a is inserted:	(2) the following Article is inserted:	
46	Art. 1 – para. 1 – point 2 Art. 269a	Article 269a	Article 269a	Article 269a	
47	Art. 1 – para. 1 – point 2 Art. 269a - title	Treatment of non-performing exposures (NPE) securitisations	Treatment of non-performing exposures (NPE) securitisations	Treatment of non-performing exposures (NPE) securitisations	
48	Art. 1 – para. 1 – point 2 Art. 269a - para 1	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	Art. 1 – para. 1 – point 2 Art. 269a - para 2	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> .	a qualifying traditional NPE securitisation subject to a 50 % risk-weight floor and a 100 % risk-weight ceiling:	
50	Art. 1 – para. 1 – point 2 Art. 269a - para 2 -point a			(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;	
51	Art. 1 – para. 1 – point 2 Art. 269a - para 2 -point b			(b) where the SEC-ERBA must be used in accordance with Article 254, the risk weight that results from Article 263.	
52	Art. 1 – para. 1 – point 2 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	

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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 <i>and shall also not be permitted to use paragraph 4.]</i>	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 tothat 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 <i>a qualifying traditional</i> 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, <i>the non-refundable</i>	

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 ( <i>EU</i> ) 2017/2402.";	purchase price discount shall be calculated as the difference between the amount in point (a) and the amount in point (b):	
56	Art. 1 – para. 1 – point 2 Art. 269a - para 5 - point a			(a) the outstanding amount of the underlying exposures of the NPE securitisation;	
57	Art. 1 – para. 1 – point 2 Art. 269a - para 5 - point b			(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.	
58	Art. 1 – para. 1 – point 2 Art. 269a - para 5 - point b - subpara 2			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.	

Nr.	Ref.	COM	Council	EP	Compromise
59	Art. 1 – para. 1 – point 2 Art. 269a - para 5a (new) - intro part			5a. For the purposes of this Article:	
60	Art. 1 – para. 1 – point 2 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	Art. 1 – para. 1 – point 2 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	Art. 1 – para. 1 – point 3 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	Art. 1 – para. 1 – point 3 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	Art. 1 – para. 1 – point 3 Art. 270 -	An originator institution may calculate the risk-weighted exposure amounts of an STS	(1) 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 ( <i>EU</i> ) 2017/2402 in accordance with Articles 260, 262 or 264 of this Regulation, as applicable, where both of the following conditions are met:	a securitisation position 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 in respect of that position:	
65	Art. 1 – para. 1 – point 3 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	Art. 1 – para. 1 – point 3 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	Art. 1 – para. 1 – point 3 Art. 270 - subpara 1 - point ba (new)			(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.";	[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		institutions;		
72	<i>Art. 1 – para. 1</i>		(d) the impact of the use		(d) the impact of the use
	– point 3		of STS on-balance sheet		of STS on-balance sheet
	Art. 270 - para 1a (new) - point		securitisations in respect of		securitisations in respect of
	d		which the originator		which the originator
			institution applies paragraph		institution applies paragraph
			1 on the issuance of capital		1 on the issuance of capital
			instruments by the respective		instruments by the respective
			originator institutions.		originator institutions.
73	<i>Art.</i> 1 – para. 1		(3) The EBA shall publish		(3) The EBA shall submit
	- point 3		a report on its findings to the		<del>publish</del> a report on its findings
	Art. 270 - para 1b (new)		Commission [by 24 months		to the Commission[by 24
	III (III II)		after the date of entry into		months after the date of entry
			force].		into force of this amending
					Regulation].
74	Art. 1 – para. 1		(4) By [30 months after the		(4) By[30 months after
	- point 3 <b>Art. 270 - para</b>		date of entry into force] the		the date of entry into force of
	1c (new)		Commission shall, on the basis		this amending Regulation] the
	(,		of the EBA report referred to		Commission shall, on the basis
			in paragraph 2, submit a		of the EBA report referred to in
			report to the European		paragraph 2 3, submit a report
			Parliament and the Council on		to the European Parliament
			the application of this Article		and the Council on the
			with particular regard to the		application of this Article with
			risk of excessive leverage and		particular regard to the risk of
			to the potential substitution of		excessive leverage <u>resulting</u>
			the issuance of capital		<u>from</u> and to the potential
			instruments by originator		substitution of the issuance of
			institutions due to the use of		capital instruments by

Nr.	Ref.	COM	Council	EP	Compromise
			STS on-balance-sheet		originator institutions through
			securitisations qualifying for the treatment in accordance		due to the use of STS on- balance-sheet securitisations
			with aragraph 1, together with		qualifying for the treatment in
			a legislative proposal for		accordance with paragraph 1,
			amending this Article, if appropriate."		together with a legislative proposal for amending this
			appropriate.		Article, where if appropriate."]
75	Art. 1 – para. 1			(3a) in Article 430, the	
	- point 3 a (new) <b>Art. 430</b>			following paragraph is inserted:	
76	Art. 1 – para. 1			"1a. For the purposes of point	
	– point 3 a (new)			(a) of paragraph 1, when	
	Art. 430 - para 1a (new)			institutions report on own funds requirements on	
	Ta (new)			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."	
77	Art. 1 – para. 1	(4) in Article 456(1) the	(4) in Article 456(1) the		[TM 20 11 2020]
	- point 4 <b>Art. 456 - point l</b>	following point (l) is added:	following point (l) is added:		

Nr.	Ref.	COM	Council	EP	Compromise
78	Art. 1 – para. 1 – point 4 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	Art. 1 – para. 1 – point 4a (new) Art. 494ba (new)		(7) the following Article 494c is inserted:	(4a) the following Article is inserted:	[TM 20 11 2020] (4a) the following Article is inserted:
80	Art. 1 – para. 1 – point 4a (new) 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	Art. 1 – para. 1 – point 4a (new) Art. 494ba (new)- intro part		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:	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:	[TM 202 11 2020: Art. 270 is about senior securitisation]  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:
82	Art. 1 – para. 1 – point 4a (new) Art. 494ba (new) - point a		(a) the securitisation was issued before [date of entry into force];	(a) the securitisation was issued before[date of entry into force of this amending Regulation];	(a) the securitisation was issued before[date of entry into force of this amending Regulation];

Nr.	Ref.	COM	Council	EP	Compromise
83	Art. 1 – para. 1		(b) the securitisation met	(b) the securitisation met,	(b) the securitisation met,
	– point 4a (new) <b>Art. 494ba</b>		the conditions laid down in	on[day before date of entry	on[day before date of entry
	(new) - point b		Article 270 as applicable on	into force of this amending	into force of this amending
	(iie ii) poiiie ii		[day before date of entry into	Regulation], the conditions	Regulation], the conditions laid
			force]."	laid down in Article 270 as	down in Article 270 as
0.4	4 . 1 . 1			applicable at that date."	applicable at that date."
84	<i>Art. 1 – para. 1 – point 4b (new)</i>			(4b) in Article 501c the	[Subject to final political
	Art. 501c -			introductory part is replaced	agreement, TM 20 11 2020
	intro part			by the following:	worked already technically on possible text]
					[(4b) in Article 501c the
					introductory part is replaced
					by the following:
					of the ferming.
85	Art. 1 – para. 1			"EBA, after consulting the	["EBA, after consulting the
	- point 4c (new) <b>Art. 501c -</b>			ESRB, shall assess, on the basis	ESRB, shall assess, on the basis
	intro part			of available data and the	of available data and the
	mero pare			findings of the Commission	findings of the Commission
				High-Level Expert Group on	High-Level Expert Group on
				Sustainable Finance, whether a	Sustainable Finance, whether a
				dedicated prudential treatment	dedicated prudential treatment
				of exposures related to assets, including securitisations, or	of exposures related to assets, including securitisations, or
				activities associated	activities associated
				substantially with	substantially with
				environmental and/or social	environmental and/or social
				objectives would be justified.	objectives would be justified. In
				In particular, EBA shall	particular, EBA shall assess:"]
				assess:"	
86	Art. 1 – para. 1			(4c) in Article 519a the	[Subject to final political
	– point 4c (new)			following point is added:	<b>agreement,</b> TM 20 11 2020

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 519a - point da (new)				worked already technically on possible text] [(4c) in Article 519a the following point is added:
87	Art. 1 – para. 1 – point 4c (new) Art. 519a - point da (new)			"(da) how environmental sustainability criteria could be integrated in the securitisation framework, including for exposures to NPE securitisations."	"(da) how environmental sustainability criteria could be integrated in the securitisation framework, including for exposures to NPE securitisations."]
88	Art. 1 – para. 1 – point 4d (new) Art. 519aa (new)			(4d) the following Article is inserted:	
89	Art. 1 – para. 1 – point 4d (new) Art. 519aa (new) - title			"Article 519aa NPE securitisations	
90	Art. 1 – para. 1 – point 4d (new) Art. 519aa (new) - para 1			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	

Nr.	Ref.	COM	Council	EP	Compromise
				Parliament and the Council.	
91	Art. 1 – para. 1			2. EBA shall monitor the	
	- point 4d (new)			application of Article 269a and	
	Art. 519aa (new) - para 2 -			shall evaluate the regulatory	
	subpara 1			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].	
92	Art. 1 – para. 1 – point 4d (new)			The Commission shall, on the	
	- point 4a (new) Art. 519aa			basis of the EBA report,	
	(new) - para 2 -			submit a report to the	
	subpara 2			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	
93	Art. 1 – para. 1			Regulation]."	
93	- point 4e (new)			(4e) the following Article is	
	Art. 519ba			inserted:	
	(new)				
94	Art. 1 – para. 1			"Article 519ba	
	– point 4e (new)			CIUs with an underlying	

Nr.	Ref.	COM	Council	EP	Compromise
	Art. 519ba (new) - title			portfolio of euro area	
				sovereign bonds	
95	<i>Art.</i> 1 – para. 1 – point 4e (new)			In close cooperation with the	
	- point 4e (new) Art. 519ba			ESRB, the Commission shall,	
	(new) -			as part of the upcoming	
	subpara 1			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.	
96	Art. 2 - title	Article 2	Article 2	Article 2	[PT 19 11 2020]
		Entry into force	Entry into force	Entry into force	

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