



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 29 November 2012

16677/12

**Interinstitutional File:
2011/0202 (COD)
2011/0203 (COD)**

**EF 278
ECOFIN 987
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REPORT

from : Presidency
to : Coreper (Part II) / Council

No. Cion prop.: 13284/11 EF 112 ECOFIN 531 CODEC 1284 + ADD1, ADD2
13285/11 EF 113 ECOFIN 532 CODEC 1285

Subject : Revised capital requirements rules (CRD IV)
a) Proposal for a Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms
b) Proposal for a Directive of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate
= *Progress report*

1. Significant progress has been made since the last Presidency report to ECOFIN of 13 November 2012¹ on the CRD4/CRR legislative package given the constructive approach adopted by all parties to the inter-institutional political negotiations.
2. The Presidency has participated in five additional trilogue meetings and further narrowed down the scope of the issues where agreement still needs to be reached.

¹ See doc. 15654/12 EF 244 ECOFIN 901 CODEC 2540.

3. Elements of this legislative package relating to lending to small and medium sized enterprises, treatment of covered bonds, repo reporting, disclosures and other risk weights have been provisionally agreed. Debate on a number of areas, *inter alia* capital, leverage and liquidity rules has been narrowed down to a limited number of key issues.
4. Significant progress has been made with regard to the introduction of a capital buffer for the Global Systemically Important Institutions and of a Systemic Risk Buffer.
5. Furthermore work is ongoing on a number of other important topics, such as the framework regulating the ratios of the fixed and variable components of remuneration in institutions and the scope of the European Banking Authority powers in this legislative package.
6. In parallel with the political debate, technical review of the entire legislative package is ongoing.
7. The Presidency continues to build on the balance achieved in the ECOFIN meetings in May of 2012. Particular attention is being paid to the specificities of the European financial services sector, with due regard to concerns relating to principles of prudential supervision and single market.
8. The Presidency will continue its intensive efforts to finalise the negotiations by the end of this year.
9. Against this background the Council is invited to
 - take note of the progress achieved to date, and
 - invite the Committee of Permanent Representatives to continue examination of this file with a view to reaching a political agreement in December 2012.
