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NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: European Deposit Insurance Scheme
- *Progress report*

I. INTRODUCTION

1. The Presidency has prepared a Progress Report covering: (i) the outcome of discussions on the Commission proposal for the establishment of a European Deposit Insurance Scheme (EDIS), and (ii) the monitoring of the progress on risk reduction and other measures outlined in the June 2016 roadmap on the completion of the banking union. The report presents the Presidency's views on the progress achieved on measures to strengthen the banking union.
2. Concerning EDIS, the Austrian Presidency continued its work at a technical level building on the progress achieved by previous presidencies. The Ad Hoc Working Party on the Strengthening of the Banking Union (the "AHWP") met four times in the second semester of 2018.

3. As regards risk reduction measures, on 23 November 2016 the Commission presented the package of legislative measures for risk reduction ('banking package'). On 25 October 2017, the Council and the European Parliament reached a political agreement on two elements of the package. The Council reached a General Approach on the rest of the legislative proposals in the package at the ECOFIN meeting of 25 May 2018. The European Parliament adopted its political mandate on the banking package in its June 2018 Plenary.
4. Political negotiations with the European Parliament are ongoing. The last trilogues took place on 21 and 22 November. The Ecofin Council will be invited to endorse the results of the trilogues at its meeting on 4 December.
5. The details of the result of the trilogues are set out in document 14448/18.
6. In response to the call by the Council for further measures to address the problem of non-performing loans (NPLs) in the EU as set out in its action plan to tackle non-performing loans in Europe of July 2017, the Commission proposed in March 2018 a package of legislative and non legislative measures to address the NPLs issues, including a draft regulation on minimum loss coverage for non performing exposures for newly originated loans that become non-performing ("NPLs prudential backstop proposal") and a draft directive on credit servicers, credit purchasers and the recovery of collateral.
7. Concerning the NPLs prudential backstop proposal, the Council agreed on a general approach on 31 October 2018. Negotiations with the European Parliament should start as soon as the Parliament political mandate has been adopted. The work on the draft directive is still ongoing in the Council working party.

II. CONCLUSION

8. In light of the above, the Permanent Representatives Committee is invited to suggest the Council to take note of the Presidency progress report as set out in doc. 14452/18.