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'I' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee

Subject: Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on amending Directive 2014/59/EU of the European Parliament and of the Council as regards the ranking of unsecured debt instruments in insolvency hierarchy [first reading]
- Confirmation of the final compromise text with a view to agreement

INTRODUCTION

1. On 23 November 2016, the Commission transmitted to the Council the above referred proposal.
2. The proposal is part of the efforts to implement the Total Loss Absorption Capacity (TLAC) standard in the Union. The proposal covers, in particular, targeted amendments to the Bank Recovery and Resolution Directive (BRRD) related to the insolvency ranking of holders of debt instruments issued by Union banks for the purposes of complying with the BRRD and the TLAC requirements concerning their loss absorption and recapitalisation capacity.
3. The ECON Committee of the European Parliament adopted its report on 13 October 2017. The European Economic and Social Committee and the European Central Bank¹ delivered their opinions on 22 February 2017 and 9 March 2017 respectively.

II. STATE OF PLAY

¹ Doc. 7735/17

4. The Council agreed on a negotiating mandate on the above mentioned proposal at the level of Coreper on 12 June 2017. On that basis, the Estonian Presidency has conducted negotiations with the European Parliament and the Commission with a view to a first reading agreement.
5. On 25 October 2017, and following the technical work thereafter, a provisional agreement was reached which resulted in the final compromise text as set out in document 13723/17.

III. CONCLUSION

7. Against this background, the Permanent Representatives Committee is invited to:
 - (a) approve the final compromise text regarding the Directive of the European Parliament and of the Council on amending Directive 2014/59/EU of the European Parliament and of the Council as regards the ranking of unsecured debt instruments in insolvency hierarchy, as set out in document 13723/17, and
 - (b) confirm that the Presidency can indicate to the European Parliament that, should the European Parliament adopt its position at first reading as regards the Directive of the European Parliament and of the Council on amending Directive 2014/59/EU of the European Parliament and of the Council as regards the ranking of unsecured debt instruments in insolvency hierarchy, as set out in document 13723/17, subject, if necessary, to revision of that text by the legal linguists of both institutions, the Council would approve the European Parliament's position and the act shall be adopted in the wording which corresponds to the European Parliament's position.