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'I' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee (Part 2)

Subject: Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on credit servicers, credit purchasers and the recovery of collateral
- Mandate for negotiations with the European Parliament

I. INTRODUCTION

1. On 11 July 2017, the Council adopted an Action Plan to tackle non-performing loans in Europe and invite EU regulators to take concrete actions.
2. In this context, on 14 March 2018 the Commission submitted to the Council:
 - i) a proposal for a Regulation amending Regulation (EU) 575/2013 as regards minimum loss coverage for new Non-Performing Exposures (NPEs) (ST 7407/18) ('Regulation'). The Committee of Permanent Representatives approved the political agreement reached with the European Parliament on the Regulation on 7 January 2019. The Parliament adopted its first reading position on 14 March 2019 and the Council should adopt it on 9 April 2019.

- ii) a proposal for a directive on credit services, credit purchasers and the recovery of collateral (ST 7403/18), meant to address the existing stock of non-performing loans ('Directive').
3. The Working Party on Financial Services has examined the Directive proposal. Building up on the progress of the former Austrian Presidency, the Presidency presented a compromise text on the credit services and credit purchasers part of the directive (so called 'secondary market part'). No agreement could be reached on the accelerated extrajudicial collateral enforcement part of the Directive (so called "AECE part") so far.
 4. Given that the secondary market part is separable from the AECE part, and given the need to have the relevant legal framework for secondary markets in place as soon as possible, the Presidency proposes to move forward with the secondary markets part. In a silence procedure that ended on 12 March 2019, the majority of delegations agreed to split the proposal into the secondary markets part and the AECE part and agreed on the compromise text on the secondary markets part. Three Member States opposed the proposed compromise.
 5. The compromise text on the secondary markets part is therefore presented to the Committee of Permanent Representatives as a proposal for a negotiating mandate.
 6. The Council will continue working on the AECE part of the proposal in the Working Party on Financial Services.

II. CONCLUSION

7. In view of the above, the Committee of Permanent Representatives is invited to:
 - approve the negotiating mandate for the secondary markets part as set out in the addendum to this note.