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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Basel III finalisation (CRR 3) - Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor, and amending Regulation (EU) No 806/2014 - Initial positions of the three Institutions prior to commencement of trilogues

Delegations will find enclosed the opening position of the three institutions on the proposal mentioned above, prior to the commencement of the trilogue phase.

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (Text with EEA relevance)

2021/0342(COD)

Version: 07 March 2023 [1PT 09 March 2023]

PART 1 (from line 1 to line 660)

		Commission Proposal	Council Mandate	EP Mandate
Form.	1	2021/0342 (COD)	2021/0342 (COD)	2021/0342 (COD)
Proposal Title	2	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (Text with EEA relevance)	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor, <u>and amending Regulation (EU) No 806/2014</u> (Text with EEA relevance)	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (Text with EEA relevance)
Form.	3	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Cit. 1	4	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

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Cit. 2	5	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,
Cit. 3	6	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,
Cit. 4	7	Having regard to the opinion of the European Economic and Social Committee ¹ , 1. OJ C , , p. .	Having regard to the opinion of the European Economic and Social Committee ¹ , 1. OJ C , , p. .	Having regard to the opinion of the European Economic and Social Committee ¹ 1. OJ C , , p. .
Cit. 5	8	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,
Form.	9	Whereas:	Whereas:	Whereas:
Rec. 1	10	(1) In response to the global financial crisis, the Union embarked on a wide-ranging reform of the prudential	(1) In response to the global financial crisis, the Union embarked on a wide-ranging reform of the prudential	(1) In response to the global financial crisis, the Union embarked on a wide-ranging reform of the prudential

¹ OJ C , , p. .

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		framework for institutions aimed at increasing the resilience of the EU banking sector. One of the main elements of the reform consisted in implementing international standards agreed by the Basel Committee for Banking Supervision (BCBS), specifically the so-called “Basel III reform”. Thanks to this reform, the EU banking sector entered the COVID-19 crisis on a resilient footing. However, while the overall level of capital in EU institutions is now satisfactory on average, some of the problems that were identified in the wake of global financial crisis have not yet been addressed.	framework for institutions aimed at increasing the resilience of the EU banking sector. One of the main elements of the reform consisted in implementing international standards agreed by the Basel Committee for Banking Supervision (BCBS), specifically the so-called “Basel III reform”. Thanks to this reform, the EU banking sector entered the COVID-19 crisis on a resilient footing. However, while the overall level of capital in EU institutions is now satisfactory on average, some of the problems that were identified in the wake of global financial crisis have not yet been addressed.	framework for institutions aimed at increasing the resilience of the EU banking sector. One of the main elements of the reform consisted in implementing international standards agreed by the Basel Committee for Banking Supervision (BCBS), specifically the so-called “Basel III reform”. Thanks to this reform, the EU banking sector entered the COVID-19 crisis on a resilient footing. However, while the overall level of capital in EU institutions is now satisfactory on average, some of the problems that were identified in the wake of global financial crisis have not yet been addressed.
Rec. 2	11	(2) To address those problems, provide legal certainty and signal our commitment to our international partners in the G20, it is of utmost importance to implement the outstanding elements of the Basel III reform faithfully. At the same time, the implementation should avoid a significant increase in overall capital requirements for the EU banking system on the whole and take into account specificities of the EU economy. Where possible, adjustments to the international standards should be applied on a transitional basis. The implementation should help avoid	(2) To address those problems, provide legal certainty and signal our commitment to our international partners in the G20, it is of utmost importance to implement the outstanding elements of the Basel III reform faithfully. At the same time, the implementation should avoid a significant increase in overall capital requirements for the EU banking system on the whole and take into account specificities of the EU economy. Where possible, adjustments to the international standards should be applied on a transitional basis. The implementation should help avoid competitive disadvantages for EU	(2) To address those problems, provide legal certainty and signal our commitment to our international partners in the G20, it is of utmost importance to implement the outstanding elements of the Basel III reform faithfully. At the same time, the implementation should avoid a significant increase in overall capital requirements for the EU banking system on the whole and take into account specificities of the EU economy <i>where there is sufficient and robust evidence that the international framework does not capture these specificities, as stressed in the European Parliament resolution of 23 November</i>

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		competitive disadvantages for EU institutions, in particular in the area of trading activities, where EU institutions directly compete with their international peers. Furthermore, the proposed approach should be coherent with the logic of the Banking Union and avoid further fragmentation of the Single Market for banking. Finally, it should ensure proportionality of the rules and aim at further reducing compliance costs, in particular for smaller institutions, without loosening the prudential standards.	institutions, in particular in the area of trading activities, where EU institutions directly compete with their international peers. Furthermore, the proposed approach should be coherent with the logic of the Banking Union and avoid further fragmentation of the Single Market for banking. Finally, it should ensure proportionality of the rules and aim at further reducing compliance costs, in particular for smaller institutions, without loosening the prudential standards.	2016 on the finalisation of Basel III. Where possible, adjustments to the international standards should be applied on a transitional basis. The implementation should avoid competitive disadvantages for EU institutions, in particular in the area of trading activities, where EU institutions directly compete with their international peers. Furthermore, the proposed approach should be coherent with the logic of the banking union and harmonise the Single Market for banking. Finally, it should ensure proportionality of the rules and aim at further reducing compliance and reporting costs, in particular for small and non-complex institutions , without loosening the prudential standards, in line with the “Study of the Cost of Compliance with Supervisory Reporting Requirements” that the European Supervisory Authority (European Banking Authority) (EBA) published in 2021 which targeted a reduction of reporting costs of 10% to 20%.
Rec. 3	12	(3) Regulation (EU) No 575/2013 enables institutions to calculate their capital requirements either by using standardised approaches, or by using internal model approaches. Internal model approaches allow institutions to estimate most or all the parameters required to calculate capital requirements	(3) Regulation (EU) No 575/2013 enables institutions to calculate their capital requirements either by using standardised approaches, or by using internal model approaches. Internal model approaches allow institutions to estimate most or all the parameters required to calculate capital requirements on their own,	(3) Regulation (EU) No 575/2013 enables institutions to calculate their capital requirements either by using standardised approaches, or by using internal model approaches. Internal model approaches, approved by national competent authorities , allow institutions to estimate most or all the parameters required to

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		on their own, whereas standardised approaches require institutions to calculate capital requirements using fixed parameters, which are based on relatively conservative assumptions and laid down in Regulation (EU) No 575/2013. The Basel Committee decided in December 2017 to introduce an aggregate output floor. That decision was based on an analysis carried out in the wake of the financial crisis of 2008-2009, which revealed that internal models tend to underestimate the risks that institutions are exposed to, especially for certain types of exposures and risks, and hence, tend to result in insufficient capital requirements. Compared to capital requirements calculated using the standardised approaches, internal models produce, on average, lower capital requirements for the same exposures.	whereas standardised approaches require institutions to calculate capital requirements using fixed parameters, which are based on relatively conservative assumptions and laid down in Regulation (EU) No 575/2013. The Basel Committee decided in December 2017 to introduce an aggregate output floor. That decision was based on an analysis carried out in the wake of the financial crisis of 2008-2009, which revealed that internal models tend to underestimate the risks that institutions are exposed to, especially for certain types of exposures and risks, and hence, tend to result in insufficient capital requirements. Compared to capital requirements calculated using the standardised approaches, internal models produce, on average, lower capital requirements for the same exposures.	calculate capital requirements on their own, whereas standardised approaches require institutions to calculate capital requirements using fixed parameters, which are based on relatively conservative assumptions and laid down in Regulation (EU) No 575/2013. The Basel Committee decided in December 2017 to introduce an aggregate output floor. That decision was based on an analysis carried out in the wake of the financial crisis of 2008-2009, which revealed that internal models tend to underestimate the risks that institutions are exposed to, especially for certain types of exposures and risks, and hence, tend to result in insufficient capital requirements. Compared to capital requirements calculated using the standardised approaches, internal models produce, on average, lower capital requirements for the same exposures.
Rec. 4	13	(4) The output floor represents one of the key measures of the Basel III reforms. It aims at limiting the unwarranted variability in the regulatory capital requirements produced by internal models and the excessive reduction in capital that an institution using internal models can derive relative to an institution using the revised standardised approaches. Those institutions can do so	(4) The output floor represents one of the key measures of the Basel III reforms. It aims at limiting the unwarranted variability in the regulatory capital requirements produced by internal models and the excessive reduction in capital that an institution using internal models can derive relative to an institution using the revised standardised approaches. Those institutions can do so by By setting a	(4) The output floor represents one of the key measures of the Basel III reforms. It aims at limiting the unwarranted variability in the regulatory capital requirements produced by internal models and the excessive reduction in capital that an institution using internal models can derive relative to an institution using the revised standardised approaches. Those institutions can do so by setting a lower limit to the

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		by setting a lower limit to the capital requirements that are produced by institutions' internal models to 72.5% of the capital requirements that would apply if standardised approaches were used by those institutions. Implementing the output floor faithfully should increase the comparability of the institutions' capital ratios, restore the credibility of internal models and ensure that there is a level playing field between institutions that use different approaches to calculate capital requirements.	lower limit to the capital requirements that are produced by institutions' internal models to 72.5% of the capital requirements that would apply if standardised approaches were used by those institutions, <u>the output floor limits the risk of excessive reductions in capital</u> . Implementing the output floor faithfully should increase the comparability of the institutions' capital ratios, restore the credibility of internal models and ensure that there is a level playing field between institutions that use different approaches to calculate capital requirements.	capital requirements that are produced by institutions' internal models to 72.5% of the capital requirements that would apply if standardised approaches were used by those institutions. Implementing the output floor faithfully should increase the comparability of the institutions' capital ratios, restore the credibility of internal models and ensure that there is a level playing field between institutions that use different approaches to calculate capital requirements.
Rec. 5	14	(5) In order to avoid fragmentation of the internal market for banking, the approach for the output floor should be coherent with the principle of risk aggregation across different entities within the same banking group and the logic of consolidated supervision. At the same time, the output floor should address risks stemming from internal models in both home and host Member States. The output floor should therefore be calculated at the highest level of consolidation in the Union, whereas subsidiaries located in other Member States than the EU parent should calculate, on a sub-consolidated basis, their contribution to the output floor	<u>(5) In order to ensure that own funds are appropriately distributed and available to protect savings where needed, the output floor requirements should apply at all levels of consolidation, unless a Member State considers that this objective can be effectively achieved otherwise, in particular having given consideration to their implementation within groups such as cooperative groups with a central body and affiliates in the same Member State. In that case, a Member State may decide not to apply the floor requirement on an individual or sub-consolidated basis to institutions in that Member State, provided that, at the</u>	(5) In order to <i>harmonize</i> the internal market for banking, the approach for the output floor should be coherent with the principle of risk aggregation across different entities within the same banking group and the logic of consolidated supervision. At the same time, the output floor should address risks stemming from internal models in both home and host Member States. The output floor should therefore be calculated at the highest level of consolidation in the Union. <i>However, to avoid unintended impacts and ensure a fair distribution of capital, a competent authority may submit a capital redistribution proposal to the consolidating supervisor if it deems that</i>

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		requirement of the entire banking group. That approach should avoid unintended impacts and ensure a fair distribution of the additional capital required by the application of the output floor between group entities in home and host Member States according to their risk profile.	<u>highest level of consolidation in that Member State, the parent institution of those institutions in that same Member State complies with the output floor on the basis of its consolidated situation.</u>	<i>this would lead to an inappropriate distribution of capital among the group entities. The notifying competent authority and the consolidating supervisor should then endeavour to make a joint decision on the application of the output floor, and if they do not reach a decision within three months, EBA should have a legally binding mediation role. EBA should assess the level of application of the output floor by 31 December 2027 in light of potential financial stability concerns and the progress in the banking union.</i>
Rec. 6	15	(6) The Basel Committee has found the current standardised approach for credit risk (SA-CR) to be insufficiently risk sensitive in a number of areas, leading to inaccurate or inappropriate – either too high or too low – measurement of credit risk and hence, of capital requirements. The provisions regarding the SA-CR should therefore be revised to increase the risk sensitivity of that approach in relation to several key aspects.	(6) The Basel Committee has found the current standardised approach for credit risk (SA-CR) to be insufficiently risk sensitive in a number of areas, leading to inaccurate or inappropriate – either too high or too low – measurement of credit risk and hence, of capital requirements. The provisions regarding the SA-CR should therefore be revised to increase the risk sensitivity of that approach in relation to several key aspects.	(6) The Basel Committee has found the current standardised approach for credit risk (SA-CR) to be insufficiently risk sensitive in a number of areas, leading to inaccurate or inappropriate – either too high or too low – measurement of credit risk and hence, of capital requirements. The provisions regarding the SA-CR should therefore be revised to increase the risk sensitivity of that approach in relation to several key aspects.
Rec. 7	16	(7) For rated exposures to other institutions, some of the risk weights should be recalibrated in accordance with the Basel III standards. In addition, the	(7) For rated exposures to other institutions, some of the risk weights should be recalibrated in accordance with the Basel III standards. In addition, the	(7) For rated exposures to other institutions, some of the risk weights should be recalibrated in accordance with the Basel III standards. In addition, the risk

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		risk weight treatment for unrated exposures to institutions should be rendered more granular and decoupled from the risk weight applicable to the central government of the Member State in which the bank is established, as no implicit government support for institutions is assumed.	risk weight treatment for unrated exposures to institutions should be rendered more granular and decoupled from the risk weight applicable to the central government of the Member State in which the bank is established, as no implicit government support for institutions is assumed.	weight treatment for unrated exposures to institutions should be rendered more granular and decoupled from the risk weight applicable to the central government of the Member State in which the bank is established, as no implicit government support for institutions is assumed.
Rec. 8	17	(8) For subordinated debt and equity exposures, a more granular and stringent risk weight treatment is necessary to reflect the higher loss risk of subordinated debt and equity exposures when compared to debt exposures, and to prevent regulatory arbitrage between the banking book and the trading book. Union institutions have long-standing, strategic equity investments in financial and non-financial corporates. As the standard risk weight for equity exposures increases over a 5-year transition period, existing strategic equity holdings in corporates and insurance undertakings under significant influence of the institution should be grandfathered to avoid disruptive effects and to preserve the role of Union institutions as long-standing, strategic equity investors. Given the prudential safeguards and supervisory oversight to foster financial integration of the financial sector,	(8) For subordinated debt and equity exposures, a more granular and stringent risk weight treatment is necessary to reflect the higher loss risk of subordinated debt and equity exposures when compared to debt exposures, and to prevent regulatory arbitrage between the banking non-trading book and the trading book. Union institutions have long-standing, strategic equity investments in financial and non-financial corporates. As the standard risk weight for equity exposures increases over a 5-year transition period, existing strategic equity holdings in corporates and insurance undertakings under significant influence of the institution should be grandfathered to avoid disruptive effects and to preserve the role of Union institutions as long-standing, strategic equity investors. <u>In this regard significant influence should be determined according to the relevant accounting rules or what the competent</u>	(8) For subordinated debt and equity exposures, a more granular and stringent risk weight treatment is necessary to reflect the higher loss risk of subordinated debt and equity exposures when compared to debt exposures, and to prevent regulatory arbitrage between the banking book and the trading book. Union institutions have long-standing, strategic equity investments in financial and non-financial corporates. As the standard risk weight for equity exposures increases over a 5-year transition period, existing strategic equity holdings in corporates and insurance undertakings under significant influence of the institution should be grandfathered to avoid disruptive effects and to preserve the role of Union institutions as long-standing, strategic equity investors. Given the prudential safeguards and supervisory oversight to foster financial integration of the financial sector, however, for equity holdings in other institutions within the

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		however, for equity holdings in other institutions within the same group or covered by the same institutional protection scheme, the current regime should be maintained. In addition, to reinforce private and public initiatives to provide long-term equity to EU corporates, be they listed or unlisted, investments should not be considered as speculative where they are made with the firm intention of the institution's senior management to hold it for three or more years.	<u>authority considers is a similar relation, e.g. when the entity is owned in a partnership between other institutions or entities in the financial sector.</u> However, Given the prudential safeguards and supervisory oversight to foster financial integration of the financial sector, however, for equity holdings in other institutions within the same group or covered by the same institutional protection scheme, the current regime should be maintained. In addition, to reinforce private and public initiatives to provide long-term equity to <u>unlisted</u> EU corporates, be they listed or unlisted, investments <u>undertaken directly or indirectly for instance through venture capital firms</u> should not be considered as speculative where they are made with the firm intention of the institution's senior management to hold it <u>them</u> for three or more years.	same group or covered by the same institutional protection scheme, the current regime should be maintained. In addition, to reinforce private and public initiatives to provide long-term equity to EU corporates, be they listed or unlisted, investments should not be considered as speculative where they are made with the firm intention of the institution's senior management to hold it for three or more years.
Rec. 9	18	(9) To promote certain sectors of the economy, the Basel III standards provide for a supervisory discretion to enable institutions to assign, within certain limits, a preferential treatment to equity holdings made pursuant to 'legislative programmes' that entail significant subsidies for the investment and involve government oversight and restrictions on the equity investments. Implementing	(9) To promote certain sectors of the economy, the Basel III standards provide for a supervisory discretion to enable institutions to assign, within certain limits, a preferential treatment to equity holdings made pursuant to 'legislative programmes' that entail significant subsidies for the investment and involve government oversight and restrictions on the equity investments. Implementing that discretion	(9) To promote certain sectors of the economy, the Basel III standards provide for a supervisory discretion to enable institutions to assign, within certain limits, a preferential treatment to equity holdings made pursuant to 'legislative programmes' that entail significant subsidies for the investment and involve government oversight and restrictions on the equity investments. Implementing that discretion

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		that discretion in the Union should also help fostering long-term equity investments.	in the Union should also help fostering long-term equity investments.	in the Union should also help fostering long-term equity investments.
Rec. 10	19	(10) Corporate lending in the Union is predominantly provided by institutions which use the internal ratings based (IRB) approaches for credit risk to calculate their capital requirements. With the implementation of the output floor, those institutions will also need to apply the SA-CR, which relies on credit assessments by external credit assessment institutions ('ECAI') to determine the credit quality of the corporate borrower. The mapping between external ratings and risk weights applicable to rated corporates should be more granular, to bring such mapping in line with the international standards on that matter.	(10) Corporate lending in the Union is predominantly provided by institutions which use the internal ratings based Internal Ratings Based Approach (IRB) approaches for credit risk to calculate their capital requirements. With the implementation of the output floor, those institutions will also need to apply the SA-CR, which relies on credit assessments by external credit assessment institutions ('ECAI') to determine the credit quality of the corporate borrower. The mapping between external ratings and risk weights applicable to rated corporates should be more granular, to bring such mapping in line with the international standards on that matter.	[ERRATA: Due to an clerical error, the sentence inserted below was missing in the FINAL REPORT.] (10) Corporate lending in the Union is predominantly provided by institutions which use the internal ratings based (IRB) approaches for credit risk to calculate their capital requirements. With the implementation of the output floor, those institutions will also need to apply the SA-CR, which relies on credit assessments by external credit assessment institutions ('ECAI') to determine the credit quality of the corporate borrower. <i>For this purpose institutions can use all eligible ECAI credit assessments-</i> The mapping between external ratings and risk weights applicable to rated corporates should be more granular, to bring such mapping in line with the international standards on that matter.
Rec. 11 (Part 1)	20	(11) Most EU corporates, however, do not seek external credit ratings, in particular due to cost considerations. To avoid disruptive impacts on bank lending to unrated corporates and to provide enough time to establish public or private	(11) Most EU corporates, however, do not seek external credit ratings, in particular due to cost considerations . To avoid disruptive impacts on bank lending to unrated corporates and to provide enough time to establish public or private	(11) Most EU corporates, however, do not seek external credit ratings, in particular due to cost considerations. To avoid disruptive impacts on bank lending to unrated corporates and to provide enough time to establish public or private

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		initiatives aimed at increasing the coverage of external credit ratings, it is necessary to provide for a transitional period for such increase in the coverage. During that transitional period, institutions using IRB approaches should be able to apply a favourable treatment when calculating their output floor for investment grade exposures to unrated corporates, whilst initiatives to foster widespread use of credit ratings should be established. That transitional arrangement should be coupled with a report prepared by the European Banking Authority ('EBA').	initiatives aimed at increasing the coverage of external credit ratings, it is necessary to provide for a transitional period for such increase in the coverage. During that transitional period, institutions using the IRB approaches Approach should be able to apply a favourable treatment when calculating their output floor for investment grade exposures to unrated corporates, whilst initiatives to foster a widespread use of credit ratings should be established. That transitional arrangement should be coupled with a report prepared by the European Banking Authority ('EBA').	initiatives aimed at increasing the coverage of external credit ratings, it is necessary to provide for a transitional period for such increase in the coverage. During that transitional period, institutions using IRB approaches should be able to apply a favourable treatment when calculating their output floor for investment grade exposures to unrated corporates.█
Rec.11 (Part 2)	21	After the transition period, institutions should be able to refer to credit assessments by ECAIs to calculate the capital requirements for most of their corporate exposures.	After the transition period, institutions should be able to refer to credit assessments by ECAIs to calculate the capital requirements for most of their corporate exposures.	(11a) After the transition period, institutions should be able to refer to credit assessments by ECAIs to calculate the capital requirements for a significant part of their corporate exposures. EBA, European Supervisory Authority (European Insurance and Occupational Pensions Authority) (EIOPA) and European Supervisory Authority (European Securities and Markets Authority) (ESMA), should monitor the use of the transitional arrangement and should have regard to relevant developments and trends in the ECAI market. The transition period should be used to significantly expand the

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				<p><i>availability of ratings for European corporates. To this end, rating solutions beyond the currently existing rating ecosystem should be developed to incentivise especially larger corporates to become rated. Next to the positive externality the rating process generates, a wider rating coverage will foster, inter alia, the capital markets union. Avenues to attain this goal should consider the requirements related to external credit assessments, or the establishment of additional institutions providing such assessments, and might therefore entail substantial implementation efforts. Member States, in close cooperation with their central bank, should assess whether a request for the recognition of their central bank as ECAI in accordance with Article 2 of Regulation (EC) No 1060/2009 of the European Parliament and the Council² and the provision of corporate ratings by the central bank for the purposes of this Regulation may be desirable in order to increase the coverage of external ratings.</i></p>
Rec.11 (Part 3)	22	To inform any future initiative on the set-	To inform any future initiative on the set-	(11b) To inform any <i>such</i> future initiative

² Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (*OJ L 302, 17.11.2009, p. 1*).

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		up of public or private rating schemes, the European Supervisory Authorities (ESAs) should be requested to prepare a report on the impediments to the availability of external credit ratings by ECAs, in particular for corporates, and on possible measures to address those impediments. In the meanwhile, the European Commission stands ready to provide technical support to Member States via its Technical Support Instrument in this area, e.g. to Form.te strategies on increasing the rating-penetration of their unlisted corporates or to explore best practices on setting up entities capable of providing ratings or providing related guidance to corporates.	up of public or private rating schemes, the European Supervisory Authorities (ESAs) should be requested to prepare a report on the impediments to the availability of external credit ratings by ECAs, in particular for corporates, and on possible measures to address those impediments. In the meanwhile, the European Commission stands ready to provide technical support to Member States via its Technical Support Instrument in this area, e.g. to formulate strategies on increasing the rating-penetration of their unlisted corporates or to explore best practices on setting up entities capable of providing ratings or providing related guidance to corporates.	on the set-up of public or private rating schemes, the European Supervisory Authorities (ESAs) should be requested to prepare a report on the impediments to the availability of external credit ratings by ECAs, in particular for corporates, and on possible measures to address those impediments. In the meanwhile, the European Commission stands ready to provide technical support to Member States via its Technical Support Instrument in this area, e.g. to formulate strategies on increasing the rating-penetration of their unlisted corporates or to explore best practices on setting up entities capable of providing ratings or providing related guidance to corporates. <i>The transition period should be extended only if necessary and justified and for four years at the most.</i>
Rec. 12	23	(12) For both residential and commercial real estate exposures, more risk-sensitive approaches have been developed by the Basel Committee to better reflect different funding models and stages in the construction process.	(12) For both residential and commercial real estate exposures, more risk-sensitive approaches have been developed by the Basel Committee to better reflect different funding models and stages in the construction process.	(12) For both residential and commercial real estate exposures, more risk-sensitive approaches have been developed by the Basel Committee to better reflect different funding models and stages in the construction process.
Rec. 13	24	(13) The financial crisis of 2008-2009 revealed a number of shortcomings of the current standardised treatment of real	(13) The financial crisis of 2008-2009 revealed a number of shortcomings of the current standardised treatment of real	(13) The financial crisis of 2008-2009 revealed a number of shortcomings of the current standardised treatment of real estate

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		estate exposures. Those shortcomings have been addressed in the Basel III standards. In fact, the Basel III standards introduced income producing real estate ('IPRE') exposures as a new sub-category of the corporate exposure class which is subject to a dedicated risk weight treatment to reflect more accurately the risk associated with those exposures, but also to improve consistency with the treatment of IPRE under the Internal Rating Based Approach ('IRBA') referred to in Part III, Title II, Chapter 3 of Regulation (EU) No 575/2013.	estate exposures. Those shortcomings have been addressed in the Basel III standards. In fact, the Basel III standards introduced income producing real estate ('IPRE') exposures as a new sub-category of the corporate exposure class which is <u>differentiate between exposures where the repayment is materially dependent on cash flows generated by the property and exposures where this is not the case.</u> The former exposures are subject to a dedicated risk weight treatment to reflect more accurately the risk associated with those exposures, but also to improve consistency with the treatment of IPRE income producing real estate under the Internal Rating Based IRB Approach ('IRBA') referred to in Part III, Title II, Chapter 3 of Regulation (EU) No 575/2013.	exposures. Those shortcomings have been addressed in the Basel III standards. In fact, the Basel III standards introduced income producing real estate ('IPRE') exposures as a new sub-category of the corporate exposure class which is subject to a dedicated risk weight treatment to reflect more accurately the risk associated with those exposures, but also to improve consistency with the treatment of IPRE under the Internal Rating Based Approach ('IRBA') referred to in Part III, Title II, Chapter 3 of Regulation (EU) No 575/2013.
Rec. 14	25	(14) For general residential and commercial real estate exposures, the loan splitting approach in Articles 124-126 of the Regulation should be kept, as that approach is sensitive to the type of borrower and reflects the risk mitigating effects of the real estate collateral in the applicable risk weights, even in case of high 'loan-to-value' (LTV) ratios. Its calibration, however, should be adjusted in accordance with the Basel III standards as it has been found to be too	(14) For general residential and commercial real estate exposures, the loan splitting approach in Articles 124-126 of the Regulation should be kept, as that approach is sensitive to the type of borrower and reflects the risk mitigating effects of the real estate collateral in the applicable risk weights, even in case of high 'loan-to-value' (LTV) ratios. Its calibration, however, should be adjusted in accordance with the Basel III standards as it has been found to be too conservative	(14) For general residential and commercial real estate exposures, the loan splitting approach in Articles 124-126 of the Regulation should be kept, as that approach is sensitive to the type of borrower and reflects the risk mitigating effects of the real estate collateral in the applicable risk weights, even in case of high 'loan-to-value' (LTV) ratios. Its calibration, however, should be adjusted in accordance with the Basel III standards as it has been found to be too conservative for

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		conservative for mortgages with very low LTV ratios.	for mortgages with very low LTV ratios.	mortgages with very low LTV ratios.
Rec. 15	26	<p>(15) To ensure that the impacts of the output floor on low-risk residential mortgage lending by institutions using IRB approaches are spread over a sufficiently long period and thus avoid disruptions to that type of lending that could be caused by sudden increases in own funds requirements, it is necessary to provide for a specific transitional arrangement. For the duration of the arrangement, when calculating the output floor, IRB institutions should be able to apply a lower risk weight to the part of their residential mortgage exposures that is considered secured by residential property under the revised SA-CR. To ensure that the transitional arrangement is available only to low-risk mortgage exposures, appropriate eligibility criteria, based on established concepts used under the SA-CR, should be set. The compliance with those criteria should be verified by competent authorities. Because residential real estate markets may differ from one Member States to another, the decision on whether to activate the transitional arrangement should be left to individual Member States. The use of the transitional</p>	<p>(15) To ensure that the impacts of the output floor on low-risk residential mortgage lending by institutions using <u>the IRB approaches</u> Approach are spread over a sufficiently long period, and thus avoid disruptions to that type of lending that could be caused by sudden increases in own funds requirements, it is necessary to provide for a specific transitional arrangement. For the duration of the arrangement, when calculating the output floor, IRB institutions should be able to apply a lower risk weight to the part of their residential mortgage exposures that is considered secured by residential property under the revised SA-CR. To ensure that the transitional arrangement is available only to low-risk mortgage exposures, appropriate eligibility criteria, based on established concepts used under the SA-CR, should be set. The compliance with those criteria should be verified by competent authorities. Because residential real estate markets may differ from one Member States to another, the decision on whether to activate the transitional arrangement should be left to individual Member States. The use of the transitional arrangement should be monitored by EBA</p>	<p>(15) To ensure that the impacts of the output floor on low-risk residential mortgage lending by institutions using IRB approaches are spread over a sufficiently long period and thus avoid disruptions to that type of lending that could be caused by sudden increases in own funds requirements, it is necessary to provide for a specific transitional arrangement. For the duration of the arrangement, when calculating the output floor, IRB institutions should be able to apply a lower risk weight to the part of their residential mortgage exposures that is considered secured by residential property under the revised SA-CR. To ensure that the transitional arrangement is available only to low-risk mortgage exposures, appropriate eligibility criteria, based on established concepts used under the SA-CR, should be set. The compliance with those criteria should be verified by competent authorities. Because residential real estate markets may differ from one Member States to another, the decision on whether to activate the transitional arrangement should be left to individual Member States. The use of the transitional arrangement should be monitored by EBA.</p>

		Commission Proposal	Council Mandate	EP Mandate
		arrangement should be monitored by EBA.		<i>The transition period should be extended only if necessary and justified and for four years at the most.</i>
Rec. 16	27	(16) As a result of the lack of clarity and risk-sensitivity of the current treatment of speculative immovable property financing, capital requirements for those exposures are currently often deemed to be too high or too low. That treatment therefore should be replaced by a dedicated treatment for ADC exposures, comprising loans to companies or special purpose vehicles financing any of the land acquisition for development and construction purposes, or development and construction of any residential or commercial immovable property.	(16) As a result of the lack of clarity and risk-sensitivity of the current treatment of speculative immovable property financing, capital requirements for those exposures are currently often deemed to be too high or too low. That treatment therefore should be replaced by a dedicated treatment for ADC exposures, comprising loans to companies or special purpose vehicles financing any of the land acquisition for development and construction purposes, or development and construction of any residential or commercial immovable property.	(16) As a result of the lack of clarity and risk-sensitivity of the current treatment of speculative immovable property financing, capital requirements for those exposures are currently often deemed to be too high or too low. That treatment therefore should be replaced by a dedicated treatment for ADC exposures, comprising loans to companies or special purpose vehicles financing any of the land acquisition for development and construction purposes, or development and construction of any residential or commercial immovable property.
Rec. 17	28	(17) It is important to reduce the impact of cyclical effects on the valuation of property securing a loan and to keep capital requirements for mortgages more stable. A property's value recognised for prudential purposes should therefore not exceed the average value of a comparable property measured over a sufficiently long monitoring period, unless modifications to that property unequivocally increase its value. To avoid unintended consequences for the	(17) It is important to reduce the impact of cyclical effects on the valuation of property securing a loan and to keep capital requirements for mortgages more stable. A property's value recognised for prudential purposes should therefore not exceed the average value of a comparable property measured over a sufficiently long monitoring period, unless modifications to that property unequivocally increase its value. To avoid unintended consequences for the functioning of the covered bond	(17) It is important to reduce the impact of cyclical effects on the valuation of property securing a loan and to keep capital requirements for mortgages more stable. <i>In the case of a revaluation beyond the value at the time of the loan was granted, the</i> property's value recognised for prudential purposes should therefore not exceed the average value of a comparable property measured over a sufficiently long monitoring period, unless modifications to that property unequivocally increase its

		Commission Proposal	Council Mandate	EP Mandate
		functioning of the covered bond markets, competent authorities may allow institutions to revalue immovable property on a regular basis without applying those limits to value increases. Modifications that improve the energy efficiency of buildings and housing units should be considered as value increasing.	markets, competent authorities may allow institutions to revalue immovable property on a regular basis without applying those limits to value increases. Modifications that improve the energy efficiency of buildings and housing units should be considered as value increasing.	value. To avoid unintended consequences for the functioning of the covered bond markets, competent authorities may allow institutions to revalue immovable property on a regular basis without applying those limits to value increases. Modifications that improve the energy efficiency, <i>and performance on improvements to the resilience, protection and adaptation to physical risks</i> of buildings and housing units should be considered as value increasing.
Rec. 18	29	(18) The specialised lending business is conducted with special purpose vehicles that typically serve as borrowing entities, for which the return on investment is the primary source of repayment of the financing obtained. The contractual arrangements of the specialised lending model provide the lender with a substantial degree of control over the assets and the primary source of repayment of the obligation is the income generated by the assets being financed. To reflect the associated risk more accurately, those contractual arrangements should therefore be subject to specific capital requirements for credit risk. In line with the internationally agreed Basel III standards on assigning risk weights to specialised lending exposures, a dedicated specialised	(18) The specialised lending business is conducted with special purpose vehicles that typically serve as borrowing entities, for which the return on investment is the primary source of repayment of the financing obtained. The contractual arrangements of the specialised lending model provide the lender with a substantial degree of control over the assets, while and the primary source of repayment of the obligation is the income generated by the assets being financed. To reflect the associated risk more accurately, those contractual arrangements should therefore be subject to specific capital requirements for credit risk. In line with the internationally agreed Basel III standards on assigning risk weights to specialised lending exposures, a dedicated specialised lending exposures class should	(18) The specialised lending business is conducted with special purpose vehicles that typically serve as borrowing entities, for which the return on investment is the primary source of repayment of the financing obtained. The contractual arrangements of the specialised lending model provide the lender with a substantial degree of control over the assets and the primary source of repayment of the obligation is the income generated by the assets being financed. To reflect the associated risk more accurately, those contractual arrangements should therefore be subject to specific capital requirements for credit risk. In line with the internationally agreed Basel III standards on assigning risk weights to specialised lending exposures, a dedicated specialised exposures class should be introduced under

		Commission Proposal	Council Mandate	EP Mandate
		<p>exposures class should be introduced under the SA-CR, thereby improving consistency with the already existing specific treatment of specialised lending under the IRB approaches. A specific treatment for specialised lending exposures should be introduced, whereby a distinction should be made between ‘project finance’, ‘object finance’ and ‘commodities finance’ to better reflect the inherent risks of those sub-classes of the specialised exposures class. Like for exposures to corporates, two approaches to assign risk weights should be implemented, one for jurisdictions allowing the use of external ratings for regulatory purposes and one for jurisdictions that do not allow it.</p>	<p>be introduced under the SA-CR, thereby improving consistency with the already existing specific treatment of specialised lending exposures under the IRB approaches Approach. A specific treatment for specialised lending exposures should be introduced, whereby a distinction should be made between ‘project finance’, ‘object finance’ and ‘commodities finance’ to better reflect the inherent risks of those sub-classes of the specialised lending exposures class. Like for As in the case of exposures to corporates, two approaches to assign risk weights should be implemented, one for jurisdictions allowing the use of external ratings for regulatory purposes and one for jurisdictions that do not allow it.</p>	<p>the SA-CR, thereby improving consistency with the already existing specific treatment of specialised lending under the IRB approaches. A specific treatment for specialised lending exposures should be introduced, whereby a distinction should be made between ‘project finance’, ‘object finance’ and ‘commodities finance’ to better reflect the inherent risks of those sub-classes of the specialised exposures class. Like for exposures to corporates, two approaches to assign risk weights should be implemented, one for jurisdictions allowing the use of external ratings for regulatory purposes and one for jurisdictions that do not allow it.</p>
Rec. 19	30	<p>(19) While the new standardised treatment for unrated specialised lending exposures laid down in Basel III standards is more granular than the current standardised treatment of exposures to corporates under this Regulation, the former is not sufficiently risk-sensitive to reflect the effects of comprehensive security packages and pledges usually associated with these exposures in the Union, which enable lenders to control the future cash flows to be generated over the life of the project</p>	<p>(19) While the new standardised treatment for unrated specialised lending exposures laid down in the Basel III standards is more granular than the current standardised treatment of exposures to corporates under this Regulation, the former is not sufficiently risk-sensitive to reflect the effects of comprehensive security packages and pledges usually associated with these exposures in the Union, which enable lenders to control the future cash flows to be generated over the life of the project or asset. Due to the lack</p>	<p>(19) While the new standardised treatment for unrated specialised lending exposures laid down in Basel III standards is more granular than the current standardised treatment of exposures to corporates under this Regulation, the former is not sufficiently risk-sensitive to reflect the effects of comprehensive security packages and pledges usually associated with these exposures in the Union, which enable lenders to control the future cash flows to be generated over the life of the project or asset. Due to the lack of external rating</p>

		Commission Proposal	Council Mandate	EP Mandate
		<p>or asset. Due to the lack of external rating coverage of specialised lending exposures in the Union, the treatment for unrated specialised lending exposures laid down in Basel III standards may also create incentives for institutions to stop financing certain projects or take on higher risks in otherwise similarly treated exposures which have different risk profiles. Whereas the specialised lending exposures are mostly financed by institutions using the IRB approach that have in place internal models for these exposures, the impact may be particularly significant in the case of ‘object finance’ exposures, which could be at risk for discontinuation of the activities, in the particular context of the application of the output floor. To avoid unintended consequences of the lack of risk-sensitivity of the Basel treatment for unrated object finance exposures, object finance exposures that comply with a set of criteria capable to lower their risk profile to ‘high quality’ standards compatible with prudent and conservative management of financial risks, should benefit from a reduced risk weight. EBA shall be entrusted to develop draft regulatory technical standards specifying the conditions for institutions to assign an object finance specialised lending exposure to the ‘high quality’ category with a risk weight similar to ‘high</p>	<p>of external rating coverage of specialised lending exposures in the Union, the treatment for unrated specialised lending exposures laid down in <u>the</u> Basel III standards may also create incentives for institutions to stop financing certain projects or take on higher risks in otherwise similarly treated exposures which have different risk profiles. Whereas the specialised lending exposures are mostly financed by institutions using the IRB approach Approach that have in place internal models for these exposures, the impact may be particularly significant in the case of ‘object finance’ exposures, which could be at risk for discontinuation of the activities, in the particular context of the application of the output floor. To evaluate potential avoid unintended consequences of the lack of risk-sensitivity of the Basel treatment for unrated object finance exposures, object finance exposures that comply with a set of criteria capable to lower their risk profile to ‘high quality’ standards compatible with prudent and conservative management of financial risks, should benefit from a reduced risk weight. EBA shall be mandated to produce a report on the effective riskiness of those exposures, on whether a specific exposure sub-class should be created for ‘high quality’ object finance specialised lending exposures, and if so,</p>	<p>coverage of specialised lending exposures in the Union, the treatment for unrated specialised lending exposures laid down in Basel III standards may also create incentives for institutions to stop financing certain projects or take on higher risks in otherwise similarly treated exposures which have different risk profiles. Whereas the specialised lending exposures are mostly financed by institutions using the IRB approach that have in place internal models for these exposures, the impact may be particularly significant in the case of ‘object finance’ exposures, which could be at risk for discontinuation of the activities, in the particular context of the application of the output floor. To avoid unintended consequences of the lack of risk-sensitivity of the Basel treatment for unrated object finance exposures, object finance exposures that comply with a set of criteria capable to lower their risk profile to ‘high quality’ standards compatible with prudent and conservative management of financial risks, should benefit from a reduced risk weight. EBA shall be entrusted to develop draft regulatory technical standards specifying the conditions for institutions to assign an object finance specialised lending exposure to the ‘high quality’ category with a risk weight similar to ‘high quality’ project finance exposures under the SA-CR. Institutions established in jurisdictions that</p>

		Commission Proposal	Council Mandate	EP Mandate
		quality' project finance exposures under the SA-CR. Institutions established in jurisdictions that allow the use of external ratings should assign to their specialised lending exposures the risk weights determined only by the issue-specific external ratings, as provided by the Basel III framework.	<u>the criteria that institutions should use to assign exposures to that sub-class and the risk weight that should apply to those exposures</u> be entrusted to develop draft regulatory technical standards specifying the conditions for institutions to assign an object finance specialised lending exposure to the 'high quality' category, with a risk weight similar to 'high quality' project finance exposures under the SA-CR. Institutions established in jurisdictions that allow the use of external ratings should assign to their specialised lending exposures the risk weights determined only by the issue-specific external ratings, as provided by the Basel III framework.	allow the use of external ratings should assign to their specialised lending exposures the risk weights determined only by the issue-specific external ratings, as provided by the Basel III framework.
Rec. 20	31	(20) The classification of retail exposures under the SA-CR and the IRB approaches should be further aligned to ensure a consistent application of the correspondent risk weights to the same set of exposures. In line with the Basel III standards, rules should be laid down for a differentiated treatment of revolving retail exposures that meet a set of conditions of repayment or usage capable to lower their risk profile. Those exposures shall be defined as exposures to 'transactors'. Exposures to one or more natural persons that do not meet all the conditions to be considered retail	(20) The classification of retail exposures under the SA-CR and the IRB approaches <u>Approach</u> should be further aligned to ensure a consistent application of the correspondent risk weights to the same set of exposures. In line with the Basel III standards, rules should be laid down for a differentiated treatment of revolving retail exposures that meet a set of conditions of repayment or usage capable to lower their risk profile. Those exposures shall be defined as exposures to 'transactors'. Exposures to one or more natural persons that do not meet all the conditions to be considered retail exposures should be risk	(20) The classification of retail exposures under the SA-CR and the IRB approaches should be further aligned to ensure a consistent application of the correspondent risk weights to the same set of exposures. In line with the Basel III standards, rules should be laid down for a differentiated treatment of revolving retail exposures that meet a set of conditions of repayment or usage capable to lower their risk profile. Those exposures shall be defined as exposures to 'transactors'. Exposures to one or more natural persons that do not meet all the conditions to be considered retail exposures should be risk weighted at

		Commission Proposal	Council Mandate	EP Mandate
		exposures should be risk weighted at 100% under the SA-CR.	weighted at 100% under the SA-CR.	100% under the SA-CR.
Rec. 21	32	(21) Basel III standards introduce a credit conversion factor of 10% for unconditionally cancellable commitments ('UCC') in the SA-CR. This is likely to result in a significant impact on obligors that rely on the flexible nature of the UCC to finance their activities when dealing with seasonal fluctuations in their businesses or when managing unexpected short-term changes in working capital needs, especially during the recovery from the COVID-19 pandemic. It is thus appropriate to provide for a transitional period during which institutions will continue to apply a null credit conversion factor to their UCC, and, afterwards, to assess whether a potential gradual increase of the applicable credit conversion factors is warranted to allow institutions to adjust their operational practices and products without hampering credit availability to institutions' obligors. That transitional arrangement should be coupled with a report prepared by EBA.	(21) Basel III standards introduce a credit conversion factor of 10% for unconditionally cancellable commitments ('UCC') in the SA-CR. This is likely to result in a significant impact on obligors that rely on the flexible nature of the UCC to finance their activities when dealing with seasonal fluctuations in their businesses or when managing unexpected short-term changes in working capital needs, especially during the recovery from the COVID-19 pandemic. It is thus appropriate to provide for a transitional period during which institutions will continue to apply a null credit conversion factor to their UCC, and, afterwards, to assess whether a potential gradual increase of the applicable credit conversion factors is warranted to allow institutions to adjust their operational practices and products without hampering credit availability to institutions' obligors. That transitional arrangement should be coupled with a report prepared by EBA.	(21) Basel III standards introduce a credit conversion factor of 10% for unconditionally cancellable commitments ('UCC') in the SA-CR. This is likely to result in a significant impact on obligors that rely on the flexible nature of the UCC to finance their activities when dealing with seasonal fluctuations in their businesses or when managing unexpected short-term changes in working capital needs, especially during the recovery from the COVID-19 pandemic. It is thus appropriate to provide for a transitional period during which institutions will continue to apply a null credit conversion factor to their UCC, and, afterwards, to assess whether a potential gradual increase of the applicable credit conversion factors is warranted to allow institutions to adjust their operational practices and products without hampering credit availability to institutions' obligors. That transitional arrangement should be coupled with a report prepared by EBA.
Rec. 21a (new)	33		<u>(21a) The severe, double economic shock caused by the COVID-19 pandemic and the Russian invasion of</u>	

		Commission Proposal	Council Mandate	EP Mandate
			<u>Ukraine might have far-reaching impacts on the European economy and disrupt businesses. Institutions will have a key role in contributing to the recovery also by extending proactive debt restructuring measures towards worthy debtors facing or about to face difficulties in meeting their financial commitments. In this regard, institutions should not be discouraged to extend meaningful concessions to the obligors when deemed appropriate, by a potential and warranted classification of counterparties as “defaulted” where such concessions restore their likeliness to pay the remainder of their debt obligations. When developing guidelines on the definition of default of an obligor or credit facility, the EBA shall duly consider the need for providing adequate flexibility to institutions.</u>	
Rec. 22	34	(22) The financial crisis of 2008-2009 has revealed that, in some cases, credit institutions have also used IRB approaches on portfolios unsuitable for modelling due to insufficient data, which had detrimental consequences for the robustness of the results and thus, for the financial stability. It is therefore appropriate not to oblige institutions to use the IRB approaches for all of their exposures and to apply the roll-out requirement at the level of exposure	(22) The financial crisis of 2008-2009 has revealed that, in some cases, credit institutions have also used the IRB Approaches on portfolios unsuitable for modelling due to insufficient data, which had detrimental consequences for the robustness of the results and thus, for the financial stability. It is therefore appropriate not to oblige institutions to use the IRB Approaches for all of their exposures and to apply the roll-out requirement at the level of exposure	(22) The financial crisis of 2008-2009 has revealed that, in some cases, credit institutions have also used IRB approaches on portfolios unsuitable for modelling due to insufficient data, which had detrimental consequences for the robustness of the results and thus, for the financial stability. It is therefore appropriate not to oblige institutions to use the IRB approaches for all of their exposures and to apply the roll-out requirement at the level of exposure classes. It is also appropriate to restrict the

		Commission Proposal	Council Mandate	EP Mandate
		classes. It is also appropriate to restrict the use of IRB Approaches for exposure classes where robust modelling is more difficult to increase the comparability and robustness of capital requirements for credit risk under the IRB approaches.	classes. It is also appropriate to restrict the use of the IRB Approaches for exposure classes where robust modelling is more difficult <u>to implement, in order</u> to increase the comparability and robustness of capital requirements for credit risk under the IRB a Approaches.	use of IRB Approaches for exposure classes where robust modelling is more difficult to increase the comparability and robustness of capital requirements for credit risk under the IRB approaches.
Rec. 23	35	(23) Institutions' exposures to other institutions, other financial sector entities and large corporates typically exhibit low levels of default. For such low-default portfolios, it has been shown that it is difficult for institutions to obtain reliable estimates of a key risk parameter of the IRB approach, the loss given default ('LGD'), due to an insufficient number of observed defaults in those portfolios. This difficulty has resulted in an undesirable level of dispersion across credit institutions in the level of estimated risk. Institutions should therefore use regulatory LGD values rather than internal LGD estimates for those low-default portfolios.	(23) Institutions' exposures to other institutions, other financial sector entities and large corporates typically exhibit low levels of default. For such low-default portfolios, it has been shown that it is difficult for institutions to obtain reliable estimates of a key risk parameter of the IRB a Approach, the loss given default ('LGD'), due to an insufficient number of observed defaults in those portfolios. This difficulty has resulted in an undesirable level of dispersion across credit institutions in the level of estimated risk. Institutions should therefore use regulatory LGD values rather than internal LGD estimates for those low-default portfolios.	(23) Institutions' exposures to other institutions, other financial sector entities and large corporates typically exhibit low levels of default. For such low-default portfolios, it has been shown that it is difficult for institutions to obtain reliable estimates of a key risk parameter of the IRB approach, the loss given default ('LGD'), due to an insufficient number of observed defaults in those portfolios. This difficulty has resulted in an undesirable level of dispersion across credit institutions in the level of estimated risk. Institutions should therefore use regulatory LGD values rather than internal LGD estimates for those low-default portfolios.
Rec. 24	36	(24) Institutions that use internal models to estimate the own funds requirements for credit risk for equity exposures typically base their risk assessment on publically available data, to which all	(24) Institutions that use internal models to estimate the own funds requirements for credit risk for equity exposures typically base their risk assessment on publically publicly available data, to which all	(24) Institutions that use internal models to estimate the own funds requirements for credit risk for equity exposures typically base their risk assessment on publically available data, to which all institutions can

		Commission Proposal	Council Mandate	EP Mandate
		institutions can be assumed to have identical access. Under those circumstances, differences in own funds requirements cannot be justified. In addition, equity exposures held in the banking book form a very small component of institutions' balance sheets. Therefore, to increase the comparability of institutions' own funds requirements and to simplify the regulatory framework, institutions should calculate their own funds requirements for credit risk for equity exposures using the SA-CR, and the IRB approach should be disallowed for that purpose.	institutions can be assumed to have identical access. Under those circumstances, differences in own funds requirements cannot be justified. In addition, equity exposures held in the banking book form a very small component of institutions' balance sheets. Therefore, to increase the comparability of institutions' own funds requirements and to simplify the regulatory framework, institutions should calculate their own funds requirements for credit risk for equity exposures using the SA-CR, and the IRB approach should be disallowed for that purpose.	be assumed to have identical access. Under those circumstances, differences in own funds requirements cannot be justified. In addition, equity exposures held in the banking book form a very small component of institutions' balance sheets. Therefore, to increase the comparability of institutions' own funds requirements and to simplify the regulatory framework, institutions should calculate their own funds requirements for credit risk for equity exposures using the SA-CR, and the IRB approach should be disallowed for that purpose.
Rec. 25	37	(25) It should be ensured that the estimates of the probability of default ('PD'), the LGD and the credit conversion factors ('CCF') of individual exposures of institutions that are allowed to use internal models to calculate capital requirements for credit risk do not reach unsuitably low levels. It is therefore appropriate to introduce minimum values for own estimates and to oblige institutions to use the higher of their own estimates of risk parameters and those minimum values. Such risk parameters' 'input floors' should constitute a safeguard to ensure that capital requirements do not fall below prudent	(25) It should be ensured that the estimates of the probability of default ('PD'), the LGD and the credit conversion factors ('CCF') of individual exposures of institutions that are allowed to use internal models to calculate capital requirements for credit risk do not reach unsuitably low levels. It is therefore appropriate to introduce minimum values for own estimates and to oblige institutions to use the higher of their own estimates of risk parameters and those minimum values. Such risk parameters' 'input floors' should constitute a safeguard to ensure that capital requirements do not fall below prudent levels. In addition, they should	(25) It should be ensured that the estimates of the probability of default ('PD'), the LGD and the credit conversion factors ('CCF') of individual exposures of institutions that are allowed to use internal models to calculate capital requirements for credit risk do not reach unsuitably low levels. It is therefore appropriate to introduce minimum values for own estimates and to oblige institutions to use the higher of their own estimates of risk parameters and those minimum values. Such risk parameters' 'input floors' should constitute a safeguard to ensure that capital requirements do not fall below prudent levels. In addition, they should mitigate

		Commission Proposal	Council Mandate	EP Mandate
		levels. In addition, they should mitigate model risk due to such factors as incorrect model specification, measurement error and data limitations. They would also improve the comparability of capital ratios across institutions. In order to achieve those results, input floors should be calibrated in a sufficiently conservative manner.	mitigate model risk due to such factors as incorrect model specification, measurement error and data limitations. They would also improve the comparability of capital ratios across institutions. In order to achieve those results, input floors should be calibrated in a sufficiently conservative manner.	model risk due to such factors as incorrect model specification, measurement error and data limitations. They would also improve the comparability of capital ratios across institutions. In order to achieve those results, input floors should be calibrated in a sufficiently conservative manner.
Rec. 26	38	(26) Risk parameter floors that are calibrated too conservatively may indeed discourage institutions from adopting the IRB approaches and the associated risk management standards. Institutions may also be incentivised to shift their portfolios to higher risk exposures to avoid the constraint imposed by the risk parameter floors. To avoid such unintended consequences, risk parameter floors should appropriately reflect certain risk characteristics of the underlying exposures, in particular by taking on different values for different types of exposure where appropriate.	(26) Risk parameter floors that are calibrated too conservatively may indeed discourage institutions from adopting the IRB approaches and the associated risk management standards. Institutions may also be incentivised to shift their portfolios to higher risk exposures to avoid the constraint imposed by the risk parameter floors. To avoid such unintended consequences, risk parameter floors should appropriately reflect certain risk characteristics of the underlying exposures, in particular by taking on different values for different types of exposure where appropriate.	(26) Risk parameter floors that are calibrated too conservatively may indeed discourage institutions from adopting the IRB approaches and the associated risk management standards. Institutions may also be incentivised to shift their portfolios to higher risk exposures to avoid the constraint imposed by the risk parameter floors. To avoid such unintended consequences, risk parameter floors should appropriately reflect certain risk characteristics of the underlying exposures, in particular by taking on different values for different types of exposure where appropriate.
Rec. 27	39	(27) Specialised lending exposures have risk characteristics that differ from general corporate exposures. It is thus appropriate to provide for a transitional	(27) Specialised lending exposures have risk characteristics that differ from general corporate exposures. It is thus appropriate to provide for a transitional period during	(27) Specialised lending exposures have risk characteristics that differ from general corporate exposures. It is thus appropriate to provide for a transitional period during

		Commission Proposal	Council Mandate	EP Mandate
		period during which the LGD input floor applicable to specialised lending exposures is reduced.	which the LGD input floor applicable to specialised lending exposures is reduced.	which the LGD input floor applicable to specialised lending exposures is reduced. <i>The transition period should be extended only if necessary and justified and for four years at the most.</i>
Rec. 28	40	(28) In accordance with the Basel III standards, the IRB treatment for the sovereign exposure class should remain largely untouched, due to the special nature and risks related to the underlying obligors. In particular sovereign exposures should not be subject to the risk parameters input floors.	(28) In accordance with the Basel III standards, the IRB treatment for the sovereign exposure class should remain largely untouched, due to the special nature and risks related to the underlying obligors. In particular sovereign exposures should not be subject to the risk parameters input floors.	(28) In accordance with the Basel III standards, the IRB treatment for the sovereign exposure class should remain largely untouched, due to the special nature and risks related to the underlying obligors. In particular sovereign exposures should not be subject to the risk parameters input floors.
Rec. 29	41	(29) To ensure a consistent approach for all RGLA-PSE exposures, a new RGLA-PSA exposure class should be created, independent from both sovereign and institutions exposure classes, and which should all be subject to the input floors provided by the new rules.	(29) To ensure a consistent approach for all RGLA-PSE exposures, a new RGLA-PSA exposure class should be created, independent from both sovereign and institutions exposure classes. and which should all be subject to the input floors. The treatment of assimilated RGLA-PSE exposures, which under the Standardised Approach for credit risk would qualify for a treatment as exposures to the central government according to Article 115 and Article 116 should not be assigned under the IRB Approach and should not be subject to input floors. Moreover, specific input floors under the IRB Approach should	(29) To ensure a consistent approach for all RGLA-PSE exposures, a new RGLA-PSA exposure class should be created, independent from both sovereign and institutions exposure classes. ■

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			be calibrated for RGLA-PSE exposures, which are not assimilated, in order to appropriately reflect the lower risk profile of those exposures compared to exposures to corporates. provided by the new rules.	
Rec. 30	42	(30) It should be clarified how the effect of a guarantee could be recognised for a guaranteed exposure where the underlying exposure is treated under the IRB approach under which modelling for PD and LGD is allowed but where the guarantor belongs to a type of exposures for which modelling the LGD, or the IRB approach is not allowed. In particular, the use of the substitution approach, whereby the risk parameters of the underlying exposures are substituted with the ones of the guarantor, or of a method whereby the PD or LGD of the underlying obligor are adjusted using a specific modelling approach to take into account the effect of the guarantee, should not lead to an adjusted risk weight that is lower than the risk weight applicable to a direct comparable exposure to the guarantor. Consequently, where the guarantor is treated under the SA-CR, recognition of the guarantee under the IRB approach should lead to assigning the SA-CR risk weight of the guarantor to the guaranteed exposure.	(30) It should be clarified how the effect of a guarantee could be recognised for a guaranteed exposure where the underlying exposure is treated under the IRB a Approach under which modelling for PD and LGD is allowed but where the guarantor belongs to a type of exposures for which modelling the LGD, or the IRB a Approach is not allowed. In particular, the use of the substitution approach, whereby the risk parameters of the underlying exposures are substituted with the ones of the guarantor, or of a method whereby the PD or LGD of the underlying obligor are adjusted using a specific modelling approach to take into account the effect of the guarantee, should not lead to an adjusted risk weight that is lower than the risk weight applicable to a direct comparable exposure to the guarantor. Consequently, where the guarantor is treated under the SA-CR, recognition of the guarantee under the IRB a Approach should lead to assigning the SA-CR risk weight of the guarantor to the guaranteed exposure	(30) It should be clarified how the effect of a guarantee could be recognised for a guaranteed exposure where the underlying exposure is treated under the IRB approach under which modelling for PD and LGD is allowed but where the guarantor belongs to a type of exposures for which modelling the LGD, or the IRB approach is not allowed. In particular, the use of the substitution approach, whereby the risk parameters of the underlying exposures are substituted with the ones of the guarantor, or of a method whereby the PD or LGD of the underlying obligor are adjusted using a specific modelling approach to take into account the effect of the guarantee, should not lead to an adjusted risk weight that is lower than the risk weight applicable to a direct comparable exposure to the guarantor. Consequently, where the guarantor is treated under the SA-CR, recognition of the guarantee under the IRB approach should lead to assigning the SA-CR risk weight of the guarantor to the guaranteed exposure.

		Commission Proposal	Council Mandate	EP Mandate
Rec. 30a (new)	43		<p><u>(30a) The final Basel III framework no longer requires an institution that adopted the IRB approach for one exposure class to adopt that approach for all its non-trading book exposures. To ensure a level playing field between institutions currently treating some exposures under the IRB Approach and those that are not, a transitional arrangement should allow institutions to revert to less sophisticated approaches under a simplified procedure. This procedure should allow competent authorities to oppose requests to revert to a less sophisticated approach that are made with a view to engage in regulatory arbitrage. For this procedure, the sole fact that the reversal to a less sophisticated approach results in a reduction of own funds requirements determined for the respective exposures should not be considered to constitute a sufficient ground for regulatory arbitrage.</u></p>	
Rec. 30a (new)	44			<p><i>(30a) In the context of removing unwarranted variability in capital requirements, existing discounting rules applied to artificial cash flows should be clarified in order to remove any unintended consequences. A mandate should be given to EBA to update its guidelines by 31 December 2025.</i></p>

		Commission Proposal	Council Mandate	EP Mandate
Rec. 30b (new)	45			<i>(30b) The introduction of the output floor could have a significant impact on own funds requirements for securitisation positions held by institutions using the Securitisation Internal Ratings Based Approach (SEC-IRBA). Although such positions are generally small relative to other exposures, the introduction of the output floor could affect the economic viability of the securitisation operation because of an insufficient prudential benefit of the transfer of risk. This would come at a juncture where the development of the securitisation market is part of the action plan on capital markets union and also where originating banks might need to use securitisation more extensively in order to manage more actively their portfolios if they become bound by the output floor. A mandate should be given to EBA to report to the Commission on the need to eventually provide for a specific arrangement increasing the risk-sensitivity of the standardised approach of the purpose of the calculation of the output floor.</i>
Rec. 31	46	(31) Regulation (EU) 2019/876 of the	(31) Regulation (EU) 2019/876 ³ amended Regulation (EU) No 575/2013 to	(31) Regulation (EU) 2019/876 of the

		Commission Proposal	Council Mandate	EP Mandate
		<p>European Parliament and of the Council¹ amended Regulation (EU) No 575/2013 to implement the final FRTB standards only for reporting purposes. The introduction of binding capital requirements based on those standards was left to a separate ordinary legislative initiative, upon the assessment of their impacts for Union banks.</p> <p>1. Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1).</p>	<p>implement the final FRTB standards only for reporting purposes. The introduction of binding capital requirements based on those standards was left to a separate ordinary legislative initiative, upon the assessment of their impacts for Union banks.</p> <p>Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1).</p>	<p>European Parliament and of the Council¹ amended Regulation (EU) No 575/2013 to implement the final FRTB standards only for reporting purposes. The introduction of binding capital requirements based on those standards was left to a separate ordinary legislative initiative, upon the assessment of their impacts for Union banks.</p> <p>1. Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1).</p>
Rec. 32	47	<p>(32) In order to complete the reform agenda introduced after the financial crisis of 2008-2009 and to address the deficiencies in the current market risk framework, binding capital requirements for market risk based on the final FRTB standards should be implemented in Union law. Recent estimates of the impact of the final FRTB standards on Union banks have shown that the</p>	<p>(32) In order to complete the reform agenda introduced after the financial crisis of 2008-2009 and to address the deficiencies in the current market risk framework, binding capital requirements for market risk based on the final FRTB standards should be implemented in Union law. Recent estimates of the impact of the final FRTB standards on Union banks have shown that the implementation of</p>	<p>(32) In order to complete the reform agenda introduced after the financial crisis of 2008-2009 and to address the deficiencies in the current market risk framework, binding capital requirements for market risk based on the final FRTB standards should be implemented in Union law. Recent estimates of the impact of the final FRTB standards on Union banks have shown that the implementation of those</p>

		Commission Proposal	Council Mandate	EP Mandate
		implementation of those standards in the Union will lead to a large increase in the own funds requirements for market risk for certain trading and market making activities which are important to the EU economy. To mitigate that impact and to preserve the good functioning of financial markets in the Union, targeted adjustments should be introduced to the transposition of the final FRTB standards in Union law.	those standards in the Union will lead to a large increase in the own funds requirements for market risk for certain trading and market making activities which are important to the EU economy. To mitigate that impact and to preserve the good functioning of financial markets in the Union, targeted adjustments should be introduced to the transposition of the final FRTB standards in Union law.	standards in the Union will lead to a large increase in the own funds requirements for market risk for certain trading and market making activities which are important to the EU economy. To mitigate that impact and to preserve the good functioning of financial markets in the Union, targeted adjustments should be introduced to the transposition of the final FRTB standards in Union law.
Rec. 33	48	(33) As requested under Regulation (EU) 2019/876, the Commission should take into account the principle of proportionality in the calculation of the capital requirements for market risk for institutions with medium-sized trading book businesses, and calibrate those requirements accordingly. Therefore, institutions with medium-sized trading books should be allowed to use a simplified standardised approach to calculate own funds requirements for market risk, in line with the internationally agreed standards. In addition, the eligibility criteria to identify institutions with medium-sized trading books should remain consistent with the criteria set out in Regulation (EU) 2019/876 for exempting such institutions from the FRTB reporting requirements	(33) As requested under Regulation (EU) 2019/876, the Commission should take into account the principle of proportionality in the calculation of the capital requirements for market risk for institutions with medium-sized trading book businesses, and calibrate those requirements accordingly. Therefore, institutions with medium-sized trading books should be allowed to use a simplified standardised approach to calculate own funds requirements for market risk, in line with the internationally agreed standards. In addition, the eligibility criteria to identify institutions with medium-sized trading books should remain consistent with the criteria set out in Regulation (EU) 2019/876 for exempting such institutions from the FRTB reporting requirements set out in	(33) As requested under Regulation (EU) 2019/876, the Commission should take into account the principle of proportionality in the calculation of the capital requirements for market risk for institutions with medium-sized trading book businesses, and calibrate those requirements accordingly. Therefore, institutions with medium-sized trading books should be allowed to use a simplified standardised approach to calculate own funds requirements for market risk, in line with the internationally agreed standards. In addition, the eligibility criteria to identify institutions with medium-sized trading books should remain consistent with the criteria set out in Regulation (EU) 2019/876 for exempting such institutions from the FRTB reporting requirements set out in that Regulation. <i>A derogation is included to allow the banks</i>

		Commission Proposal	Council Mandate	EP Mandate
		set out in that Regulation.	that Regulation.	<i>to classify several types of instruments usually held in the trading book (including listed equities) as banking book positions, subject to the approval of the competent authority and when that position is not held with trading intent or does not hedge positions held with trading intent.</i>
Rec. 34	49	(34) Institutions' trading activities in wholesale markets can easily be carried out across borders, including between Member States and third countries. The implementation of the final FRTB standards should therefore converge as much as possible across jurisdictions, both in terms of substance and timing. If that would not be the case, it would be impossible to ensure an international level playing field for those activities. The Commission should therefore monitor the implementation of those standards in other BCBS member jurisdictions and, where necessary, should take steps to address potential distortions of those rules.	(34) Institutions' trading activities in wholesale markets can easily be carried out across borders, including between Member States and third countries. The implementation of the final FRTB standards should therefore converge as much as possible across jurisdictions, both in terms of substance and timing. If that would not be the case, it would be impossible to ensure an international level playing field for those activities. The Commission should therefore monitor the implementation of those standards in other BCBS member jurisdictions and, where necessary, should take steps to address potential distortions of those rules.	(34) Institutions' trading activities in wholesale markets can easily be carried out across borders, including between Member States and third countries. The implementation of the final FRTB standards should therefore converge as much as possible across jurisdictions, both in terms of substance and timing. If that would not be the case, it would be impossible to ensure an international level playing field for those activities. The Commission should therefore monitor the implementation of those standards in other BCBS member jurisdictions and, where necessary, should take steps to address potential distortions of those rules.
Rec. 35	50	(35) The BCBS has revised the international standard on operational risk to address weaknesses that emerged in the wake of the 2008-2009 financial	(35) The BCBS has revised the international standard on operational risk to address weaknesses that emerged in the wake of the 2008-2009 financial crisis.	(35) The BCBS has revised the international standard on operational risk to address weaknesses that emerged in the wake of the 2008-2009 financial crisis.

		Commission Proposal	Council Mandate	EP Mandate
		crisis. Besides a lack of risk-sensitivity in the standardised approaches, a lack of comparability arising from a wide range of internal modelling practices under the Advanced Measurement Approach were identified. Therefore, and in order to simplify the operational risk framework, all existing approaches for estimating the operational risk capital requirements were replaced by a single non-model-based method. Regulation (EU) No 575/2013 should be aligned with the revised Basel standards to ensure a level playing field internationally for institutions established inside the Union but also operating outside the Union, and to ensure that the operational risk framework at Union level remains effective.	Besides a lack of risk-sensitivity in the standardised approaches, a lack of comparability arising from a wide range of internal modelling practices under the Advanced Measurement Approach were identified. Therefore, and in order to simplify the operational risk framework, all existing approaches for estimating the operational risk capital requirements were replaced by a single non-model-based method. Regulation (EU) No 575/2013 should be aligned with the revised Basel standards to ensure a level playing field internationally for institutions established inside the Union but also operating outside the Union, and to ensure that the operational risk framework at Union level remains effective.	Besides a lack of risk-sensitivity in the standardised approaches, a lack of comparability arising from a wide range of internal modelling practices under the Advanced Measurement Approach were identified. Therefore, and in order to simplify the operational risk framework, all existing approaches for estimating the operational risk capital requirements were replaced by a single non-model-based method. Regulation (EU) No 575/2013 should be aligned with the revised Basel standards to ensure a level playing field internationally for institutions established inside the Union but also operating outside the Union, and to ensure that the operational risk framework at Union level remains effective.
Rec. 36	51	(36) The new standardised approach for operational risk introduced by the BCBS combines an indicator that relies on the size of the business of an institution with an indicator that takes into account the loss history of that institution. The revised Basel standards envisage a number of discretions on how the indicator that takes into account the loss history of an institution may be implemented. Jurisdictions may disregard historical losses for the calculation of	(36) The new standardised approach for operational risk introduced by the BCBS combines an indicator that relies on the size of the business of an institution with an indicator that takes into account the loss history of that institution. The revised Basel standards envisage a number of discretions on how the indicator that takes into account the loss history of an institution may be implemented. Jurisdictions may disregard historical losses for the calculation of operational	(36) The new standardised approach for operational risk introduced by the BCBS combines an indicator that relies on the size of the business of an institution with an indicator that takes into account the loss history of that institution. The revised Basel standards envisage a number of discretions on how the indicator that takes into account the loss history of an institution may be implemented. Jurisdictions may disregard historical losses for the calculation of operational risk

		Commission Proposal	Council Mandate	EP Mandate
		operational risk capital for all relevant institutions, or may take historical loss data into account even for institutions below a certain business size. To ensure a level playing field within the Union and to simplify the calculation of operational risk capital, those discretions should be exercised in a harmonised manner for the minimum own funds requirements by disregarding historical operational loss data for all institutions.	risk capital for all relevant institutions, or may take historical loss data into account even for institutions below a certain business size. To ensure a level playing field within the Union and to simplify the calculation of operational risk capital, those discretions should be exercised in a harmonised manner for the minimum own funds requirements by disregarding historical operational loss data for all institutions.	capital for all relevant institutions, or may take historical loss data into account even for institutions below a certain business size. To ensure a level playing field within the Union and to simplify the calculation of operational risk capital, those discretions should be exercised in a harmonised manner for the minimum own funds requirements by disregarding historical operational loss data for all institutions.
Rec. 36a (new)	52			<i>(36a) When measuring capital requirements for operational risk, insurance policies should be allowed to be used as effective risk mitigation techniques. To that end, within 24 months after the entry into force of the Regulation EBA shall report to the Commission on a standardised formula, based on specific criteria, to be used for the calculation of operational risk capital requirements. The Commission should be empowered to submit a legislative proposal within the following 36 months, to the European Parliament and Council of the EU taking into account insurance policies for the calculation of capital requirements on operational risk. EBA should identify eligible insurance contracts.</i>
Rec.36b (new)	53			<i>(36b) The severe, double economic shock caused by the COVID-19 pandemic and</i>

		Commission Proposal	Council Mandate	EP Mandate
				<i>the Russian-Ukrainian war might have far-reaching impacts on the European economy and disrupt businesses. Institutions will have a key role in contributing to the recovery by extending concessions towards worthy debtors facing or about to face difficulties in meeting their financial commitments. In that respect, EBA should adopt guidelines to specify what constitutes a material diminished financial obligation in the case of distressed restructuring, providing adequate flexibility to institutions. In particular, due consideration should be given to the kind of concession granted, the residual maturity of the exposure and the length of the postponement.</i>
Rec. 37	54	(37) Information on the amount and on the quality of performing, non-performing and forborne exposures, as well as an ageing analysis of accounting past due exposures should also be disclosed by small and non-complex institutions and by other non-listed credit institutions. This disclosure obligation does not create an additional burden on these credit institutions, as the disclosure of such limited set of information has already been implemented by EBA based	(37) Information on the amount and on the quality of performing, non-performing and forborne exposures, as well as an ageing analysis of accounting past due exposures should also be disclosed by small and non-complex institutions and by other non-listed credit institutions. This disclosure obligation does not create an additional burden on these credit institutions, as the disclosure of such limited set of information has already been implemented by EBA based on the 2017 Council Action	(37) Information on the amount and on the quality of performing, non-performing and forborne exposures, as well as an ageing analysis of accounting past due exposures should also be disclosed by small and non-complex institutions and by other non-listed credit institutions. This disclosure obligation does not create an additional burden on these credit institutions, as the disclosure of such limited set of information has already been implemented by EBA based on the 2017 Council Action

		Commission Proposal	Council Mandate	EP Mandate
		<p>on the 2017 Council Action Plan on Non-Performing Loans (NPLs)¹, which invited EBA to enhance disclosure requirements on asset quality and non-performing loans for all credit institutions. This is also fully consistent with the Communication on tackling non-performing loans in the aftermath of the COVID-19 pandemic².</p> <p>1. ECOFIN Council “Action Plan to Tackle Non-Performing Loans in Europe”, July 2017. Council conclusions on Action plan to tackle non-performing loans in Europe - Consilium (europa.eu) 2. Communication from the Commission to the European Parliament, the Council and the European Central Bank on “Tackling non-performing loans in the aftermath of the COVID-19 pandemic” COM/2020/822 final.</p>	<p>Plan on Non-Performing Loans (NPLs)³, which invited EBA to enhance disclosure requirements on asset quality and non-performing loans for all credit institutions. This is also fully consistent with the Communication on tackling non-performing loans in the aftermath of the COVID-19 pandemic⁴.</p> <p>³ ECOFIN Council “Action Plan to Tackle Non-Performing Loans in Europe”, July 2017. Council conclusions on Action plan to tackle non-performing loans in Europe - Consilium (europa.eu) ⁴ Communication from the Commission to the European Parliament, the Council and the European Central Bank on “Tackling non-performing loans in the aftermath of the COVID-19 pandemic” COM/2020/822 final.</p>	<p>Plan on Non-Performing Loans (NPLs)¹, which invited EBA to enhance disclosure requirements on asset quality and non-performing loans for all credit institutions. This is also fully consistent with the Communication on tackling non-performing loans in the aftermath of the COVID-19 pandemic².</p> <p>1. ECOFIN Council “Action Plan to Tackle Non-Performing Loans in Europe”, July 2017. Council conclusions on Action plan to tackle non-performing loans in Europe - Consilium (europa.eu) 2. Communication from the Commission to the European Parliament, the Council and the European Central Bank on “Tackling non-performing loans in the aftermath of the COVID-19 pandemic” COM/2020/822 final.</p>
Rec. 38	55	<p>(38) It is necessary to reduce the compliance burden for disclosure purposes and to enhance the comparability of disclosures. EBA should therefore establish a centralised web-based platform that enables the disclosure of information and data submitted by</p>	<p>(38) It is necessary to reduce the compliance burden for disclosure purposes and to enhance the comparability of disclosures. EBA should therefore establish a centralised web-based platform that enables the disclosure of information and data submitted by institutions. That</p>	<p>(38) It is necessary to reduce the compliance burden for disclosure purposes and to enhance the comparability of disclosures. EBA should therefore establish a centralised web-based platform that enables the disclosure of information and data submitted by institutions. That</p>

		Commission Proposal	Council Mandate	EP Mandate
		institutions. That centralised web-platform should serve as a single access point on institutions' disclosures, while ownership of the information and data and the responsibility for their accuracy should remain with the institutions that produce it. The centralisation of the publication of disclosed information should be fully consistent with the Capital Market Union Action Plan and represents further step towards the development of an EU-wide single access point for companies' financial and sustainable investment-related information.	centralised web-platform should serve as a single access point on institutions' disclosures, while ownership of the information and data and the responsibility for their accuracy should remain with the institutions that produce it. The centralisation of the publication of disclosed information should be fully consistent with the Capital Market Union Action Plan and represents further step towards the development of an EU-wide single access point for companies' financial and sustainable investment-related information.	centralised web-platform should serve as a single access point on institutions' disclosures, while ownership of the information and data and the responsibility for their accuracy should remain with the institutions that produce it. The centralisation of the publication of disclosed information should be fully consistent with the Capital Market Union Action Plan and represents further step towards the development of an EU-wide single access point for companies' financial and sustainable investment-related information.
Rec. 39	56	(39) To allow for a greater integration of supervisory reporting and disclosures, EBA should publish institutions' disclosures in a centralised manner, while respecting the right of all institutions to publish data and information themselves. Such centralised disclosures should allow EBA to publish the disclosures of small and non-complex institutions, based on the information reported by those institutions to competent authorities and should thus significantly reduce the administrative burden to which those small and non-complex institutions are subject. At the same time, the centralisation of disclosures should have	(39) To allow for a greater integration of supervisory reporting and disclosures, EBA should publish institutions' disclosures in a centralised manner, while respecting the right of all institutions to publish data and information themselves. Such centralised disclosures should allow EBA to publish the disclosures of small and non-complex institutions, based on the information reported by those institutions to competent authorities and should thus significantly reduce the administrative burden to which those small and non-complex institutions are subject. At the same time, the centralisation of disclosures should have no cost impact for	(39) To allow for a greater integration of supervisory reporting and disclosures, EBA should publish institutions' disclosures in a centralised manner, while respecting the right of all institutions to publish data and information themselves. Such centralised disclosures should allow EBA to publish the disclosures of small and non-complex institutions, based on the information reported by those institutions to competent authorities and should thus significantly reduce the administrative burden to which those small and non-complex institutions are subject. At the same time, the centralisation of disclosures should have no cost impact for other institutions, and

		Commission Proposal	Council Mandate	EP Mandate
		no cost impact for other institutions, and increase transparency and reduce the cost for market participants to access prudential information. Such increased transparency should facilitate comparability of data across institutions and promote market discipline.	other institutions, and increase transparency and reduce the cost for market participants to access prudential information for market participants . Such increased transparency should facilitate comparability of data across institutions and promote market discipline.	increase transparency and reduce the cost for market participants to access prudential information. Such increased transparency should facilitate comparability of data across institutions and promote market discipline.
Rec. 40	57	(40) To ensure convergence across the Union and a uniform understanding of the environmental, social and governance (ESG) factors and risks, general definitions should be laid down. The exposure to ESG risks is not necessarily proportional to an institution's size and complexity. Level of exposures across the Union are also quite heterogeneous, with some countries showing potential mild transitional impacts and others showing potential high transitional impacts on exposures related to activities that have a significant negative impact on the environment. The transparency requirements that institutions are subject and the sustainability reporting requirements laid down in other pieces of existing legislation in the Union will provide more granular data in a few	(40) <u>Achieving the environmental and climate ambitions of the European Green Deal and contributing to the UN's 2030 Agenda for Sustainable Development requires the channelling of large amounts of investments from the private sector towards sustainable investments in the Union. The provisions of Regulation (EU) No 575/2013 on the capital requirements for credit institutions should reflect the importance of the environmental, social and governance (ESG) factors and a full understanding of risks of the exposures to activities that are linked to overall sustainability or ESG objectives.</u> To ensure convergence across the Union and a uniform understanding of the environmental, social and governance (ESG) factors and risks, general	(40) To ensure convergence across the Union and a uniform understanding of the environmental, social and governance (ESG) factors and risks, general definitions should be laid down. <i>Assets or activities subject to impacts from environmental and/or social factors should be defined by reference to the ambition of the Union to become climate-neutral by 2050 as set out in the EU Climate Law, the EU Nature Restoration Law, and the relevant sustainability goals of the Union. The technical screening criteria for 'do no significant harm' adopted in accordance with Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council⁵, as well as specific Union legislation to avert climate change, environmental degradation and biodiversity loss should be used to identify</i>

⁵ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

		Commission Proposal	Council Mandate	EP Mandate
		<p>years. However, to properly assess the ESG risks that institutions may face, it is imperative that markets and supervisors obtain adequate data from all entities exposed to those risks, independently of their size. In order to ensure that competent authorities have at their disposal data that are granular, comprehensive and comparable for an effective supervision, information on exposures to ESG risks should be included in the supervisory reporting of institutions. The scope and granularity of that information should be consistent with the principle of proportionality, having regard to the size and complexity of the institutions.</p>	<p>definitions should be laid down. The exposure to ESG risks is not necessarily proportional to an institution's size and complexity. <u>ESG factors refer to environmental, social or governance factors that may have a positive or negative impact on the financial performance or solvency of an entity, sovereign or individual. Common examples of ESG factors include, among others, greenhouse gas emissions, biodiversity and water use and consumption in the area of environment; human rights, and labour and workforce considerations in the area of social; and rights and responsibilities of senior staff members and remuneration in the area of governance.</u></p> <p>Level of exposures across the Union are also quite heterogeneous, with some countries showing potential mild transitional impacts and others showing potential high transitional impacts on exposures related to activities that have a significant negative impact on the environment. The transparency requirements that institutions are subject and the sustainability reporting requirements laid down in other pieces of existing legislation in the Union will provide more granular data in a few years. However, to properly assess the ESG risks that institutions may face, it is imperative</p>	<p><i>assets or exposures for the purpose of assessing dedicated prudential treatments and risk differentials.</i> The exposure to ESG risks is not necessarily proportional to an institution's size and complexity. Level of exposures across the Union are also quite heterogeneous, with some countries showing potential mild transitional impacts and others showing potential high transitional impacts on exposures related to activities that have a significant negative impact on the environment. The transparency requirements that institutions are subject and the sustainability reporting requirements laid down in other pieces of existing legislation in the Union will provide more granular data in a few years. However, to properly assess the ESG risks that institutions may face, it is imperative that markets and supervisors obtain adequate data from all entities exposed to those risks, independently of their size, <i>including on the pool of loans underlying covered bonds issued by institutions.</i> In order to ensure that competent authorities have at their disposal data that are granular, comprehensive and comparable for an effective supervision, information on exposures to ESG risks should be included in the supervisory reporting of institutions. The scope and granularity of that information should be consistent with the principle of proportionality, having regard to the size and complexity of the</p>

		Commission Proposal	Council Mandate	EP Mandate
			that markets and supervisors obtain adequate data from all entities exposed to those risks, independently of their size. In order to ensure that competent authorities have at their disposal data that are granular, comprehensive and comparable for an effective supervision, information on exposures to ESG risks should be included in the supervisory reporting of institutions. The scope and granularity of that information should be consistent with the principle of proportionality, having regard to the size and complexity of the institutions.	institutions.
Rec. 40a (new)	58		<u>(40a) The levels of exposures to ESG risks across the Union are also quite heterogeneous, with some countries showing potential mild transitional impacts and others showing potential high transitional impacts on exposures related to activities that have a significant negative impact namely on the environment. The transparency requirements that institutions are subject to and the public sustainability disclosure requirements laid down in other pieces of existing Union legislation will provide more granular data in a few years. However, to properly assess the ESG risks that institutions may face, it is imperative that markets and competent authorities obtain adequate data from all entities exposed to those</u>	<i>(40a) Level of exposures across the Union are also quite heterogeneous, with some countries showing potential mild transitional impacts and others showing potential high transitional impacts on exposures related to activities that have a significant negative impact on the environment. The transparency requirements that institutions are subject to and the sustainability reporting requirements laid down in other pieces of Union legislation will provide more granular data in a few years. However, to properly assess the ESG risks that institutions might face, it is essential that markets and supervisors obtain adequate data from all entities exposed to those risks, irrespective of their size. In order to ensure that competent authorities have at</i>

		Commission Proposal	Council Mandate	EP Mandate
			<u>risks. In order to ensure that competent authorities have at their disposal data that are granular, comprehensive and comparable for an effective supervision, information on exposures to ESG risks should be included in the supervisory reporting of institutions. To guarantee a comprehensive transparency to the markets, disclosures of ESG risks should also be extended to all institutions. The granularity of that information should be consistent with the principle of proportionality, having regard to the size and complexity of the institution and the materiality of its exposures to ESG risks.</u>	<i>their disposal data that are granular, comprehensive and comparable for an effective supervision, information on exposures to ESG risks should be included in the supervisory reporting of institutions. The scope and granularity of that information should be consistent with the principle of proportionality, and should have regard to the size and complexity of the institutions.</i>
Rec. 41	59	(41) As the transition of the Union economy towards a sustainable economic model is gaining momentum, sustainability risks become more prominent and will potentially require further consideration. It is therefore necessary to bring forward by 2 years EBA's mandate to assess and report on whether a dedicated prudential treatment of exposures related to assets or activities substantially associated with environmental or social objectives would be justified.	(41) <u>While there is not sufficient empirical evidence at this stage on risk differentials between environmentally or socially sustainable and/or harmful exposures and other exposures, such evidence may become available over the next years.</u> As the transition of the Union economy towards a sustainable economic model is gaining momentum, sustainability risks become more prominent and will potentially require further consideration <u>including an appropriate assessment of the relevant evidence.</u> It is therefore necessary to bring forward by 2 years EBA's mandate to assess and report on whether a dedicated prudential treatment of exposures related	(41) As the transition of the Union economy towards a sustainable economic model is gaining momentum, sustainability risks become more prominent and will potentially require further consideration. <i>According to the International Energy Agency, to reach the carbon neutrality objective by 2050, no new fossil fuel exploration and expansion can take place. This means that fossil fuel exposures represent a higher risk both at micro level, as the value of such assets is set to decrease over time, and at macro level as financing fossil fuel activities jeopardises the objective of maintaining the global rise of temperature below 1,5°C and therefore threatens the financial stability.</i>

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			to assets or activities substantially associated with environmental or social objectives would be justified.	It is therefore necessary to bring forward by 2 years EBA's mandate to assess and report on whether a dedicated prudential treatment of exposures related to assets or activities substantially associated with environmental or social objectives would be justified <i>from a risk-based perspective</i> . <i>However, only after the completion of this accelerated report and the ongoing climate stress tests would it be justified to potentially propose a dedicated prudential treatment for these exposures.</i>
Rec. 41a (new)	60			<i>(41a) To ensure that any adjustments for exposures for infrastructure do not undermine the climate ambitions of the Union, departure from the risk-based approach of the banking framework should only take place when such exposures have shown a positive impact on the climate ambitions as set out in Regulation (EU) 2020/852.</i>
Rec. 42	61	(42) It is essential for supervisors to have the necessary empowerments to assess and measure in a comprehensive manner the risks to which a banking group is exposed at a consolidated level and to have the flexibility to adapt their supervisory approach to new sources of risks. It is important to avoid loopholes between prudential and accounting	(42) It is essential for supervisors to have the necessary empowerments to assess and measure in a comprehensive manner the risks to which a banking group is exposed at a consolidated level and to have the flexibility to adapt their supervisory approach to new sources of risks. It is important to avoid loopholes between prudential and accounting consolidation	(42) It is essential for supervisors to have the necessary empowerments to assess and measure in a comprehensive manner the risks to which a banking group is exposed at a consolidated level and to have the flexibility to adapt their supervisory approach to new sources of risks. It is important to avoid loopholes between prudential and accounting consolidation

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		consolidation which may give rise to transactions aimed at moving assets out of the scope of prudential consolidation, even though risks remain in the banking group. The lack of coherence in the definition of “parent undertaking”, “subsidiary” and “control” concepts, and the lack of clarity in the definition of “ancillary services undertaking”, “financial holding company” and “financial institution” make it more difficult for supervisors to apply the applicable rules consistently in the Union and to detect and appropriately address risks at a consolidated level. Those definitions should therefore be amended and further clarified. In addition, it is deemed appropriate for EBA to investigate further whether these empowerments of the supervisors might be unintendedly constrained by any remaining discrepancies or loopholes in the regulatory provisions or in their interaction with the applicable accounting framework.	which may give rise to transactions aimed at moving assets out of the scope of prudential consolidation, even though risks remain in the banking group. The lack of coherence in the definition of “parent undertaking”, “subsidiary” and “control” concepts, and the lack of clarity in the definition of “ancillary services undertaking”, “financial holding company” and “financial institution” make it more difficult for supervisors to apply the applicable rules consistently in the Union and to detect and appropriately address risks at a consolidated level. Those definitions should therefore be amended and further clarified. In addition, it is deemed appropriate for EBA to investigate further whether these empowerments of the supervisors might be unintendedly constrained by any remaining discrepancies or loopholes in the regulatory provisions or in their interaction with the applicable accounting framework.	which may give rise to transactions aimed at moving assets out of the scope of prudential consolidation, even though risks remain in the banking group. The lack of coherence in the definition of “parent undertaking”, “subsidiary” and “control” concepts, and the lack of clarity in the definition of “ancillary services undertaking”, “financial holding company” and “financial institution” make it more difficult for supervisors to apply the applicable rules consistently in the Union and to detect and appropriately address risks at a consolidated level. Those definitions should therefore be amended and further clarified. In addition, it is deemed appropriate for EBA to investigate further whether these empowerments of the supervisors might be unintendedly constrained by any remaining discrepancies or loopholes in the regulatory provisions or in their interaction with the applicable accounting framework.
Rec. 42a (new)	62			<i>(42a) The rapid increase in the financial markets’ activity on crypto-assets and the potentially increasing involvement of institutions in crypto-assets related activities should be thoroughly reflected in the Union prudential framework, in</i>

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				<i>order to adequately mitigate the risks of these instruments for the institutions' financial stability. This is even more urgent in light of the recent adverse developments in the crypto-assets markets. The existing prudential rules are not designed to adequately capture the risks inherent to crypto-assets. The recently published BCBS standards on the prudential treatment of crypto-asset exposures, to be implemented by 1 January 2025, provide a dedicated prudential treatment that should be implemented in Union law in a timely manner. The Commission should follow up on these developments and, if appropriate, adopt a legislative proposal by 31 December 2024, to transpose the different elements of the BCBS standards into Union law. Until the legislative proposal is adopted, institutions' exposure to crypto-assets should apply prudent own funds requirements.</i>
Rec. 43	63	(43) The lack of clarity of certain aspects of the minimum haircut floors framework for securities financing transactions (SFTs), developed by the BCBS in 2017 as part of the final Basel III reforms, as well as reservations about the economic justification of applying it to certain types of SFTs have raised the question of whether the prudential objectives of this	(43) The lack of clarity of certain aspects of the minimum haircut floors framework for securities financing transactions (SFTs), developed by the BCBS in 2017 as part of the final Basel III reforms, as well as reservations about the economic justification of applying it to certain types of SFTs have raised the question of whether the prudential objectives of this	(43) The lack of clarity of certain aspects of the minimum haircut floors framework for securities financing transactions (SFTs), developed by the BCBS in 2017 as part of the final Basel III reforms, as well as reservations about the economic justification of applying it to certain types of SFTs have raised the question of whether the prudential objectives of this

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		framework could be attained without creating undesirable consequences. The Commission should therefore reassess the implementation of the minimum haircut floors framework for SFTs in Union law by [OP please insert date = 24 months after entry into force of this Regulation]. In order to provide the Commission with sufficient evidence, EBA, in close cooperation with ESMA, should report to the Commission on the impact of that framework, and on the most appropriate approach for its implementation in Union law.	framework could be attained without creating undesirable consequences. The Commission should therefore reassess the implementation of the minimum haircut floors framework for SFTs in Union law by [OP please insert date = 24 months after entry into force of this Regulation]. In order to provide the Commission with sufficient evidence, EBA, in close cooperation with ESMA, should report to the Commission on the impact of that framework, and on the most appropriate approach for its implementation in Union law.	framework could be attained without creating undesirable consequences. The Commission should therefore reassess the implementation of the minimum haircut floors framework for SFTs in Union law by [OP please insert date = 24 months after entry into force of this Regulation]. In order to provide the Commission with sufficient evidence, EBA, in close cooperation with ESMA, should report to the Commission on the impact of that framework, and on the most appropriate approach for its implementation in Union law.
Rec. 43a (new)	64		<u>(43a) Under the final Basel III reforms, the very short-term nature of SFTs might not be well reflected in the Standardised Approach for credit risk, leading to own funds requirements calculated under this approach that could be excessively higher than own funds requirements calculated under the IRB approach. As a result, and also given the introduction of the output floor, the own funds requirements calculated for those exposures could significantly increase, affecting the liquidity of debt and securities markets, including the sovereign debt markets. The EBA shall therefore report on the appropriateness and the impact of the credit risk standards under the final Basel III reforms for securities</u>	

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			<u>financing transactions, and specifically whether an adjustment of EU rules related to the Standardised Approach for credit risk of those exposures would be warranted to reflect their short-term nature.</u>	
Rec. 44	65	(44) The Commission should transpose into Union law the revised standards for the capital requirements for CVA risks, published by the BCBS in July 2020, as these standards overall improve the calculation of own funds requirement for CVA risk by addressing several previously observed issues, in particular that the existing CVA capital requirements framework fails to appropriately capture CVA risk.	(44) The Commission should transpose into Union law the revised standards for the capital requirements for CVA risks, published by the BCBS in July 2020, as these standards overall improve the calculation of own funds requirement for CVA risk by addressing several previously observed issues, in particular that the existing CVA capital requirements framework fails to appropriately capture CVA risk.	(44) The Commission should transpose into Union law the revised standards for the capital requirements for CVA risks, published by the BCBS in July 2020, as these standards overall improve the calculation of own funds requirement for CVA risk by addressing several previously observed issues, in particular that the existing CVA capital requirements framework fails to appropriately capture CVA risk.
Rec. 45	66	(45) When implementing the initial Basel III reforms in Union law through the CRR, certain transactions were exempted from the calculation of capital requirements for CVA risk. These exemptions were agreed to prevent a potential excessive increase in the cost of some derivative transactions triggered by the introduction of the capital requirement for CVA risk, particularly when banks could not mitigate the CVA risk of certain clients that were not able to exchange collateral. According to	(45) When implementing the initial Basel III reforms in Union law through the CRR, certain transactions were exempted from the calculation of capital requirements for CVA risk. These exemptions were agreed to prevent a potential excessive increase in the cost of some derivative transactions triggered by the introduction of the capital requirement for CVA risk, particularly when banks could not mitigate the CVA risk of certain clients that were not able to exchange collateral. According to estimated impacts calculated by EBA, the	(45) When implementing the initial Basel III reforms in Union law through the CRR, certain transactions were exempted from the calculation of capital requirements for CVA risk. These exemptions were agreed to prevent a potential excessive increase in the cost of some derivative transactions triggered by the introduction of the capital requirement for CVA risk, particularly when banks could not mitigate the CVA risk of certain clients that were not able to exchange collateral. According to estimated impacts calculated by EBA, the

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		estimated impacts calculated by EBA, the capital requirements for CVA risk under the revised Basel standards would remain unduly high for the exempted transactions with these clients. To ensure that banks' clients continue hedging their financial risks via derivative transactions, the exemptions should be maintained when implementing the revised Basel standards.	capital requirements for CVA risk under the revised Basel standards would remain unduly high for the exempted transactions with these clients. To ensure that banks' clients continue hedging their financial risks via derivative transactions, the exemptions should be maintained when implementing the revised Basel standards.	capital requirements for CVA risk under the revised Basel standards would remain unduly high for the exempted transactions with these clients. To ensure that banks' clients continue hedging their financial risks via derivative transactions, the exemptions should be maintained when implementing the revised Basel standards.
Rec. 46	67	(46) However, the actual CVA risk of the exempted transactions may be a source of significant risk for banks applying those exemptions; if those risks materialise, the banks concerned could suffer significant losses. As EBA highlighted in their report on CVA from February 2015, the CVA risks of the exempted transactions raise prudential concerns that are not being addressed under CRR. To help supervisors monitor the CVA risk arising from the exempted transactions, institutions should report the calculation of capital requirements for CVA risks of the exempted transactions that would be required if those transactions were not exempted. In addition, EBA should develop guidelines to help supervisors identify excessive CVA risk and to improve the harmonisation of supervisory actions in	(46) However, the actual CVA risk of the exempted transactions may be a source of significant risk for banks applying those exemptions; if those risks materialise, the banks concerned could suffer significant losses. As EBA highlighted in their report on CVA from February 2015, the CVA risks of the exempted transactions raise prudential concerns that are not being addressed under CRR. To help supervisors monitor the CVA risk arising from the exempted transactions, institutions should report the calculation of capital requirements for CVA risks of the exempted transactions that would be required if those transactions were not exempted. In addition, EBA should develop guidelines to help supervisors identify excessive CVA risk and to improve the harmonisation of supervisory actions in this area across the EU.	(46) However, the actual CVA risk of the exempted transactions may be a source of significant risk for banks applying those exemptions; if those risks materialise, the banks concerned could suffer significant losses. As EBA highlighted in their report on CVA from February 2015, the CVA risks of the exempted transactions raise prudential concerns that are not being addressed under CRR. To help supervisors monitor the CVA risk arising from the exempted transactions, institutions should report the calculation of capital requirements for CVA risks of the exempted transactions that would be required if those transactions were not exempted. In addition, EBA should develop guidelines to help supervisors identify excessive CVA risk and to improve the harmonisation of supervisory actions in this area across the EU.

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		this area across the EU.		
Rec. 46a (new)	68		<p><u>(46a) To increase proportionality in the permission regime for the reduction of eligible liabilities instruments laid down in Regulation (EU) No 575/2013, which is also applicable to institutions and liabilities subject to the minimum requirement for own funds and eligible liabilities under Regulation (EU) No 806/2014⁶, institutions whose resolution plan provides for a winding up under normal insolvency proceedings should not be required to obtain the prior permission of the resolution authority to reduce eligible liabilities in those cases where the resolution authority has set a minimum requirement for own funds and eligible liabilities that does not exceeds the institution's own funds requirement as set out in Regulation (EU) No 575/2013 and Directive 2013/36/EU.</u></p> <p>¹ Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010.</p>	

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Rec. 47	69	(47) Regulation (EU) No 575/2013 should therefore be amended accordingly,	(47) Regulation (EU) No 575/2013 and Regulation (EU) No 806/2014 should therefore be amended accordingly,	(47) Regulation (EU) No 575/2013 should therefore be amended accordingly,
Form.	70	HAVE ADOPTED THIS REGULATION:	HAVE ADOPTED THIS REGULATION:	HAVE ADOPTED THIS REGULATION:
	71		2021/0342 (COD) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (Text with EEA relevance)	
Art. 1	72	Article 1 Amendments to Regulation (EU) No 575/2013	Article 1 Amendments to Regulation (EU) No 575/2013	Article 1 Amendments to Regulation (EU) No 575/2013
Art. 1- para.1- intr. part.	73	Regulation (EU) No 575/2013 is amended as follows:	Regulation (EU) No 575/2013 is amended as follows:	Regulation (EU) No 575/2013 is amended as follows:

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Art. 1 - para 1 - point 1 - intr. part.	74	(1) in Article 4, paragraph 1 is amended as follows:	(1) in Article 4, paragraph 1 is amended as follows:	(1) in Article 4, paragraph 1 is amended as follows:
Art. 1 - para. 1 - point a (new)	75		<u>(a) point (12) is deleted;</u>	<i>(-a) point (12) is deleted</i>
Art. 1- para. 1 - point a	76	(a) points (15) and (16) are replaced by the following:	(a) points (15) and (16) are replaced by the following:	(a) points (15) and (16) are replaced by the following:
Art. 1 - para 1 - point 1 a - Art. 4 - point 15	77	(15) 'parent undertaking' means an undertaking that controls, in the meaning of point (37), one or more undertakings;	(15) 'parent undertaking' means an undertaking that controls, in the meaning of point (37), one or more undertakings;	(15) 'parent undertaking' means an undertaking that controls, in the meaning of point (37), one or more undertakings;
Art. 1- para. 1 - point 1a - Art. 4 - point 16	78	(16) 'subsidiary' means an undertaking that is controlled, in the meaning of point (37), by another undertaking;;	(16) 'subsidiary' means an undertaking that is controlled, in the meaning of point (37), by another undertaking. <u>Subsidiaries of subsidiaries shall also be considered to be subsidiaries of the undertaking that is their original parent undertaking;</u>	(16) 'subsidiary' means an undertaking that is controlled, in the meaning of point (37), by another undertaking;;
Art. 1 -para. 1 - point 1 b -intr. part.	79	(b) point (18) is replaced by the following:	(b) point (18) is replaced by the following:	(b) point (18) is replaced by the following:

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Art. 1- para. 1 - point 1 b - Art.4 - para 1 - point 18 - intr. part	80	(18) ‘ancillary services undertaking’ means an undertaking the principal activity of which, whether provided to undertakings inside the group or to clients outside the group, the competent authority considers to be any of the following:	‘(18) ‘ancillary services undertaking’ means an undertaking the principal activity of which, whether provided to undertakings inside the group or to clients outside the group, the competent authority considers to be consists of any of the following:	[ERRATA: The words ‘the competent authority’ have been deleted] (18) ‘ancillary services undertaking’ means an undertaking the principal activity of which, whether provided to undertakings inside the group or to clients outside the group, is any of the following:
Art. 1- para. 1 - point 1 b - Art.4 - para 1 - point 18 - subpoint a	81	(a) a direct extension of banking;	(a) a direct extension of banking;	(a) a direct extension of banking;
Art. 1- para. 1 - point 1 b - Art.4 - para 1 - point 18 - subpoint b	82	(b) operational leasing, factoring, the management of unit trusts, the ownership or management of property, the provision of data processing services or any other activity that is ancillary to banking;	(b) operational leasing, factoring, the management of unit trusts, the ownership or management of property, the provision of data processing services or any other activity that is insofar as those activities are ancillary to banking;	(b) operational leasing, factoring, the management of unit trusts, the ownership or management of property, the provision of data processing services or any other activity that is ancillary to banking;
Art. 1- para. 1 - point 1 b - Art.4 - para 1 - point 18 - subpoint c	83	(c) any other activity considered similar by EBA to those mentioned in points (a) and (b);;	(c) any other activity considered similar by EBA to those mentioned in points (a) and (b);-;	(c) any other activity considered similar by EBA to those mentioned in points (a) and (b);;
Art. 1- para. 1- point 1 c - intr. part	84	(c) point (20) is replaced by the following:	(c) point (20) is replaced by the following:	(c) point (20) is replaced by the following:

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Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20- intr. part</i>	85	‘ (20) ‘financial holding company’ means an undertaking fulfilling all of the following conditions:	‘(20) ‘financial holding company’ means an undertaking fulfilling all of the following conditions:	‘ (20) ‘financial holding company’ means an undertaking fulfilling all of the following conditions:
Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20 - subpoint. a</i>	86	(a) the undertaking is a financial institution;	(a) the undertaking is a financial institution;	(a) the undertaking is a financial institution;
Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20 - subpoint. b</i>	87	(b) the undertaking is not a mixed financial holding company;	(b) the undertaking is not a mixed financial holding company;	(b) the undertaking is not a mixed financial holding company;
Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20 - subpoint c</i>	88	(c) at least one subsidiary of that undertaking is an institution;	(c) at least one subsidiary of that undertaking is an institution-;	(c) at least one subsidiary of that undertaking is an institution;
Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20 - subpoint. d - intr. part</i>	89	(d) more than 50 % of any of the following indicators are associated, on a steady basis, with subsidiaries that are institutions or financial institutions, and with activities performed by the undertaking itself that are not related to the acquisition or owning of holdings in subsidiaries when those activities are of	(d) more than 50 % of any of the following indicators are associated, –a steady basis on a steady basis , with subsidiaries that are institutions or financial institutions, and with activities performed by the undertaking itself that are not related to the acquisition or owning of holdings in subsidiaries when	(d) more than 50 % of any of the following indicators are associated, on a steady basis, with subsidiaries that are institutions or financial institutions, and with activities performed by the undertaking itself that are not related to the acquisition or owning of holdings in subsidiaries when those activities are of the same nature as the ones

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		the same nature as the ones performed by institutions or financial institutions:	those activities are of the same nature as the ones performed by institutions or financial institutions:	performed by institutions or financial institutions:
Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20 d - subpoint i</i>	90	(i) the undertaking's equity based on its consolidated situation;	(i) the undertaking's equity based on its consolidated situation;	(i) the undertaking's equity based on its consolidated situation;
Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20 d - subpoint ii</i>	91	(ii) the undertaking's assets based on its consolidated situation;	(ii) the undertaking's assets based on its consolidated situation;	(ii) the undertaking's assets based on its consolidated situation;
Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20 d - subpoint iii</i>	92	(iii) the undertaking's revenues based on its consolidated situation;	(iii) the undertaking's revenues based on its consolidated situation;	(iii) the undertaking's revenues based on its consolidated situation;
Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20 d - subpoint iv</i>	93	(iv) the undertaking's personnel based on its consolidated situation;	(iv) the undertaking's personnel based on its consolidated situation;	(iv) the undertaking's personnel based on its consolidated situation;
Art. 1- para. 1-point 1 c- <i>Art.4 - para 1 - point 20 d - subpoint v</i>	94	(v) other indicator considered relevant by the competent authority;;	(iv) other indicator indicators considered relevant by the competent authority; ² ;	(v) other indicator considered relevant by the competent authority;;
Art. 1- para. 1-point 1 c-	95		<u>The competent authority may disregard one of the indicators referred to under</u>	

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Art.4 - para 1 - point 20 - subpara 2			<u>points (i), (ii) and (iii) of the first subparagraph if it sees reasons why in the specific case considered this indicator does not convey a fair and true view of the main activities and risks of the group. The competent authority shall notify the EBA without delay of any decision falling under the first sentence. That notification shall contain a substantiated and detailed qualitative and quantitative justification of why the application of the concerned indicator was no longer considered appropriate, why the undertaking does not exceed that indicator substantially and why the indicator did not convey a fair and true view of the main activities and risks of the group.’;</u>	
Art. 1- para. 1- point 1 d- intr. part	96	(d) the following point (20a) is inserted:	(d) the following point (20a) is inserted:	(d) the following point (20a) is inserted:
Art. 1- para. 1- point 1 d- Art. 4 – para. 1 – point 20a	97	<p>(20a) ‘investment holding company’ means an investment holding company as defined in Article 4(1), point (23), of Regulation (EU) 2019/2033 of the European Parliament and of the Council¹;</p> <p>1. Regulation (EU) 2019/2033 of the European</p>	<p>(20a) ‘investment holding company’ means an investment holding company as defined in Article 4(1), point (23), of Regulation (EU) 2019/2033 of the European Parliament and of the Council¹;</p> <p>1. Regulation (EU) 2019/2033 of the European</p>	<p>(20a) ‘investment holding company’ means an investment holding company as defined in Article 4(1), point (23), of Regulation (EU) 2019/2033 of the European Parliament and of the Council¹;</p> <p>1. Regulation (EU) 2019/2033 of the European</p>

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		Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).	Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).	Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).
Art. 1- para. 1- point 1 e- intr. part	98	(e) point (26) is replaced by the following:	(e) point (26) is replaced by the following:	(e) point (26) is replaced by the following:
Art. 1- para. 1- point 1 e- Art. 4 – para. 1 – point 26- intr. part	99	‘ (26) ‘financial institution’ means an undertaking that meets both of the following conditions:	‘ (26) ‘financial institution’ means an undertaking that meets both of the following conditions:	‘ (26) ‘financial institution’ means an undertaking that meets both of the following conditions:
Art. 1- para. 1- point 1 e- Art. 4 – para. 1 – point 26 - subpoint. a	100	(a) the undertaking is not an institution, a pure industrial holding company, an insurance holding company or a mixed-activity insurance holding company as defined in Article 212(1), points (f) and (g), of Directive 2009/138/EC;	(a) the undertaking is not an institution, a pure industrial holding company, <u>or an insurance holding company or a mixed-activity insurance holding company or a mixed- activity insurance holding company as defined in Article 212(1), point (f) and (g), of Directive 2009/138/EC except in case where a mixed- activity insurance holding company has a subsidiary institution or a SSPE</u> ;	(a) the undertaking is not an institution, a pure industrial holding company, an insurance holding company or a mixed-activity insurance holding company as defined in Article 212(1), points (f) and (g), of Directive 2009/138/EC;
Art. 1- para. 1- point 1 e- Art. 4 –	101	(b) the undertaking fulfils any of the following conditions:	(b) the undertaking fulfils any of the following conditions:	(b) the undertaking fulfils any of the following conditions:

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<i>para. 1 – point 26 – subpoint b – intr. part</i>				
Art. 1- para. 1- point 1 e- Art. 4 – para. 1 – point 26 b – subpoint i	102	<p>(i) the principal activity of the undertaking is to acquire or own holdings or to pursue one or more of the activities listed Annex I, points 2 to 12 and point 15, to Directive 2013/36/EU, or to pursue one or more of the services or activities listed in Annex I, Section 1 or B, to Directive 2014/65/EU of the European Parliament and of the Council¹ in relation to financial instruments listed in Section C of that Annex to that Directive;</p> <p>1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).</p>	<p>(i) the principal activity of the undertaking is to acquire or own holdings or to pursue one or more of the activities listed <u>in</u> Annex I, points 2 to 12 and points 15-[17], to Directive 2013/36/EU, or to pursue one or more of the services or activities listed in Annex I, Section 1<u>A</u> or B, to Directive 2014/65/EU of the European Parliament and of the Council¹ in relation to financial instruments listed in Section C of that Annex to that Directive;</p> <p>1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).</p>	<p>(i) the principal activity of the undertaking is to acquire or own holdings or to pursue one or more of the activities listed Annex I, points 2 to 12 and point 15, to Directive 2013/36/EU, or to pursue one or more of the services or activities listed in Annex I, Section 1 or B, to Directive 2014/65/EU of the European Parliament and of the Council¹ in relation to financial instruments listed in Section C of that Annex to that Directive;</p> <p>1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).</p>
Art. 1- para. 1- point 1 e- Art. 4 – para. 1 – point 26 b – subpoint ii	103	<p>(ii) the undertaking is an investment firm, a mixed financial holding company, an investment holding company, a payment services provider within the meaning of Directive (EU) 2015/2366 of the European Parliament and of the Council¹, an asset management company or an ancillary services undertaking;;</p>	<p>(ii) the undertaking is an investment firm, a mixed financial holding company, an investment holding company, a payment services provider within the meaning <u>listed under Article 1(1)</u> of Directive (EU) 2015/2366¹, <u>but excluding the bodies and authorities referred to in Article 1(1) points (e) and (f)</u> of the</p>	<p>(ii) the undertaking is an investment firm, a mixed financial holding company, an investment holding company, a payment services provider within the meaning of Directive (EU) 2015/2366 of the European Parliament and of the Council¹, an asset management company or an ancillary services undertaking;;</p>

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		1. Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).	European Parliament and of the Council, an asset management company or an ancillary services undertaking;;	1. Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).
Art. 1 -para. 1 - point 1 f - intr. part	104	(f) the following point (26a) is inserted:	(f) the following point (26a) is inserted:	(f) the following point (26a) is inserted:
Art. 1- para. 1- point 1 f- <i>Art.4 - para. 1- point 26a - intr. part</i>	105	(26a) ‘pure industrial holding company’ means an undertaking that fulfils all of the following conditions:	(26a) ‘pure industrial holding company’ means an undertaking that fulfils all of the following conditions:	(26a) ‘pure industrial holding company’ means an undertaking that fulfils all of the following conditions:
Art. 1- para. 1- point 1 f- <i>Art.4 - para. 1- point 26a- subpoint a</i>	106	(a) the principal activity of the undertaking is to acquire or own holdings;	(a) the principal activity of the undertaking is to acquire or own holdings;	(a) the principal activity of the undertaking is to acquire or own holdings;
Art. 1 - para. 1- point 1 f- <i>Art.4 - para. 1- point 26a- subpoint b</i>	107	(b) neither the undertaking nor any of the undertakings in which it owns participations are referred to in point (27), points (a), (d), (e), (f), (g), (h), (k)	(b) neither the undertaking nor any of the undertakings in which it owns participations are referred to in point (27), points (a), (d), (e), (f), (g), (h), (k) and (l);	(b) neither the undertaking nor any of the undertakings in which it owns participations are referred to in point (27), points (a), (d), (e), (f), (g), (h), (k) and (l);

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		and (l);	<u>(b) the undertaking is not referred to in point (27), points (a) or (d) to (l) and is not an investment firm, or an asset management company or a payment services provider listed under Article 1(1) of Directive (EU) 2015/2366, but excluding the bodies and authorities referred to in Article 1(1), points (e) and (f) of the Directive (EU) 2015/2366;</u>	
Art. 1- para. 1- point 1 f- Art.4 - para. 1- point 26a-subpointc	108	(c) neither the undertaking nor any of the undertakings in which it own participations perform as a principal activity any of the activities listed in Annex I to Directive 2013/36/EU, any of the activities listed in Annex I, Sections A or B, to Directive 2014/65/EU in relation to financial instruments listed in Section C of that Annex to that Directive, or are investment firms, payment services providers within the meaning of Directive (EU) 2015/2366, asset management companies, or ancillary services undertakings;;	(c) neither the undertaking nor any of the undertakings in which it own participations perform as a principal activity any of the activities listed in Annex I to Directive 2013/36/EU, any of the activities listed in Annex I, Sections A or B, to Directive 2014/65/EU in relation to financial instruments listed in Section C of that Annex to that Directive, or are investment firms, payment services providers within the meaning of Directive (EU) 2015/2366 of the European Parliament and of the Council, asset management companies, or ancillary services undertakings;; <u>(c) none of the undertakings in which it owns participations are referred to in point (27);;</u>	(c) neither the undertaking nor any of the undertakings in which it own participations perform as a principal activity any of the activities listed in Annex I to Directive 2013/36/EU, any of the activities listed in Annex I, Sections A or B, to Directive 2014/65/EU in relation to financial instruments listed in Section C of that Annex to that Directive, or are investment firms, payment services providers within the meaning of Directive (EU) 2015/2366, asset management companies, or ancillary services undertakings;;
Art. 1- para. 1- point 1 g	109	(g) in point (27), point (c) is deleted;	(g) in point (27), point (c) is deleted;	(g) in point (27), point (c) is deleted;

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Art. 1- para. 1- point 1 h - intr. part	110	(h) point (28) is replaced by the following:	(h) point (28) is replaced by the following:	(h) point (28) is replaced by the following:
Art. 1- para. 1- point 1 h - Art.4 - para. 1- point 28	111	‘ (28) ‘parent institution in a Member State’ means an institution in a Member State which has an institution or a financial institution as a subsidiary, or which holds a participation in an institution, financial institution or ancillary services undertaking, and which is not itself a subsidiary of another institution authorised in the same Member State, or of a financial holding company or mixed financial holding company set up in the same Member State;; ’	‘ (28) ‘parent institution in a Member State’ means an institution in a Member State which has an institution or a financial institution as a subsidiary, or which holds a participation in an institution, or financial institution or ancillary services undertaking , and which is not itself a subsidiary of another institution authorised in the same Member State, or of a financial holding company or mixed financial holding company set up in the same Member State;; ’	‘ (28) ‘parent institution in a Member State’ means an institution in a Member State which has an institution or a financial institution as a subsidiary, or which holds a participation in an institution or financial institution ■ , and which is not itself a subsidiary of another institution authorised in the same Member State, or of a financial holding company or mixed financial holding company set up in the same Member State;; ’
Art. 1- para. 1- point 1 i - intr. part	112	(i) the following points (33a) and (33b) are inserted:	(i) the following points (33a) and (33b) are inserted:	(i) the following points (33a) and (33b) are inserted:
Art. 1- para. 1- point 1 i - Art.4 - para. 1- point 33a	113	‘ (33a) ‘stand-alone institution in the EU’ means an institution that is not subject to prudential consolidation pursuant to Part One, Title II, Chapter 2 in the EU, and ’	‘ (33a) ‘stand-alone institution in the EU’ means an institution that is not subject to prudential consolidation pursuant to Part One, Title II, Chapter 2 in the EU, and that ’	‘ (33a) ‘stand-alone institution in the EU’ means an institution that is not subject to prudential consolidation pursuant to Part One, Title II, Chapter 2 in the EU, and that ’

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		that has no EU parent undertaking subject to such prudential consolidation;	has no EU parent undertaking subject to such prudential consolidation;';	has no EU parent undertaking subject to such prudential consolidation;
Art. 1- para. 1- point 1 i- Art.4 - para. 2- point 33b- intr. part	114	(33b) 'stand-alone subsidiary institution in a Member State' means an institution that meets all of the following criteria:	(33b) 'stand-alone subsidiary institution in a Member State' means an institution that meets all of the following criteria:	(33b) 'stand-alone subsidiary institution in a Member State' means an institution that meets all of the following criteria:
Art. 1- para. 1- point 1 i Art.4 - para. 2- point 33b- subpoint a	115	(a) the institution is the subsidiary of an EU parent institution, an EU parent financial holding company or an EU parent mixed financial holding company;	(a) the institution is the subsidiary of an EU parent institution, an EU parent financial holding company or an EU parent mixed financial holding company;	(a) the institution is the subsidiary of an EU parent institution, an EU parent financial holding company or an EU parent mixed financial holding company;
Art. 1- para. 1- point 1 i Art.4 - para. 2- point 33b- subpoint b	116	(b) the institution is located in another Member State than its parent institution, parent financial holding company or parent mixed financial holding company;	(b) the institution is located in another Member State than its parent institution, parent financial holding company or parent mixed financial holding company;	(b) the institution is located in another Member State than its parent institution, parent financial holding company or parent mixed financial holding company;
Art. 1- para. 1- point 1 i Art.4 - para. 2- point 33b- subpoint c	117	(c) the institution has no subsidiary itself and does not hold any participation in an institution or financial institution;;	(c) the institution has no subsidiary itself and does not hold any participation in an institution or financial institution;';	(c) the institution has no subsidiary itself and does not hold any participation in an institution or financial institution;;
Art. 1- para. 1- point 1 i- intr.part (new)	118		<u>(i) point (35) is replaced by the following:</u>	

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Art. 1- para. 1- point 1 i- Art.4 - para. 1 - point 35 (new)	119		<u>‘(35) ‘participation’ means a participating interest within the meaning of Article 2(2) of Directive 2013/34/EU of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, or the ownership, direct or indirect, of 20 % or more of the voting rights or capital of an undertaking;’;</u>	
Art. 1- para. 1- point 1 j -	120	(j) in point (37) the reference to ‘Article 1 of Directive 83/349/EEC’ is replaced by a reference to ‘Article 22 of Directive 2013/34/EU’;	(j) in point (37) the reference to ‘Article 1 of Directive 83/349/EEC’ is replaced by a reference to ‘Article 22 of Directive 2013/34/EU’;	(j) in point (37) the reference to ‘Article 1 of Directive 83/349/EEC’ is replaced by a reference to ‘Article 22 of Directive 2013/34/EU’;
Art. 1- para. 1- point 1 k- intr. part	121	(k) point (52) is replaced by the following:	(k) point (52) is replaced by the following:	(k) point (52) is replaced by the following:
Art. 1- para. 1- point 1 k- Art.4 - para 1 - point 52	122	‘ (52) ‘operational risk’ means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk, model risk and ICT risk, but not strategic and reputational risk;; ’	‘ (52) ‘operational risk’ means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including but not limited to legal risk, model risk and ICT risk, but not excluding strategic and reputational risk;; ’	‘ (52) ‘operational risk’ means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including, but not limited to , legal risk, model risk and ICT risk, but excluding strategic and reputational risk;; ’

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 1 l - intr. part	123	(l) the following points (52a) to (52i) are inserted:	(l) the following points (52a) to (52i) are inserted:	(l) the following points (52a) to (52i) are inserted:
Art. 1- para. 1- point 1 l - Art.4 - para. 1- point 52a - intr. part	124	(52a) ‘legal risk’ means losses, including expenses, fines, penalties or punitive damages, caused by events that result in legal proceedings, including the following:	(52a) ‘legal risk’ means the risk of losses, including, but not limited to, expenses, fines, penalties or punitive damages, caused by events that result in legal proceedings, including the following:	(52a) ‘legal risk’ means the risk of losses, including, but not limited to, expenses, fines, penalties or punitive damages, which an institution may incur as a consequence of events that result in legal proceedings, including the following:
Art. 1- para. 1- point 1 l - Art.4 - para. 1- point 52a - subpoint a	125	(a) supervisory actions and private settlements;	(a) supervisory actions and private settlements;	(a) supervisory actions and private settlements;
Art. 1- para. 1- point 1 l - Art.4 - para. 1- point 52a - subpoint b	126	(b) failure to act where action is necessary to comply with a legal obligation;	(b) failure to act where action is necessary to comply with a legal obligation;	(b) failure to act where action is necessary to comply with a legal obligation;
Art. 1- para. 1- point 1 l - Art.4 - para. 1- point 52a - subpoint c	127	(c) action taken to avoid compliance with a legal obligation;	(c) action taken to avoid compliance with a legal obligation;	(c) action taken to avoid compliance with a legal obligation;
Art. 1- para. 1- point 1 l - Art.4 - para.	128	(d) misconduct events, which are events that arise from wilful or negligent	(d) misconduct events, which are events that arise from wilful or negligent	(d) misconduct events, which are events that arise from wilful or negligent

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1- point 52a - subpoint d		misconduct, including inappropriate supply of financial services;	misconduct, including inappropriate supply of financial services or inadequate information on the financial risk of products sold ;	misconduct, including inappropriate supply of financial services or where the institution does not follow the obligation to provide fair, clear and not misleading information to its retail clients in accordance with Article 24(3) of Directive 2014/65/EU ;
Art. 1- para. 1- point 1 l- Art.4 - para. 1- point 52a - subpoint e	129	(e) non-compliance with any requirement derived from national or international statutory or legislative provisions;	(e) non-compliance with any requirement derived from applicable national or international statutory or legislative provisions;	(e) non-compliance with any requirement derived from national or international statutory or legislative provisions;
Art. 1- para. 1- point 1 l- Art.4 - para. 1- point 52a - subpoint f	130	(f) non-compliance with any requirement derived from contractual arrangements, or with internal rules and codes of conduct established in accordance with national or international norms and practices;	(f) non-compliance with any requirement derived from contractual arrangements, or with internal rules and codes of conduct established in accordance with national or international norms and practices;	(f) non-compliance with any requirement derived from contractual arrangements, or with internal rules and codes of conduct established in accordance with national or international norms and practices;
Art. 1- para. 1- point 1 l- Art.4 - para. 1- point 52a - subpoint g	131	(g) non-compliance with ethical rules.	(g) non-compliance with ethical rules.	(g) non-compliance with ethical rules.
Art. 1- para. 1- point 1 l- Art.4 - para. 1- subpara. 1	132	Legal risk does not comprise refunds to third parties or employees and goodwill payments due to business opportunities, where no breach of any rules or ethical	Legal risk does not comprise refunds to third parties or employees and goodwill payments due to business opportunities, where no breach of any rules or ethical	Legal risk does not comprise refunds to third parties or employees and goodwill payments due to business opportunities, where no breach of any rules or ethical

		Commission Proposal	Council Mandate	EP Mandate
		conduct has occurred and where the institution has fulfilled its obligations on a timely basis; and external legal costs where the event giving rise to those external costs is not an operational risk event.	conduct has occurred and where the institution has fulfilled its obligations on a timely basis; and external legal costs where the event giving rise to those external costs is not an operational risk event.	conduct has occurred and where the institution has fulfilled its obligations on a timely basis; and external legal costs where the event giving rise to those external costs is not an operational risk event.
Art. 1- para. 1- point 1 1- Art.4 - para. 3- point 52b - intr. part	133	(52b) ‘model risk’ means the loss an institution may incur as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models, including the following:	(52b) ‘model risk’ means the risk of loss an institution may incur as a consequence of resulting from decisions that could be are principally based on the output of internal models, due to errors in the design , development, parameter estimation , implementation or use of such models, including the following:	(52b) ‘model risk’ means the risk of loss an institution may incur as a consequence of decisions that could be principally based on the output of internal models, due to errors in the design , development, implementation, use or monitoring of such models, including the following:
Art. 1- para. 1- point 1 1- Art.4 - para. 3- point 52b -subpoint a	134	(a) the improper set-up of a selected internal model and its characteristics;	(a) the improper set-up of a selected internal model and its characteristics;	(a) the improper set-up of a selected internal model and its characteristics;
Art. 1- para. 1- point 1 1- Art.4 - para. 3- point 52b -subpoint b	135	(b) the inadequate verification of a selected internal model’s suitability for the financial instrument to be evaluated or for the product to be priced, or of the selected internal model’s suitability for the applicable market conditions;	(b) the inadequate verification of a selected internal model’s suitability for the financial instrument to be evaluated or for the product to be priced, or of the selected internal model’s suitability for the applicable market conditions;	(b) the inadequate verification of a selected internal model’s suitability for the financial instrument to be evaluated or for the product to be priced, or of the selected internal model’s suitability for the applicable market conditions;
Art. 1- para. 1- point 1 1-	136			

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Art.4 - para. 3- point 52b -subpoint c		(c) errors in the implementation of a selected internal model;	(c) errors in the implementation of a selected internal model;	(c) errors in the implementation of a selected internal model;
Art. 1- para. 1- point 1 l- Art.4 - para. 3- point 52b -subpoint d	137	(d) incorrect mark-to-market valuations and risk measurement as a result of a mistake when booking a trade into the trading system;	(d) incorrect mark-to-market valuations and risk measurement as a result of a mistake when booking a trade into the trading system;	(d) incorrect mark-to-market valuations and risk measurement as a result of a mistake when booking a trade into the trading system;
Art. 1- para. 1- point 1 l- Art.4 - para. 3- point 52b -subpoint e	138	(e) the use of a selected internal model or of its outputs for a purpose for which that model was not intended or designed, including manipulation of the modelling parameters;	(e) the use of a selected internal model or of its outputs for a purpose for which that model was not intended or designed, including manipulation of the modelling parameters;	(e) the use of a selected internal model or of its outputs for a purpose for which that model was not intended or designed, including manipulation of the modelling parameters;
Art. 1- para. 1- point 1 l- Art.4 - para. 3- point 52b -subpoint f	139	(f) the untimely and ineffective monitoring of model performance to assess whether the selected internal model remains fit for purpose;	(f) the untimely and ineffective monitoring or validation of model performance or predictive ability to assess whether the selected internal model remains fit for purpose;	(f) the untimely and ineffective monitoring of model performance to assess whether the selected internal model remains fit for purpose;
Art. 1- para. 1- point 1 l- Art.4 - para. 4- point 52c	140	(52c) 'ICT risk' means the risk of losses or potential losses related to the use of network information systems or communication technology, including breach of confidentiality, failure of systems, unavailability or lack of integrity of data and systems, and cyber	(52c) 'ICT risk' means the risk of losses or potential losses related to the use of network information systems or communication technology, including breach of confidentiality, failure of systems, unavailability or lack of integrity of data and systems, and cyber risk any	(52c) 'ICT risk' means the risk of losses or potential losses related to any reasonable identifiable circumstances in relation to the use of network and information systems which, if materialised, may compromise the security of the network and information systems, of any

		Commission Proposal	Council Mandate	EP Mandate
		risk;	<u>reasonably identifiable circumstance in relation to the use of network and information systems which, if materialised, may compromise the security of the network and information systems, of any technology dependent tool or process, of operations and processes, or of the provision of services by producing adverse effects in the digital or physical environment;</u>	<i>technology dependent tool or process, of operations and processes, or of the provision of services by producing adverse effects in the digital or physical environment;</i>
Art. 1- para. 1- point 1 1- Art.4 - para. 5- point 52d	141	(52d) ‘environmental, social or governance (ESG) risk’ means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of environmental, social or governance (ESG) factors on the institution’s counterparties or invested assets;	(52d) ‘environmental, social or governance (ESG) risk’ means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of environmental, social or governance (ESG) factors on the institution’s counterparties or invested assets. <u>In this context, ESG risks are drivers of the existing risk categories, such as credit risk, operational risk and market risk;</u>	(52d) ‘environmental, social or governance risk’ or ‘ESG risk’ means the risk of any negative financial impact on the institution stemming from the current or prospective impacts of environmental, social or governance (ESG) factors on the institution’s counterparties or invested assets; <i>ESG risks materialise through the traditional categories of financial risks, including credit risk, market risk, operational and reputation risks, liquidity and funding risks;</i>
Art. 1- para. 1- point 1 1- Art.4 - para. 6- point 52e - intr. part	142	(52e) ‘environmental risk’ means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of environmental factors on the institution’s counterparties or invested assets, including factors related to the transition towards the following	(52e) ‘environmental risk’ means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of environmental factors on the institution’s counterparties or invested assets, including factors related to the transition towards the following	(52e) ‘environmental risk’ means the risk of any negative financial impact on the institution stemming from the current or prospective impacts of environmental factors on the institution’s counterparties or invested assets, including factors related to the transition towards the following environmental objectives:

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		environmental objectives:	environmental objectives mentioned in article 9 of Regulation (EU) 2020/852.	
Art. 1- para. 1- point 1 l- Art.4 - para. 6- point 52e - subpoint a	143	(a) climate change mitigation ;	(a) climate change mitigation ;	(a) climate change mitigation ;
Art. 1- para. 1- point 1 l- Art.4 - para. 6- point 52e - subpoint b	144	(b) climate change adaptation;	(b) climate change adaptation;	(b) climate change adaptation;
Art. 1- para. 1- point 1 l- Art.4 - para. 6- point 52e - subpoint c	145	(c) the sustainable use and protection of water and marine resources;	(c) the sustainable use and protection of water and marine resources;	(c) the sustainable use and protection of water and marine resources;
Art. 1- para. 1- point 1 l- Art.4 - para. 6- point 52e - subpoint d	146	(d) the transition to a circular economy;	(d) the transition to a circular economy;	(d) the transition to a circular economy;
Art. 1- para. 1- point 1 l- Art.4 - para. 6- point 52e - subpoint e	147	(e) pollution prevention and control;	(e) pollution prevention and control;	(e) pollution prevention and control;
Art. 1- para. 1- point 1 l- Art.4 - para. 6- point 52e	148	(f) the protection and restoration of biodiversity and ecosystems;	(f) the protection and restoration of biodiversity and ecosystems;	(f) the protection and restoration of biodiversity and ecosystems;

		Commission Proposal	Council Mandate	EP Mandate
- subpoint f				
Art. 1- para. 1- point 1 l- Art.4 - para. 6- point 52e - subpara. 2	149	Environmental risk includes both physical risk and transition risk.	Environmental risk includes both physical risk and transition risk.	Environmental risk includes both physical risk and transition risk.
Art. 1- para. 1- point 1 l- Art.4 - para. 7 - point 52f	150	(52f) ‘physical risk’, as part of the overall environmental risk, means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of the physical effects of environmental factors on the institution’s counterparties or invested assets;	(52f) ‘physical risk’, as part of the overall environmental risk, means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of the physical effects of environmental factors on the institution’s counterparties or invested assets;	(52f) ‘physical risk’, as part of the overall environmental risk, means the risk of ■ any negative financial impact on the institution stemming from the current or prospective impacts of the physical effects of environmental factors on the institution’s counterparties or invested assets;
Art. 1- para. 1- point 1 l- Art.4 - para. 8 - point 52g	151	(52g) ‘transition risk’, as part of the overall environmental risk, means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of the transition of business activities and sectors to an environmentally sustainable economy on the institution’s counterparties or invested assets;	(52g) ‘transition risk’, as part of the overall environmental risk, means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of the transition of business activities and sectors to an environmentally sustainable economy on the institution’s counterparties or invested assets;	(52g) ‘transition risk’, as part of the overall environmental risk, means the risk of ■ any negative financial impact on the institution stemming from the current or prospective impacts of the transition ■ to an environmentally sustainable economy on the institution’s counterparties or invested assets;
Art. 1- para. 1- point 1 l- Art.4 - para.	152	(52h) ‘social risk’ means the risk of losses arising from any negative financial	(52h) ‘social risk’ means the risk of losses arising from any negative financial impact	(52h) ‘social risk’ means the risk of ■ any negative financial impact on the institution

		Commission Proposal	Council Mandate	EP Mandate
9- point 52h		impact on the institution stemming from the current or prospective impacts of social factors on its counterparties or invested assets;	on the institution stemming from the current or prospective impacts of social factors on its counterparties or invested assets;	stemming from the current or prospective impacts of social factors on its counterparties or invested assets;
Art. 1- para. 1- point 1 l- Art.4 - para. 10 - point 52i	153	(52i) ‘governance risk’ means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of governance factors on the institution’s counterparties or invested assets;;	(52i) ‘governance risk’ means the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of governance factors on the institution’s counterparties or invested assets;’;	(52i) ‘governance risk’ means the risk of any negative financial impact on the institution stemming from the current or prospective impacts of governance factors on the institution’s counterparties or invested assets;’;
Art. 1- para. 1- point 1 m- intr. part	154	(m) points (54), (55) and (56) are replaced by the following:	(m) points (54), (55) and (56) are replaced by the following:	(m) points (54), (55) and (56) are replaced by the following:
Art. 1- para. 1- point 1 m- Art.4 - para.1 - point 54	155	(54) ‘probability of default’ or ‘PD’ means the probability of default of an obligor over a one-year period, and, in the context of dilution risk, the probability of dilution over that one-year period;	(54) ‘probability of default’ or ‘PD’ means the probability of default of an obligor <u>or, where applicable, of a credit facility</u> over a one-year period, and, in the context of dilution risk, the probability of dilution over <u>a</u> that one-year period;	(54) ‘probability of default’ or ‘PD’ means the probability of default of an obligor over a one-year period, and, in the context of dilution risk, the probability of dilution over that one-year period;
Art. 1- para. 1- point 1 m- Art.4 - para.1 -	156	(55) ‘loss given default’ or ‘LGD’ means the expected ratio of the loss on an	(55) ‘loss given default’ or ‘LGD’ means the expected ratio of the loss on an	(55) ‘loss given default’ or ‘LGD’ means the ratio ratio of the loss on an exposure

		Commission Proposal	Council Mandate	EP Mandate
point 55		exposure related to a single facility due to the default of an obligor or facility to the amount outstanding at default, and, in the context of dilution risk, the loss given dilution meaning the expected ratio of the loss on an exposure due to dilution, to the amount outstanding according to the pledged or purchased receivable;	exposure related to a single facility due to the default of an obligor or, where applicable, of a credit facility to the amount outstanding at default or at a given reference date after the date of default and, in the context of dilution risk, the loss given dilution meaning the expected ratio of the loss on an exposure related to a purchased receivable due to dilution, to the amount outstanding according to of the pledged or purchased receivable;	related to a single facility due to the default of an obligor or facility to the amount outstanding at default, and, in the context of dilution risk, the loss given dilution meaning the ■ ratio of the loss on an exposure related to a purchased receivable due to dilution, to the amount outstanding of the purchased receivable;
Art. 1- para. 1- point 1 m- Art.4 - para.1 - point 56	157	(56) ‘conversion factor’ or ‘credit conversion factor’ or ‘CCF’ means the expected ratio of the currently undrawn amount of a commitment from a single facility that could be drawn from a single facility before default and that would therefore be outstanding at default to the currently undrawn amount of the commitment from that facility, the extent of the commitment being determined by the advised limit, unless the unadvised limit is higher;;	(56) ‘conversion factor’ or ‘credit conversion factor’ or ‘CCF’ means the expected ratio of the currently undrawn amount of a commitment from a single facility that could be drawn from a that single facility from a certain point in time before default and that would therefore be outstanding at default to the currently undrawn amount of the commitment from that facility, the extent of the commitment being determined by the advised limit, unless the unadvised limit is higher;;	(56) ‘conversion factor’ or ‘credit conversion factor’ or ‘CCF’ means the ■ ratio of the currently undrawn amount of a commitment from a single facility that could be drawn from a single facility before default and that would therefore be outstanding at default to the currently undrawn amount of the commitment from that facility, the extent of the commitment being determined by the advised limit, unless the unadvised limit is higher;;
Art. 1- para. 1- point 1 n- intr. part	158	(n) the following point (56a) is inserted:	(n) the following point (56a) is inserted:	(n) the following point (56a) is inserted:
Art. 1- para.	159			

		Commission Proposal	Council Mandate	EP Mandate
1- point 1 n - Art.4 - para. 1 - point 56a		‘ (56a) ‘realised CCF’ means the ratio of the drawn amount of a commitment from a single facility, that was undrawn at a given reference date prior to default, and that is therefore outstanding at default, to the undrawn amount of the commitment from that facility at that reference date;;’,	‘ (56a) ‘realised CCF’ means the ratio of the drawn amount of a commitment from a single facility, that was undrawn at a given reference date prior to default, and that is therefore outstanding at default, to the undrawn amount of the commitment from that facility at that reference date;;’,	‘ (56a) ‘realised CCF’ means the ratio of the drawn amount of a commitment from a single facility, that was undrawn at a given reference date prior to default, and that is therefore outstanding at default, to the undrawn amount of the commitment from that facility at that reference date;;’,
Art. 1- para. 1- point 1 o - intr. part	160	(o) points (58), (59) and 60 are replaced by the following:	(o) points (58), (59) and 60 are replaced by the following:	(o) points (58), (59) and 60 are replaced by the following:
Art. 1- para. 1- point 1 o - Art.4 - para.1 - point 58	161	‘ (58) ‘funded credit protection’ or ‘FCP’ means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution is derived from the right of that institution, in the event of the default of the obligor or on the occurrence of other specified credit events relating to the obligor, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the exposure to, or to replace it with, the amount of the difference between the amount of the exposure and the amount of a claim on the institution;	‘ (58) ‘funded credit protection’ or ‘FCP’ means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution is derived from the right of that institution, in the event of the default of the obligor <u>or the credit facility</u> or on the occurrence of other specified credit events relating to the obligor, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the exposure to, or to replace it with, the amount of the difference between the amount of the exposure and the amount of a claim on the institution;	‘ (58) ‘funded credit protection’ or ‘FCP’ means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution is derived from the right of that institution, in the event of the default of the obligor or on the occurrence of other specified credit events relating to the obligor, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the exposure to, or to replace it with, the amount of the difference between the amount of the exposure and the amount of a claim on the institution;

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Art. 1- para. 1- point 1 o - Art.4 - para.1 - point 59	162	(59) ‘unfunded credit protection’ or ‘UFCP’ means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution is derived from the obligation of a third party to pay an amount in the event of the default of the obligor or the occurrence of other specified credit events;	(59) ‘unfunded credit protection’ or ‘UFCP’ means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution is derived from the obligation of a third party to pay an amount in the event of the default of the obligor <u>or the credit facility</u> or the occurrence of other specified credit events;	(59) ‘unfunded credit protection’ or ‘UFCP’ means a technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution is derived from the obligation of a third party to pay an amount in the event of the default of the obligor or the occurrence of other specified credit events;
Art. 1- para. 1- point 1 o - Art.4 - para.1 - point 60	163	(60) ‘cash assimilated instrument’ means a certificate of deposit, a bond, including a covered bond, or any other non-subordinated instrument, which has been issued by the lending institution, for which the lending institution has already received full payment and which shall be unconditionally reimbursed by the lending institution at its nominal value;; ,	(60) ‘cash assimilated instrument’ means a certificate of deposit, a bond, including a covered bond, or any other non-subordinated instrument, which has been issued by the lending institution, for which the lending institution has already received full payment and which shall be unconditionally reimbursed by the lending institution at its nominal value;; ,	(60) ‘cash assimilated instrument’ means a certificate of deposit, a bond, including a covered bond, or any other non-subordinated instrument, which has been issued by the lending institution, for which the lending institution has already received full payment and which shall be unconditionally reimbursed by the lending institution at its nominal value;; ,
Art. 1- para. 1- point 1 p- intr. part	164	(p) the following point (60a) is inserted:	(p) the following point (60a) is inserted:	(p) the following point (60a) is inserted:
Art. 1- para. 1- point 1 p- Art.4 -	165	‘	‘	‘

		Commission Proposal	Council Mandate	EP Mandate
<i>para.1 - point 60a</i>		(60a) ‘gold bullion’ means gold in the form of a commodity, including gold bars, ingots and coins, commonly accepted by the bullion market, where liquid markets for bullion exist, and the value of which is determined by the value of the gold content, defined by purity and mass, rather than by its interest to numismatists;;	(60a) ‘gold bullion’ means gold in the form of a commodity, including gold bars, ingots and coins, commonly accepted by the bullion market, where liquid markets for bullion exist, and the value of which is determined by the value of the gold content, defined by purity and mass, rather than by its interest to numismatists;;	(60a) ‘gold bullion’ means gold in the form of a commodity, including gold bars, ingots and coins, commonly accepted by the bullion market, where liquid markets for bullion exist, and the value of which is determined by the value of the gold content, defined by purity and mass, rather than by its interest to numismatists;;
Art. 1- para. 1- point 1 q- intr. part	166	(q) the following point (74a) is inserted :	(q) the following point (74a) is inserted :	(q) the following point (74a) is inserted :
Art. 1- para. 1- point 1 q- Art.4 - para.1 - point 74a	167	‘ (74a) ‘property value’ means the value of an immovable property determined in accordance with Article 229(1);; ’	‘ (74a) ‘property value’ means the value of <u>a residential property or commercial</u> immovable property determined in accordance with Article 229(1);; ’	‘ (74a) ‘property value’ means the value of an immovable property determined in accordance with Article 229(1);; ’
Art. 1- para. 1- point 1 r- intr. part	168	(r) point (75) is replaced by the following:	(r) point (75) is replaced by the following:	(r) point (75) is replaced by the following:
Art. 1- para. 1- point 1 r - Art.4 - para 1 - point 75- intr. part	169	‘ (75) ‘residential property’ means any of the following:	‘ (75) ‘residential property’ means any of the following:	‘ (75) ‘residential property’ means any of the following:

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 1 r - <i>Art.4 - para 1 - point 75 - subpoint a</i>	170	(a) an immovable property which has the nature of a dwelling and satisfies all applicable laws and regulations enabling the property to be occupied for housing purposes;	(a) an immovable property which has the nature of a dwelling and satisfies all applicable laws and regulations enabling the property to be occupied for housing purposes;	(a) an immovable property which has the nature of a dwelling and satisfies all applicable laws and regulations enabling the property to be occupied for housing purposes;
Art. 1- para. 1- point 1 r - <i>Art.4 - para 1 - point 75 - subpoint b</i>	171	(b) an immovable property which has the nature of a dwelling and is still under construction, provided that there is the expectation that the property will satisfy all applicable laws and regulations enabling the property to be occupied for housing purposes;	b) an immovable property which has the nature of a dwelling and is still under construction, provided that there is the expectation that the property will satisfy all applicable laws and regulations enabling the property to be occupied for housing purposes;	(b) an immovable property which has the nature of a dwelling and is still under construction, provided that there is the expectation that the property will satisfy all applicable laws and regulations enabling the property to be occupied for housing purposes;
Art. 1- para. 1- point 1 r - <i>Art.4 - para 1 - point 75 - subpoint c</i>	172	(c) the right to inhabit an apartment in housing cooperatives located in Sweden	(c) the right to inhabit an apartment in housing cooperatives located in Sweden	(c) the right to inhabit an apartment in housing cooperatives located in Sweden
Art. 1- para. 1- point 1 r - <i>Art.4 - para 1-point 75 - subpoint d</i>	173	(d) land accessory to a property referred to in points (a), (b) or (c);;	(d) land accessory to a property referred to in points (a), (b) or (c) ;';	(d) land accessory to a property referred to in points (a), (b) or (c);;
Art. 1- para. 1- point 1 s-	174	(s) the following points (75a) to (75g)	(s) the following points (75a) to (75f)	(s) the following points (75a) to (75g) are

		Commission Proposal	Council Mandate	EP Mandate
intr. part		are inserted:	(75g) are inserted:	inserted:
Art. 1- para. 1- point 1 s- Art. 4 - para 1 - point 75a	175	(75a) ‘commercial immovable property’ means any immovable property that is not residential property, including lands other than those referred to in points (75)(d) and (79);	(75a) ‘commercial immovable property’ means any immovable property that is not residential property, including lands other than those referred to in points (75)(d) and (79);	(75a) ‘commercial immovable property’ means any immovable property that is not residential property■ ;
Art. 1- para. 1- point 1 s- Art. 4 - para 2 - point 75b	176	(75b) ‘income producing real estate exposure’ (IPRE exposure) means an exposure secured by one or more residential or commercial immovable properties where the fulfilment of the credit obligations related to the exposure materially depends on the cash flows generated by those immovable properties securing that exposure, rather than on the capacity of the obligor to fulfil the credit obligations from other sources;	(75b) ‘income producing real estate exposure’ (IPRE exposure) means an exposure secured by one or more residential or commercial immovable properties where the fulfilment of the credit obligations related to the exposure materially depends on the cash flows generated by those immovable properties securing that exposure, rather than on the capacity of the obligor to fulfil the credit obligations from other sources. <u>The primary source of these cash flows would be lease or rental payments, or the sale of the residential property or commercial immovable property;</u>	(75b) ‘income producing real estate exposure’ <i>or</i> IPRE exposure means an exposure secured by one or more residential or commercial immovable properties where the fulfilment of the credit obligations related to the exposure materially depends on the cash flows generated by those immovable properties securing that exposure, rather than on the capacity of the obligor to fulfil the credit obligations from other sources; <i>the primary source of such cash flows would be lease or rental payments, or proceeds from the sale of the residential property or commercial immovable property;</i>
Art. 1- para. 1- point 1 s- Art. 4 - para 3 - point 75c	177	(75c) ‘non-income producing real estate exposure’ (non-IPRE exposure) means any exposure secured by one or more residential or commercial immovable	(75c) ‘non-income producing real estate exposure’ (non-IPRE exposure) means any exposure secured by one or more residential or commercial immovable	(75c) ‘non-income producing real estate exposure’ (non-IPRE exposure) means any exposure secured by one or more residential or commercial immovable

		Commission Proposal	Council Mandate	EP Mandate
		properties that is not an IPRE exposure;	properties that is not an IPRE exposure;	properties that is not an IPRE exposure;
Art. 1- para. 1- point 1 s- Art. 4 - para 4 - point 75d	178	(75d) ‘non-ADC exposure’ means any exposure secured by one or more residential or commercial immovable properties that is not an ADC exposure;	(75d) ‘non-ADC exposure’ means any exposure secured by one or more residential or commercial immovable properties that is not an ADC exposure	(75d) ‘non-ADC exposure’ means any exposure secured by one or more residential or commercial immovable properties that is not an ADC exposure;
Art. 1- para. 1- point 1 s- Art. 4 - para 5 - point 75e	179	(75e) ‘exposure secured by residential property’, or ‘exposure secured by a mortgage on residential property’, or ‘exposure secured by residential property collateral’, or ‘exposure secured by residential immovable property’, means an exposure secured by a mortgage on residential property or secured by any other mechanisms other than mortgages but which are economically equivalent to mortgages and recognised as collateral on residential property under the applicable national law setting out the conditions for the establishment of those mechanisms;	(75d) (75e) ‘exposure secured by residential property’, or ‘exposure secured by a mortgage on residential property’, or ‘exposure secured by residential property collateral’, or ‘exposure secured by residential immovable property’, means an exposure secured by a mortgage on residential property or <u>an exposure regarded as such in accordance with Article 108(3)</u> secured by any other mechanisms other than mortgages but which are economically equivalent to mortgages and recognised as collateral on residential property under the applicable national law setting out the conditions for the establishment of those mechanisms;	(75e) ‘exposure secured by residential property’, or ‘exposure secured by a mortgage on residential property’, or ‘exposure secured by residential property collateral’, or ‘exposure secured by residential immovable property’, means an exposure secured by ■ residential property or an exposure regarded as such in accordance with Article 108(3);
Art. 1- para. 1- point 1 s- Art. 4 - para 6 - point 75f	180	(75f) ‘exposure secured by commercial immovable property’, or ‘exposure secured by a mortgage on commercial immovable property’, or ‘exposure secured by commercial immovable	(75e) (75f) ‘exposure secured by commercial immovable property’, or ‘exposure secured by a mortgage on commercial immovable property’, or ‘exposure secured by commercial	(75f) ‘exposure secured by commercial immovable property’, or ‘exposure secured by a mortgage on commercial immovable property’, or ‘exposure secured by commercial immovable property collateral’

		Commission Proposal	Council Mandate	EP Mandate
		property collateral' means an exposure secured by a mortgage on commercial immovable property or secured by any other mechanisms other than mortgages but which are economically equivalent to mortgages and recognised as collateral on commercial immovable property under the applicable national law setting out the conditions for the establishment of those mechanisms;	immovable property collateral' means an exposure secured by a mortgage on commercial immovable property or secured by any other mechanisms other than mortgages but which are economically equivalent to mortgages and recognised as collateral on commercial immovable property under the applicable national law setting out the conditions for the establishment of those mechanisms;	means an exposure secured by a commercial immovable property ;
Art. 1- para. 1- point 1 s- Art. 4 - para 7 - point 75g	181	(75g) 'exposure secured by immovable property', or 'exposure secured by a mortgage on immovable property', or 'exposure secured by immovable property collateral' means an exposure secured by a mortgage on residential or commercial immovable property or secured by any other mechanisms other than mortgages but which are economically equivalent to mortgages and recognised as collateral on immovable property under the applicable national law setting out the conditions for the establishment of those mechanisms;; ,	(75f) (75g) 'exposure secured by immovable property', or 'exposure secured by a mortgage on immovable property', or 'exposure secured by immovable property collateral' means an exposure secured by a mortgage on residential or commercial immovable property or <u>an exposure regarded as such in accordance with Article 108(3)</u> secured by any other mechanisms other than mortgages but which are economically equivalent to mortgages and recognised as collateral on immovable property under the applicable national law setting out the conditions for the establishment of those mechanisms;';	(75g) 'exposure secured by immovable property', or 'exposure secured by a mortgage on immovable property', or 'exposure secured by immovable property collateral' means an exposure secured by a residential or commercial immovable property <i>or an exposure regarded as such in accordance with Article 108(3);'</i> ;
Art. 1- para. 1- point 1 t- intr. part	182	(t) points (78) and (79) are replaced by the following:	(t) points (78) and (79) are replaced by the following:	(t) points (78) and (79) are replaced by the following:

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 1 t- Art. 4 - para 1 - point 78	183	(78) ‘one-year default rate’ means the ratio between the number of defaults occurred during a period that starts from one year prior to a date of observation T, and the number of obligors, or the number of facilities where the classification as defaulted is applied at facility level pursuant to Article 178, assigned to this grade or pool one year prior to that date of observation T;	(78) ‘one-year default rate’ means the ratio between the number of obligors or, where applicable, credit facilities that have defaulted defaults occurred during a period that starts from one year prior to a date of observation T, and the number of obligors, or the number of credit facilities where the classification as defaulted is applied at facility level pursuant to the second subparagraph of Article 178(1), assigned to this grade or pool one year prior to that date of observation T;	(78) ‘one-year default rate’ means the ratio between the number of obligors or where the classification as defaulted is applied at facility level pursuant to the second subparagraph of Article 178(1), facilities in respect of which a default is considered to have occurred during a period that starts from one year prior to a date of observation T, and the number of obligors, or where the classification as defaulted is applied at facility level pursuant to the second subparagraph of Article 178(1), facilities assigned to this grade or pool one year prior to that date of observation T;
Art. 1- para. 1- point 1 t- Art. 4 - para 2 - point 79	184	(79) ‘ADC exposures’ or ‘land acquisition, development and construction exposures’ means exposures to corporates or special purpose entities financing any land acquisition for development and construction purposes, or financing development and construction of any residential or commercial immovable property;;	(79) ‘ADC exposures’ or ‘land acquisition, development and construction exposures’ means exposures exposures to corporates or special purpose entities financing any land acquisition for development and construction purposes, or financing development and construction of any residential or commercial immovable property;;	(79) ‘ADC exposures’ or ‘land acquisition, development and construction exposures’ means loans to corporates or special purpose entities financing any land acquisition for development and construction purposes, or financing development and construction of any residential or commercial immovable property;;
Art. 1- para. 1- point ta- intro part (new)	185		<u>(ta) the following point (79a) is inserted:</u>	

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point ta- Art. 4 - para 1 -point 79a (new)	186		<u>‘(79a) ‘non-ADC exposure’ means any exposure secured by one or more residential or commercial immovable properties that is not an ADC exposure;’;</u>	
Art. 1- para. 1- point 1 u- intr. part	187	(u) point (114) is replaced by the following:	(u) point (114) is replaced by the following:	(u) point (114) is replaced by the following:
Art. 1- para. 1- point 1 u- Art. 4 - para 1 - point 114	188	‘ (114) ‘indirect holding’ means any exposure to an intermediate entity that has an exposure to capital instruments issued by a financial sector entity or to liabilities issued by an institution where, in the event the capital instruments issued by the financial sector entity or the liabilities issued by the institution were permanently written off, the loss that the institution would incur as a result would not be materially different from the loss the institution would incur from a direct holding of those capital instruments issued by the financial sector entity or of those liabilities issued by the institution;’,	‘ (114) ‘indirect holding’ means any exposure to an intermediate entity that has an exposure to capital instruments issued by a financial sector entity or to liabilities issued by an institution where, in the event the capital instruments issued by the financial sector entity or the liabilities issued by the institution were permanently written off, the loss that the institution would incur as a result would not be materially different from the loss the institution would incur from a direct holding of those capital instruments issued by the financial sector entity or of those liabilities issued by the institution;’,	‘ (114) ‘indirect holding’ means any exposure to an intermediate entity that has an exposure to capital instruments issued by a financial sector entity or to liabilities issued by an institution where, in the event the capital instruments issued by the financial sector entity or the liabilities issued by the institution were permanently written off, the loss that the institution would incur as a result would not be materially different from the loss the institution would incur from a direct holding of those capital instruments issued by the financial sector entity or of those liabilities issued by the institution;’,
Art. 1- para. 1- point 1 v- intr. part	189	(v) point (126) is replaced by the following:	(v) point (126) is replaced by the following:	(v) point (126) is replaced by the following:

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Art. 1- para. 1- point 1 v - Art. 4 - para 1 - point 126	190	(126) ‘synthetic holding’ means an investment by an institution in a financial instrument the value of which is directly linked to the value of the capital instruments issued by a financial sector entity or to the value of the liabilities issued by an institution;;	(126) ‘synthetic holding’ means an investment by an institution in a financial instrument the value of which is directly linked to the value of the capital instruments issued by a financial sector entity or to the value of the liabilities issued by an institution;;	(126) ‘synthetic holding’ means an investment by an institution in a financial instrument the value of which is directly linked to the value of the capital instruments issued by a financial sector entity or to the value of the liabilities issued by an institution;;
Art. 1- para. 1- point 1 va (new) - intr. part	191		<u>(va) in point (127), point (b) is replaced by the following :</u>	
Art. 1- para. 1- point 1 va - Art. 4 - para 1 - point 127- subpoint b (new)	192		<u>‘(b) the institutions are fully consolidated in accordance with Article 22 of Directive 2013/34/EU and are included in the supervision on a consolidated basis of an institution which is a parent institution in a Member State in accordance with Part One, Title II, Chapter 2 of this Regulation and subject to own funds requirements;’;</u>	
Art. 1- para. 1- point 1 w- intr. part	193	(w) point (144) is replaced by the following:	(w) point (144) is replaced by the following:	(w) point (144) is replaced by the following:

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Art. 1- para. 1- point 1 w - Art. 4 - para 1 - point 144	194	(144) ‘trading desk’ means a well-identified group of dealers set up by the institution to jointly manage a portfolio of trading book positions, or the non-trading book positions referred to in Article 104b, paragraphs 5 and 6, in accordance with a well-defined and consistent business strategy and operating under the same risk management structure;	(144) ‘trading desk’ means a well-identified group of dealers set up by the institution to jointly manage a portfolio of trading book positions, or the non-trading book positions referred to in Article 104b, paragraphs 5 and 6, in accordance with a well-defined and consistent business strategy and operating under the same risk management structure;’	(144) ‘trading desk’ means a well-identified group of dealers set up by the institution to jointly manage a portfolio of trading book positions, or the non-trading book positions referred to in Article 104b, paragraphs 5 and 6, in accordance with a well-defined and consistent business strategy and operating under the same risk management structure;
Art. 1- para. 1- point 1 x - intr. part	195	(x) in point (145), the following subparagraph is inserted:	(x) in point (145), the following subparagraph is inserted <u>is amended as follows:</u>	(x) point (145) is amended as follows:
Art. 1- para. 1- point 1 x - Art. 4 - para 1 - point 145 - subpoint a	196		<u>a) point (f) is replaced by the following:</u>	(a) point (f) is replaced by the following:
Art. 1- para. 1- point 1 x - Art. 4 - para 1 - point 145 a - subpoint f	197		<u>‘(f) the institution's consolidated assets or liabilities relating to activities with counterparties located in the European Economic Area, excluding intragroup exposures in the European Economic Area, both exceed 75% of the institution's consolidated balance sheet total, excluding in both cases the intragroup exposures;’;</u>	<i>‘ (f) the institution's consolidated assets or liabilities relating to activities with counterparties located in the European Economic Area, excluding intragroup exposures in the European Economic Area, exceed 75% of both the institution's consolidated total assets and liabilities, excluding in both cases the intragroup exposures, ’;</i>

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 1 x - Art. 4 - para 1 - point 145 - subpoint b - intr. part	198		<u>b) the following subparagraph is inserted:</u>	(b) the following subparagraph is inserted:
Art. 1- para. 1- point 1 x- Art. 4 - point 145 b - subpara 1	199	‘ For the purposes of point (e), an institution may exclude derivative positions it entered with its non-financial clients and the derivatives positions it uses to hedge those positions, provided that the combined value of the excluded positions calculated in accordance with Article 273a(3) does not exceed 10% of the institution’s total on- and off-balance sheet assets.; ’	‘ For the purposes of point (e), an institution may exclude derivative positions it entered with its non-financial clients and the derivatives positions it uses to hedge those positions, provided that the combined value of the excluded positions calculated in accordance with Article 273a(3) does not exceed 10% of the institution’s total on- and off-balance sheet assets.; ’	‘ For the purposes of point (e), an institution may exclude derivative positions it entered with its non-financial clients and the derivatives positions it uses to hedge those positions, provided that the combined value of the excluded positions calculated in accordance with Article 273a(3) does not exceed 10% of the institution’s total on- and off-balance sheet assets.’;
Art. 1- para. 1- point 1 y- intr. part	200	(y) the following points (151) and (152) are added:	<u>(y) the following points (151) and (152) are added:</u>	(y) the following points are added:
Art. 1- para. 1- point 1 y- Art.4 - para 1 - point 151	201	‘ (151) ‘revolving exposure’ means any exposure whereby the borrower’s outstanding balance is permitted to fluctuate based on its decisions to borrow and repay, up to an agreed limit; ’	‘ (151) ‘revolving exposure’ means any exposure whereby the borrower’s outstanding balance is permitted to fluctuate based on its decisions to borrow and repay, up to an agreed limit; ’	‘ (151) ‘revolving exposure’ means any exposure whereby the borrower’s outstanding balance is permitted to fluctuate based on its decisions to borrow and repay, up to a limit established by the lending institution ; ’

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 1 y- Art.4 - para 1 - point 152 - intr. part	202	(152) ‘transactor exposure’ means any revolving exposure that has at least 12 months of repayment history and that is one of the following:	(152) ‘transactor exposure’ means any revolving exposure that has at least 12 months of repayment history and that is one of the following:	(152) ‘transactor exposure’ means any revolving exposure that has at least 12 months of repayment history and that is one of the following:
Art. 1- para. 1- point 1 y- Art.4 - para 1 - point 152 - subpoint a	203	(a) an exposure for which, on a regular basis of at least every 12 months, the balance to be repaid at the next scheduled repayment date is determined as the drawn amount at a predefined reference date, with a scheduled repayment date not later than after 12 months, provided that the balance has been repaid in full at each scheduled repayment date for the previous 12 months;	(a) an exposure for which, on a regular basis of at least every 12 months, the balance amount to be repaid at the next scheduled repayment date is determined as the drawn amount at a predefined reference date or upon contractual repayment modalities , with all scheduled repayment dates not later than after 12 months, provided that the balance has amount owed to the credit institution has been repaid in full at each scheduled repayment date for the previous 12 months;	(a) an exposure for which, on a regular basis of at least every 12 months, the amount to be repaid at the next scheduled repayment date is determined as the drawn amount or an instalment at a predefined reference date or upon contractual repayment modalities, with all scheduled repayment dates not later than after 12 months, provided that the amount or instalment owed to the lending institution has been repaid in full at each scheduled repayment date for the previous 12 months;
Art. 1- para. 1- point 1 y- Art.4 - para 1 - point 152 - subpoint b	204	(b) an overdraft facility where there have been no drawdowns over the previous 12 months;	(b) an overdraft facility where there have been no drawdowns over the previous 12 months;	(b) an overdraft facility where there have been no drawdowns over the previous 12 months;
Art. 1- para. 1- point 1 y- Art.4 - para 1 - point 152a (new)	205			(152a) ‘fossil fuel sector entity’ means a company, enterprise or undertaking primarily active in deriving any revenues from exploration, mining, extraction,

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				<p><i>production, processing, storage, refining or distribution, including transportation, storage, and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council*.</i></p> <hr/> <p><i>* Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).’;</i></p>
Art. 1- para. 1- point 1 y- Art.4 - para 1 - point 152a - subpara. 2 (new)	206			<p><i>EBA shall issue guidelines, in accordance with Article 16 of Regulation (EU) No 1093/2010, to specify the conditions under which the company, enterprise or undertaking is to be considered primarily active in deriving any revenues from</i></p>

		Commission Proposal	Council Mandate	EP Mandate
				<i>exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels.</i>
Art. 1- para. 1- point 1 y- Art.4 - para 1 - point 152b (new)	207			<i>(152b) ‘assets or activities subject to impacts from environmental and/or social factors’ means assets or activities impacting the ambition of the Union to achieve climate neutrality as specified in Article 3, point (69a) of Directive 2013/36/EU.</i>
Art. 1- para. 1- point 1 y- Art.4 - para 1 - point 152c (new)	208			<i>(152c) ‘shadow-banking-entity’ means an entity that offers banking services or performs banking activities and that it is not subject to prudential requirements similar to those imposed by this Regulation.</i>
Art. 1 - para 1- point 1 a - intr. part (new)	209		<u>(1a) in Article 4, paragraph 5 is inserted:</u>	<i>(1a) in Article 4, the following paragraph is added:</i>
Art. 1 - para 1- point 1 a - Art. 4 - para. 4a - (new)	210		<u>‘5. For purposes of point (18) letters (a), (b) and (c), the EBA shall issue guidelines specifying the criteria for the identification of activities by [OP please insert date = 1 year after entry into force of this Regulation].</u>	<i>‘4a. For the purposes of point (18), point (c), of paragraph 1, EBA shall issue guidelines specifying the criteria for the identification of activities by ... [OP please insert date = 1 year after entry into force of this Regulation].</i>

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Art. 1 - para 1- point 1 a - Art. 4 - para 4a - subpara. 1 (new)	211		<u>Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010;'</u>	<i>Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010.</i>
Art. 1 - para 1- point 1 a - intr. part - Art. 4 - para 5 - intr. part (new)	212			
Art. 1 - para 1 - point 1 a - Art. 4 - para 5 (new)	213			
Art. 1- para. 1- point 2- intr. part	214	(2) Article 5 is amended as follows:	(2) Article 5 is amended as follows:	(2) Article 5 is amended as follows:
Art. 1- para. 1- point 2 a- intr. part	215	(a) point (3) is replaced by the following:	(a) point (3) is replaced by the following:	(a) point (3) is replaced by the following:
Art. 1- para. 1- point 2 a- Art.5 - para 1 - point 3- intr. part	216	(3) 'expected loss' or 'EL' means the ratio, related to a single facility, of the amount expected to be lost on an exposure from any of the following:	(3) 'expected loss' or 'EL' means the ratio, related to a single facility, of the amount expected to be lost on an exposure from any of the following:	(3) 'expected loss' or 'EL' means the ratio, related to a single facility, of the amount expected to be lost on an exposure from any of the following:

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Art. 1- para. 1- point 2 a- Art.5 - para 1 - point 3- subpoint 1	217	(i) a potential default of an obligor over a one-year period to the amount outstanding at default;	(i) a potential default of an obligor over a one-year period to the amount outstanding at default;	(i) a potential default of an obligor over a one-year period to the amount outstanding at default;
Art. 1- para. 1- point 2 a- Art.5 - para 1 - point 3- subpoint 2	218	(ii) a potential dilution event over a one-year period to the amount outstanding at the date of occurrence of the dilution event;;	(ii) a potential dilution event over a one-year period to the amount outstanding at the date of occurrence of the dilution event;;	(ii) a potential dilution event over a one-year period to the amount outstanding at the date of occurrence of the dilution event;;
Art. 1- para. 1- point 2 b- intr. part	219	(b) the following points (4) to (10) are added:	(b) the following points (4) to (10) are added:	(b) the following points (4) to (10) are added:
Art. 1- para. 1- point 2 b- Art.5 - para 1 - point 4	220	(4) ‘credit obligation’ means any obligation arising from a credit contract, including principal, accrued interest and fees, owed by an obligor to an institution or, where the institution serves as a guarantor, owed by an obligor to a third party;	(4) ‘credit obligation’ means any obligation arising from a credit contract, including principal, accrued interest and fees, owed by an obligor to an institution or, where the institution serves as a guarantor, owed by an obligor to a third party;	(4) ‘credit obligation’ means any obligation arising from a credit contract, including principal, accrued interest and fees, owed by an obligor to an institution or, where the institution serves as a guarantor, owed by an obligor to a third party;
Art. 1- para. 1- point 2 b- Art.5 - para	221	(5) ‘credit exposure’ means any on-	(5) ‘credit exposure’ means any on-	(5) ‘credit exposure’ means any on-

		Commission Proposal	Council Mandate	EP Mandate
2 - point 5		balance sheet item, including any amount of principal, accrued interest and fees owed by the obligor to the institution, and any off-balance sheet item that results, or may result, in a credit obligation;	balance sheet item, including any amount of principal, accrued interest and fees owed by the obligor to the institution, and or any off-balance sheet item, that results, or may result, in a credit obligation;	balance sheet item, including any amount of principal, accrued interest and fees owed by the obligor to the institution, or any off-balance sheet item that results, or may result, in a credit obligation;
Art. 1- para. 1- point 2 b- Art.5 - para 3 - point 6	222	(6) ‘facility’ means a credit exposure arising from contract or a set of contracts between an obligor and an institution;	(6) ‘facility’ or ‘credit facility’ means a credit exposure arising from a contract or a set of contracts contract or a set of contracts between an obligor and an institution;	(6) ‘facility’ means a credit exposure arising from a contract ■ between an obligor and an institution;
Art. 1- para. 1- point 2 b- Art.5 - para 4 - point 7	223	(7) ‘margin of conservatism’ means an additive or multiplicative add-on incorporated in risk estimates, sufficiently prudent to account for the expected range of estimation errors stemming from identified deficiencies in data, methods, models, and changes to underwriting standards, risk appetite, collection and recovery policies and any other source of additional uncertainty, as well as from general estimation error;	(7) ‘margin of conservatism’ means an additive or multiplicative add-on incorporated in risk parameter estimates; sufficiently prudent to account for the expected range of estimation errors stemming from identified deficiencies in data, estimation methods, models , and changes to underwriting standards, risk appetite, collection and recovery policies and any other source of additional uncertainty, as well as from general estimation error;	(7) ‘margin of conservatism’ means an ■ add-on incorporated in risk estimates, adequate to account for the expected range of estimation errors stemming from identified deficiencies in data, methods, models, and changes to underwriting standards, risk appetite, collection and recovery policies and any other source of additional uncertainty, as well as from general estimation error;
Art. 1- para. 1- point 2 b- Art.5 - para 5 - point 7a (new)	224		(7a) ‘appropriate adjustment’ means the impact on risk parameter estimates resulting from the application of methodologies within the estimation of risk parameters to correct the identified deficiencies in data, estimation methods,	

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			<u>and to account for changes to underwriting standards, risk appetite, collection and recovery policies and any other source of additional uncertainty, to the extent possible in order to avoid biases in risk parameter estimates;</u>	
Art. 1- para. 1- point 2 b- Art.5 - para 6 - point 8	225	(8) ‘small and medium-sized enterprise’ or ‘SME’ means a company, enterprise or undertaking which, according to the last consolidated accounts, has an annual turnover not exceeding EUR 50 000 000;’	(8) ‘small and medium-sized enterprise’ or ‘SME’ means a company, <u>small and medium-sized</u> enterprise or <u>SME as defined in Commission Recommendation 2003/361/EC, but only taking into account the annual turnover among the criteria listed in Article 2 of the Annex to that Recommendation</u> undertaking which, according to the last consolidated accounts <u>;</u> has an annual turnover not exceeding EUR 50 000 000;’	(8) ‘small and medium-sized enterprise’ or ‘SME’ means a company, enterprise or undertaking which, according to the last consolidated accounts, has an annual turnover not exceeding EUR 50 000 000;’
Art. 1- para. 1- point 2 b- Art.5 - para 7 - point 9- intr. part	226	(9) ‘commitment’ means any contractual arrangement that an institution offers to a client and is accepted by that client, to extend credit, purchase assets or issue credit substitutes. Any arrangement that can be unconditionally cancelled by the institution at any time without prior notice to the obligor or any arrangement that can be cancelled by the institution where the obligor fails to meet conditions set out in the facility documentation, including conditions that must be met by	(9) ‘commitment’ means any contractual arrangement that an institution offers to a client and is accepted by that client , to extend credit, purchase assets or issue credit substitutes. Any <u>such</u> arrangement that can be unconditionally cancelled by the institution at any time without prior notice to the obligor or any arrangement that can be cancelled by the institution where the obligor fails to meet conditions set out in the facility documentation, including conditions that must be met by	(9) ‘commitment’ means any contractual arrangement that an institution offers to a client and is accepted by that client, to extend credit, purchase assets or issue credit substitutes. Any arrangement that can be unconditionally cancelled by the institution at any time without prior notice to the obligor or any arrangement that can be cancelled by the institution where the obligor fails to meet conditions set out in the facility documentation, including conditions that must be met by the obligor

		Commission Proposal	Council Mandate	EP Mandate
		the obligor prior to any initial or subsequent drawdown under the arrangement, is a commitment;	the obligor prior to any initial or subsequent drawdown under the arrangement, is also a commitment;	prior to any initial or subsequent drawdown under the arrangement, is a commitment;
Art. 1- para. 1- point 2 b- <i>Art.5 - para 7 - subpara 1 point 9 - intr. part</i>	227	Contractual arrangements that meet all of the following conditions shall not be commitments:	Contractual arrangements that meet all of the following conditions shall not be commitments:	Contractual arrangements that meet all of the following conditions shall not be commitments:
Art. 1- para. 1- point 2 b- <i>Art.5 - para 7 - subpara 1- point 9 a</i>	228	(a) contractual arrangements where the institution receives no fees or commissions to establish or maintain those contractual arrangements;	(a) contractual arrangements where the institution receives no fees or commissions to establish or maintain those contractual arrangements;	(a) contractual arrangements where the institution receives no fees or commissions to establish or maintain those contractual arrangements;
Art. 1- para. 1- point 2 b- <i>Art.5 - para 7 - subpara 1- point 9 b</i>	229	(b) contractual arrangements where the client is required to apply to the institution for the initial and each subsequent drawdown under those contractual arrangements;	(b) contractual arrangements where the client is required to apply to the institution for the initial and each subsequent drawdown under those contractual arrangements;	(b) contractual arrangements where the client is required to apply to the institution for the initial and each subsequent drawdown under those contractual arrangements;
Art. 1- para. 1- point 2 b- <i>Art.5 - para 7 - subpara 1 -point 9 c</i>	230	(c) contractual arrangements where the institution has full authority, regardless of the fulfilment by the client of the conditions set out in the contractual arrangement documentation, over the execution of each drawdown;	(c) contractual arrangements where the institution has full authority, regardless of the fulfilment by the client of the conditions set out in the contractual arrangement documentation, over the execution of each drawdown;	(c) contractual arrangements where the institution has full authority, regardless of the fulfilment by the client of the conditions set out in the contractual arrangement documentation, over the execution of each drawdown;

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Art. 1- para. 1- point 2 b- Art.5 - para 7 - subpara 1- point 9 d	231	(d) contractual arrangements where the institution is required to assess the creditworthiness of the client immediately prior to deciding on the execution of each drawdown;	(d) the contractual arrangements <u>allow</u> where the institution to assess the creditworthiness of the client immediately prior to deciding on the execution of each drawdown <u>and the institution has implemented and applies internal procedures that ensure that such assessment is being made before the execution of each drawdown;</u>	(d) contractual arrangements where the institution is required to assess the creditworthiness of the client immediately prior to deciding on the execution of each drawdown;
Art. 1- para. 1- point 2 b- Art.5 - para 7 - subpara 1- point 9 e	232	(e) contractual arrangements that are offered to a corporate entity, including an SME, that is closely monitored on an ongoing basis.	(e) contractual arrangements that are offered to a corporate entity, including an SME, that is closely monitored on an ongoing basis	(e) contractual arrangements that are offered to a corporate entity, including an SME, that is closely monitored on an ongoing basis.
Art. 1- para. 1- point 2 b- Art.5 - para 1 - point 10	233	(10) ‘unconditionally cancellable commitment’ means any commitment the terms of which permit the institution to cancel that commitment to the full extent allowable under consumer protection and related legislation at any time without prior notice to the obligor or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness.’;	(10) ‘unconditionally cancellable commitment’ means any commitment the terms of which permit the institution to cancel that commitment, <u>and for retail credit lines</u> to the full extent allowable under consumer protection and related legislation, at any time without prior notice to the obligor or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness.’;	(10) ‘unconditionally cancellable commitment’ means any commitment the terms of which permit the institution to cancel that commitment to the full extent allowable under consumer protection and related legislation <i>where applicable</i> at any time without prior notice to the obligor or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness.’;

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Art. 1- para. 1- point 3- intr. part	234	(3) in Article 6, paragraph 3 is replaced by the following:	(3) in Article 6, paragraph 3 is replaced by the following:	(3) in Article 6, paragraph 3 is replaced by the following:
Art. 1- para. 1- point 3- <i>Art.6 - para. 3</i>	235	‘ 3. No institution which is either a parent undertaking or a subsidiary, and no institution included in the consolidation pursuant to Article 18, shall be required to comply on an individual basis with the obligations laid down in Article 92, paragraphs 5 and 6, and Part Eight.; ’	‘ 3. No institution which is either a parent undertaking or a subsidiary, and no institution included in the consolidation pursuant to Article 18, shall be required to comply on an individual basis with the obligations laid down in Article 92, paragraphs 5 and 6, and Part Eight.’;	‘ 3. No institution which is either a parent undertaking or a subsidiary, and no institution included in the consolidation pursuant to Article 18, shall be required to comply on an individual basis with the obligations laid down in Article 92, paragraphs 5 and 6, and Part Eight.; ’
Art. 1- para. 1- point 3a- intr. part (new)	236			<i>(3a) in Article 7, the following paragraph is added:</i>
Art. 1- para. 1- point 3a- <i>Art.7 - para. 3a</i> (new)	237			<i>‘3a. By 31 December 2026, the Commission shall report to the European Parliament and the Council on the possibility of allowing for the application of paragraph 1 also to a subsidiary that is subject to authorisation and supervision by a Member State other than the Member State that authorises and supervises the institution which is the parent undertaking. The Commission shall pay particular attention to progress made on completing the banking union, and more</i>

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				<i>particular to improvements made to the banking crisis management and deposit insurance framework which can address potential financial stability concerns resulting from applying paragraph 1 on a cross-border basis</i>
Art. 1- para. 1- point 3a- Art.7 - para. 3a - subpara. 2 (new)	238			<i>The Commission shall also consider whether or not additional prudential safeguards and technical modifications could further address any potential financial stability concerns resulting from the waiver from the application of individual requirements on a cross-border basis.</i>
Art. 1- para. 1- point 3a- Art.7 - para. 3a - subpara. 3 (new)	239			<i>The report shall address the case of partial waivers from prudential requirements, taking into consideration whether the application of waivers on a cross-border basis, should be accompanied by the requirement for the relevant subsidiaries to still have adequate minimum levels of own funds to ensure their resilience, also in distressed situations. Competent authorities may define an adequate amount, taking into account the efficiency of group risk management and the effectiveness of the group financial support arrangement in resolution.</i>
Art. 1- para. 1- point 3a- Art.7 - para.	240			<i>That report may, where appropriate, be accompanied by a legislative proposal. In</i>

		Commission Proposal	Council Mandate	EP Mandate
3a - subpara 4 (new)				<i>the event that the Commission considers that the conditions to make a legislative proposal are not yet met, the Commission shall report on progress made on the banking union every two years until such time it deems it appropriate to make such a legislative proposal. ';</i>
Art. 1- para. 1- point 3b (new)- intr. part (new)	241			<i>(3b) Article 8 is replaced by the following:</i>
Art. 1- para. 1- point 3b (new)- Art.8 - title	242			<i>'Article 8</i> <i>Derogation from the application of liquidity requirements on an individual basis</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 1	243			<i>1. The competent authorities may waive in full or in part the application of Part Six to an institution and to all or some of its subsidiaries in the Union and supervise them as a single liquidity sub-group so long as they fulfil all of the following conditions:</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 1 - point 1a	244			<i>(a) the parent institution on a consolidated basis or a subsidiary institution on a sub-consolidated basis complies with the obligations laid down in Part Six;</i>


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Art. 1- para. 1- point 3b (new)- Art.8 - para. 1 - point 1b	245			<i>(b) the parent institution on a consolidated basis or the subsidiary institution on a sub-consolidated basis monitors and has oversight at all times over the liquidity positions of all institutions within the group or sub-group, that are subject to the waiver, monitors and has oversight at all times over the funding positions of all institutions within the group or sub-group where the net stable funding ratio (NSFR) requirement set out in Title IV of Part Six is waived, and ensures a sufficient level of liquidity, and of stable funding where the NSFR requirement set out in Title IV of Part Six is waived, for all of those institutions;</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 1 - point 1c	246			<i>(c) all entities belonging to the single liquidity sub-group have entered into a group financial support agreement as defined in Directive 2014/59/EU, or another group financial support agreement that the competent authorities deem satisfactory, which requires the parent undertaking to provide liquidity support and does not provide for any upper limit to the level of support that can be provided and that would not be revocable at short notice;</i>
Art. 1- para. 1- point 3b	247			<i>(d) the institutions have entered into contracts that, to the satisfaction of the</i>

		Commission Proposal	Council Mandate	EP Mandate
(new)- Art.8 - para. 1 - point 1d				<i>competent authorities, provide for the free movement of funds between them to enable them to meet their individual and joint obligations as they become due;</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 1 - point 1e	248			<i>(e) the institution leading the liquidity sub-group provides an independent legal opinion to the competent authorities on the enforceability of this group financial support agreement that confirms the absence of any legal impediments to the transfer of liquidity across the entities belonging to the single liquidity sub-group;</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 1 - point 1f	249			<i>(f) the single liquidity sub-group is covered by a single group recovery plan that includes recovery plan indicators for each entity of the liquidity sub-group including the parent undertaking that are consistent with the liquidity sub-group's internal liquidity management policy;</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 1 - point 1g	250			<i>(g) the single liquidity sub-group belongs to a banking group which is subject to a group resolution scheme in accordance with Article 92 of Directive 2014/59/EU</i>
Art. 1- para. 1- point 3b (new)- Art.8	251			<i>2. The group financial support agreement may also be used to satisfy the condition under point (d) of this paragraph.</i>

		Commission Proposal	Council Mandate	EP Mandate
- para. 2				
Art. 1- para. 1- point 3b (new) - Art.8 - para. 3	252			<i>3. Where institutions of the single liquidity sub-group are authorised in several Member States, paragraph 1 shall only be applied after following the procedure laid down in Article 21 and the competent authorities may waive in full or in part the application of the requirements set out in Part 6.</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 4	253			<i>4. Competent authorities may also apply paragraphs 1 and 3 to institutions which are members of the same institutional protection scheme as referred to in Article 113(7) provided that they meet all the conditions laid down therein, and to other institutions linked by a relationship referred to in Article 113(6) provided that they meet all the conditions laid down therein. Competent authorities shall in that case determine one of the institutions subject to the waiver to meet Part Six on the basis of the consolidated situation of all institutions of the single liquidity sub-group.</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 4	254			<i>5. Where a waiver has been granted under paragraph 1 or paragraph 3, the competent authorities may also apply Article 86 of Directive 2013/36/EU, or parts thereof, at the level of the single liquidity sub-group and waive the</i>

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				<i>application of Article 86 of Directive 2013/36/EU, or parts thereof, on an individual basis.</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 6	255			<i>6. Where, in accordance with this Article, a competent authority waives, in part or in full, the application of Part Six for an institution, it may also waive the application of the associated liquidity reporting requirements under point (d) of Article 430(1) for that institution.</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 6a	256			<i>6a. Waivers granted under this Article prior to [the date of application of CRR3 (e.g. 1.1.2025)] shall remain in force for [[24 months] after the date of application of CRR3], provided that the conditions specified in the version of this Article applicable prior to [the date of application of CRR3 (e.g. 1.1.2025)] continue to be met. After [date [24 months] after the date of application of CRR3], such waivers shall continue to remain in force, provided that the applicable conditions specified in Article 8 (1) or (2) are met.</i>
Art. 1- para. 1- point 3b (new)- Art.8 - para. 6b	257			<i>6b. By 31 December 2025, the Commission shall report to the European Parliament and the Council on the legal form and specific prudential treatment for group financial support agreements. The report shall be accompanied, where appropriate, by a legislative proposal.</i>

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Art. 1- para. 1- point 3b (new)- Art.8 - para. 6b - subpara. 2	258			<i>By 31 December 2026, the Commission shall review and report on the functioning of paragraph 1 of this Article and shall submit that report to the European Parliament and the Council. The Commission's review and report shall assess, in particular, whether the elements and conditions specified in this Article provide sufficient flexibility to competent authorities to define institution-specific requirements as necessary for waiving the application of liquidity requirements, where justified by the efficiency of group risk management and the effectiveness of the group financial support arrangement in resolution. The Commission's review and report shall also take into account any financial stability concerns and progress made towards completing the banking union, and more particularly to improvements made to the banking crisis management framework and the Union deposit guarantee framework which can further strengthen the consistency in liquidity management during going concern and crisis times. The report shall be accompanied, where appropriate, by a legislative proposal.</i>
Art. 1- para. 1- point 4- intr. part	259	(4) in Article 10a, the single paragraph is amended as follows:	(4) in Article 10a, the single paragraph is amended as follows:	(4) in Article 10a, the single paragraph is amended as follows:

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Art. 1- para. 1- point 4 - <i>Art. 10a - para. 1</i>	260	‘ For the purposes of the application of this Chapter, investment firms and investment holding companies shall be considered to be parent financial holding companies in a Member State or Union parent financial holding companies where such investment firms or investment holding companies are parent undertakings of an institution or of an investment firm subject to this Regulation that is referred to in Article 1(2) or (5) of Regulation (EU) 2019/2033.; ’	‘ For the purposes of the application of this Chapter, investment firms and investment holding companies shall be considered to be parent financial holding companies in a Member State or <u>EU</u> Union parent financial holding companies where such investment firms or investment holding companies are parent undertakings of an institution or of an investment firm subject to this Regulation that is referred to in Article 1(2) or (5) of Regulation (EU) 2019/2033.; ’	‘ For the purposes of the application of this Chapter, investment firms and investment holding companies shall be considered to be parent financial holding companies in a Member State or Union parent financial holding companies where such investment firms or investment holding companies are parent undertakings of an institution or of an investment firm subject to this Regulation that is referred to in Article 1(2) or (5) of Regulation (EU) 2019/2033.; ’
Art. 1- para. 1- point 5- intr. part	261	(5) in Article 11(1), the first sentence is replaced by the following: 	(5) in Article 11(1), the first sentence is replaced by the following:	(5) in Article 11(1), the first sentence is replaced by the following:
Art. 1- para. 1- point 5- <i>Art. 11 - para. 1</i>	262	‘ Parent institutions in a Member State shall comply, to the extent and in the manner set out in Article 18, with the obligations laid down in Parts Two, Three, Four, Seven and Seven A on the basis of their consolidated situation, with the exception of Article 92(3), point (a), and Article 430(1), point (d).; ’	‘ Parent institutions in a Member State shall comply, to the extent and in the manner set out in Article 18, with the obligations laid down in Parts Two, Three, Four, Seven and Seven A on the basis of their consolidated situation, with the exception of Article 92(3), point (a), and Article 430(1), point (d).²; ’	‘ Parent institutions in a Member State shall comply, to the extent and in the manner set out in Article 18, with the obligations laid down in Parts Two, Three, Four, Seven and Seven A on the basis of their consolidated situation, with the exception of Article 92(3), point (a), and Article 430(1), point (d).; ’

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 5a - intro part (new)	263		<u>(5a) in Article 13(1), the second subparagraph is replaced by the following:</u>	<i>(5a) in Article 13(1), subparagraph 2 is replaced by the following:"</i>
Art. 1- para. 1- point 5a (new)- <i>Art 13 - para 1 - subpara. 2</i>	264		<u>‘Large subsidiaries of EU parent institutions shall disclose the information specified in Articles 437, 438, 440, 442, 449a, 450, 451, 451a and 453 on an individual basis or, where applicable in accordance with this Regulation and Directive 2013/36/EU, on a sub-consolidated basis.’;</u>	<i>‘Large subsidiaries of EU parent institutions shall disclose the information specified in Articles 437, 438, 440, 442, 449a, 450, 451, 451a and 453 on an individual basis or, where applicable, in accordance with this Regulation and Directive 2013/36/EU on a sub-consolidated basis.’;</i>
Art. 1- para. 1- point 6- intr. part	265	(6) Article 18 is amended as follows:	(6) Article 18 is amended as follows:	(6) Article 18 is amended as follows:
Art. 1- para. 1- point 6 a	266	(a) paragraph 2 is deleted;	(a) paragraph 2 is deleted;	(a) paragraph 2 is deleted;
Art. 1- para. 1- point 6 aa - Intr. part (new)	267		<u>(aa) paragraph 4 is replaced by the following:</u>	
Art. 1- para. 1- point 6 aa (new)- <i>Art.18 - para 4 -</i>	268		<u>‘4. Participations in institutions and financial institutions managed by an undertaking included in the consolidation together with one or more undertakings not included in the consolidation shall be consolidated</u>	

		Commission Proposal	Council Mandate	EP Mandate
			<u>proportionally according to the share of capital held, where the liability of those undertakings is limited to the share of the capital they hold.’;</u>	
Art. 1- para. 1- point 6 ab - intr. part (new)	269		<u>(ab) the last subparagraph of paragraph 6 is replaced by the following :</u>	
Art. 1- para. 1- point 6 ab (new)- Art. 18 - para. 6 -	270		<u>‘In particular, competent authorities may permit or require the use of the method provided for in Article 22(7), (8) and (9) of Directive 2013/34/EU.’;</u>	
Art. 1- para. 1- point 6 b- intr. part	271	(b) in paragraph 7, first sub-paragraph, the first sentence is replaced by the following:	(b) in paragraph 7, first sub-paragraph, the first sentence is replaced by the following <u>is amended as follows:</u>	(b) in paragraph 7, first sub-paragraph, the first sentence is replaced by the following:
Art. 1- para. 1- point 6 b - Art. 18 - para. 7 - subpara. 1	272	‘ Where an institution has a subsidiary which is an undertaking other than an institution or a financial institution or holds a participation in such an undertaking, it shall apply to that subsidiary or participation the equity method.; ,	‘ Where an institution has a subsidiary which is an undertaking other than an institution or a financial institution or holds a participation in such an undertaking, it shall apply to that subsidiary or participation the equity method.; ,	‘ Where an institution has a subsidiary which is an undertaking other than an institution or a financial institution or holds a participation in such an undertaking, it shall apply to that subsidiary or participation the equity method.; ,
Art. 1- para. 1- point 6 ba	273		<u>(ba) the introductory sentence of paragraph 8 is replaced by the</u>	

		Commission Proposal	Council Mandate	EP Mandate
- intr. part (new)			<u>following:</u>	
Art. 1- para. 1- point 6 ba - Art. 18 - para. 8	274		<u>‘8. Competent authorities may require full or proportional consolidation of a subsidiary or an undertaking in which an institution holds a participation where that subsidiary or undertaking is not an institution, or a financial institution and where all the following conditions are met:’;</u>	
Art. 1- para. 1- point 6 c- intr. part	275	(c) a new paragraph 10 is inserted:	(c) a new paragraph 10 is inserted:	(c) a new paragraph 10 is inserted:
Art. 1- para. 1- point 6 c- Art. 18 - para 10 subpara. 1	276	10. EBA shall report to the Commission by [OP please insert date = 1 year after the entry into force of this Regulation] on the completeness and appropriateness of the set of definitions and provisions of this Regulation concerning the supervision of all types of risks to which institutions are exposed at a consolidated level. EBA shall assess in particular any possible remaining discrepancies in those definitions and provisions alongside their interaction with the applicable accounting framework, and any remaining aspect that might pose unintended constraints to a consolidated supervision that is comprehensive and adaptable to new	10. EBA shall report to the Commission by [OP please insert date = 1 year after the entry into force of this Regulation] on the completeness and appropriateness of the set of definitions <u>laid down in Article 4(1)</u> and provisions <u>laid down in Articles 10a to 24</u> of this Regulation concerning the supervision of all types of risks to which institutions are exposed at a consolidated level. EBA shall assess in particular any possible remaining discrepancies in those definitions and provisions alongside their interaction with the applicable accounting framework, and any remaining aspect that might pose unintended constraints to a consolidated	10. EBA shall report to the Commission by [OP please insert date = 1 year after the entry into force of this Regulation] on the completeness and appropriateness of the set of definitions and provisions of this Regulation concerning the supervision of all types of risks to which institutions are exposed at a consolidated level. EBA shall assess in particular any possible remaining discrepancies in those definitions and provisions alongside their interaction with the applicable accounting framework, and any remaining aspect that might pose unintended constraints to a consolidated supervision that is comprehensive and adaptable to new sources or types of risks

		Commission Proposal	Council Mandate	EP Mandate
		sources or types of risks or structures that might lead to regulatory arbitrage. EBA shall periodically update its report on a bi-annual basis.	supervision that is comprehensive and adaptable to new sources or types of risks or structures that might lead to regulatory arbitrage. EBA shall periodically update its report on a bi-annual basis <u>at least once every three years.</u>	or structures that might lead to regulatory arbitrage. EBA shall periodically update its report on a bi-annual basis.
Art. 1- para. 1- point 6 c - Art. 18 - para. 10 - subpara. 2	277	In the light of EBA'S findings, the Commission may, if appropriate, adopt delegated acts in accordance with Article 462 to adjust the relevant definitions or the scope of prudential consolidation.;	In the light of EBA'S findings, the Commission may, if appropriate, adopt delegated acts in accordance with Article 462 <u>submit to the European Parliament and to the Council a legislative proposal</u> to adjust <u>make adjustments to</u> the relevant definitions or the scope of prudential consolidation <u>in order to take into account developments on financial markets and to ensure a comprehensive consolidated supervision.</u> ;	In the light of EBA'S findings, the Commission may, if appropriate, adopt delegated acts in accordance with Article 462 to adjust the relevant definitions or the scope of prudential consolidation.;
Art. 1- para. 1- point 6a - intr. part (new)	278		<u>(6a) Article 19 is amended as follows:</u>	
Art. 1- para. 1- point 6a - subpoint. a - intr. part (new)	279		<u>(a) in paragraph 1, the introductory sentence is replaced by the following:</u>	<i>(6a) in Article 19(1), the introductory part is replaced by the following:</i>
Art. 1- para. 1- point 6a - subpoint a (new)- Art. 19 - para 1	280		<u>'1. An institution or a financial institution which is a subsidiary or an undertaking in which a participation is held, need not to be included in the</u>	<i>'1. An institution or a financial institution which is a subsidiary or an undertaking in which a participation is held, need not to be included in the consolidation where the</i>

		Commission Proposal	Council Mandate	EP Mandate
			<u>consolidation where the total amount of assets and off-balance sheet items of the undertaking concerned is less than the smaller of the following two amounts:’;</u>	<i>total amount of assets and off-balance sheet items of the undertaking concerned is less than the smaller of the following two amounts:’;</i>
Art. 1- para. 1- point 6a - subpoint b - intr. part (new)	281		<u>(b) in paragraph 2, the introductory sentence is replaced by the following:</u>	
Art. 1- para. 1- point 6a - subpoint b (new) - Art. 19 - para 2 intr. part	282		<u>‘2. The competent authorities responsible for exercising supervision on a consolidated basis pursuant to Article 111 of Directive 2013/36/EU may on a case-by-case basis decide in the following cases that an institution, or a financial institution which is a subsidiary or in which a participation is held need not be included in the consolidation:’;</u>	
Art. 1- para. 1- point 7- intr. part	283	(7) Article 20 is amended as follows:	(7) Article 20 is amended as follows:	(7) Article 20 is amended as follows:
Art. 1- para. 1- point 7 a - intr. part	284	(a) paragraph 1 is amended as follows:	(a) paragraph 1 is amended as follows:	(a) paragraph 1 is amended as follows
Art. 1- para. 1- point 7 a- subpoint 1- intr. part	285	(i) point (a) is replaced by the following:	(i) point (a) is replaced by the following:	(i) point (a) is replaced by the following:

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Art. 1- para. 1- point 7 a- subpoint 1- Art. 20 - para. 1 - point a	286	‘ (a) in the case of applications for the permissions referred to in Article 143(1), Article 151, paragraphs 4 and 9, Article 283 and Article 363 submitted by an EU parent institution and its subsidiaries, or jointly by the subsidiaries of an EU parent financial holding company or EU parent mixed financial holding company, to decide whether or not to grant the permission sought and to determine the terms and conditions, if any, to which such permission should be subject;; ’	‘ (a) in the case of applications for the permissions referred to in Article 143(1), Article 151, paragraphs 4 and 9, Article 283 and Article 363 325az submitted by an EU parent institution and its subsidiaries, or jointly by the subsidiaries of an EU parent financial holding company or EU parent mixed financial holding company, to decide whether or not to grant the permission sought and to determine the terms and conditions, if any, to which such permission should be subject;; ’	‘ (a) in the case of applications for the permissions referred to in Article 143(1), Article 151, paragraphs 4 and 9, Article 283 and Article 363 submitted by an EU parent institution and its subsidiaries, or jointly by the subsidiaries of an EU parent financial holding company or EU parent mixed financial holding company, to decide whether or not to grant the permission sought and to determine the terms and conditions, if any, to which such permission should be subject;; ’
Art. 1- para. 1 point 7 a - subpoint ii	287	(ii) the third subparagraph is deleted;	(ii) the third subparagraph is deleted;	(ii) the third subparagraph is deleted;
Art. 1- para. 1- point 7 b- intr. part	288	(b) paragraph 6 is replaced by the following:	(b) paragraph 6 is replaced by the following:	(b) paragraph 6 is replaced by the following:
Art. 1- para. 1- point 7 b- Art. 20 - para 6	289	‘ 6. Where an EU parent institution and its subsidiaries, the subsidiaries of an EU parent financial holding company or an EU parent mixed financial holding company use the IRB Approach referred	‘ 6. Where an EU parent institution and its subsidiaries, the subsidiaries of an EU parent financial holding company or an EU parent mixed financial holding company use the IRB Approach referred	‘ 6. Where an EU parent institution and its subsidiaries, the subsidiaries of an EU parent financial holding company or an EU parent mixed financial holding company use the IRB Approach referred to in Article

		Commission Proposal	Council Mandate	EP Mandate
		to in Article 143 on a unified basis, the competent authorities shall allow the parent and its subsidiaries, considered together, to meet the qualifying criteria set out in Part Three, Title II, Chapter 3, Section 6 in a way that is consistent with the structure of the group and its risk management systems, processes and methodologies.;	to in Article 143 on a unified basis, the competent authorities shall allow the parent and its subsidiaries, considered together, to meet the qualifying criteria set out in Part Three, Title II, Chapter 3, Section 6 in a way that is consistent with the structure of the group and its risk management systems, processes and methodologies.;	143 on a unified basis, the competent authorities shall allow the parent and its subsidiaries, considered together, to meet the qualifying criteria set out in Part Three, Title II, Chapter 3, Section 6 in a way that is consistent with the structure of the group and its risk management systems, processes and methodologies.;
Art. 1- para. 1- point 7 c - int. part (new)	290		<u>(c) paragraph 8 is replaced by the following:</u>	
Art. 1- para. 1- point 7 c (new) - Art. 20 - para. 8 - subpara 1	291		<u>‘8. EBA shall develop draft implementing technical standards to specify the joint decision process referred to in point (a) of paragraph 1 with regard to the applications for permissions referred to in Article 143(1), Article 151(9), Article 283, and Article 325az with a view to facilitating joint decisions.</u>	
Art. 1- para. 1- point 7 c - Art. 20 - para 8 - subpara. 2	292		<u>EBA shall submit those draft implementing technical standards to the Commission by [OP please insert date = 1 year after entry into force of this Regulation].</u>	
Art. 1- para. 1- point 7 c - Art. 20 -	293		<u>Power is conferred on the Commission to adopt the implementing technical</u>	

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para 8 - subpara 3			<u>standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1093/2010.‘;</u>	
Art. 1- para. 1- point 7 a- intr. part (new)	294			<i>(7a) Article 21 is amended as follows:</i>
Art. 1- para. 1- point 7 a (new)- subpoint a	295			<i>(a) in paragraph 1, the first subparagraph is replaced by the following:</i>
Art. 1- para. 1- point 7 a(new)- subpoint a - Art.21 - para 1	296			<i>‘1. Upon application of an EU parent institution or an EU parent financial holding company or EU parent mixed financial holding company or a sub-consolidating subsidiary of an EU parent institution or an EU parent financial holding company or EU parent mixed financial holding company, the consolidating supervisor and the competent authorities responsible for the supervision of subsidiaries of an EU parent institution or an EU parent financial holding company or EU parent mixed financial holding company in a Member State shall do everything within their power to reach a joint decision on whether the conditions in points (a) to (g) of Article 8(1) are met and to identify a single liquidity sub-group for the application of Article 8.’;</i>

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Art. 1- para. 1- point 7 a(new)- subpoint b	297			<i>(b) in paragraph 2, the second subparagraph is replaced by the following:</i>
Art. 1- para. 1- point 7 a (new)- subpoint b - Art.21 - para 2 - subpara. 2	298			<i>‘However, any competent authority, including the consolidating supervisor, may during the six-month period refer to EBA the question whether the conditions in Article 8(1), points (a) to (g), are met. In that case, EBA may carry out its non-binding mediation in accordance with Article 31(c) of Regulation (EU) No 1093/2010 and all the competent authorities involved shall defer their decisions pending the conclusion of the non-binding mediation. Where, during the mediation, no agreement has been reached by the competent authorities within three months, each competent authority responsible for supervision on an individual basis shall take its own decision taking into account the proportionality of benefits and risks at the level of the Member State of the parent institution and the proportionality of benefits and risks at the level of the Member State of the subsidiary. The matter shall not be referred to EBA after the end of the six-month period or after a joint decision has been reached.’;</i>
Art. 1- para. 1- point 7a (new)-	299			<i>(c) paragraph 3 is replaced by the following:</i>

		Commission Proposal	Council Mandate	EP Mandate
subpoint c - intr. part				
Art. 1- para. 1- point 7a (new) - subpoint c - Art.21 - para. 3	300			<i>‘3. Any relevant competent authority may also during the six-month period consult EBA in the event of a disagreement on the conditions listed in Article 8(1), points (a) to (g). In that case, EBA may carry out its non-binding mediation in accordance with Article 31(c) of Regulation (EU) No 1093/2010, and all the competent authorities involved shall defer their decisions pending the conclusion of the non-binding mediation. Where, during the mediation, no agreement has been reached by the competent authorities within three months, each competent authority responsible for supervision on an individual basis shall take its own decision.’;</i>
Art. 1- para. 1- point 7a - intr. part (new)	301		<u>(7a) in Article 22, the first paragraph is replaced by the following :</u>	
Art. 1- para. 1- point 7a (new)- Art.22 - para 1	302		<u>‘1. Subsidiary institutions or subsidiary intermediate parent financial holding companies or intermediate parent mixed financial holding companies shall apply the requirements laid down in Articles 89, 90 and 91 and Parts Three, Four and Seven and the associated reporting requirements laid down in</u>	

		Commission Proposal	Council Mandate	EP Mandate
			<u>Part Seven A on the basis of their sub-consolidated situation if they have an institution or a financial institution as a subsidiary in a third country, or hold a participation in such an undertaking.’;</u>	
Art. 1- para. 1- point 8	303	(8) in Article 27(1), point (a), point (v) is deleted;	(8) in Article 27(1), point (a), point (v) is deleted;	(8) in Article 27(1), point (a), point (v) is deleted;
Art. 1- para. 1- point 9- intr. part	304	(9) in Article 34, the following paragraphs are added:	(9) in Article 34, the following paragraphs are added:	(9) in Article 34, the following paragraphs are added:
Art. 1- para. 1- point 9- Art. 34 - para. 2	305	‘ By way of derogation from the first paragraph of this Article, in extraordinary circumstances the existence of which will be determined by an opinion provided by EBA, institutions may reduce the total additional value adjustments in the calculation of the total amount to be deducted from Common Equity Tier 1 capital.	‘ By way of derogation from the first paragraph of this Article, in extraordinary circumstances the existence of which will be determined by an opinion provided by EBA, institutions may reduce the total additional value adjustments in the calculation of the total amount to be deducted from Common Equity Tier 1 capital.	‘ By way of derogation from the first paragraph of this Article, in extraordinary circumstances the existence of which will be determined by an opinion provided by EBA, institutions may reduce the total additional value adjustments in the calculation of the total amount to be deducted from Common Equity Tier 1 capital.
Art. 1- para. 1- point 9- Art. 34 - para. 3	306	For the purposes of providing the opinion referred to in the second subparagraph,	For the purposes of providing the opinion referred to in the second subparagraph,	For the purposes of providing the opinion referred to in the second subparagraph,

		Commission Proposal	Council Mandate	EP Mandate
		EBA shall monitor the market conditions to assess whether extraordinary circumstances have occurred and accordingly, shall notify the Commission immediately.	EBA shall monitor the market conditions to assess whether extraordinary circumstances have occurred and accordingly, shall notify the Commission immediately.	EBA shall monitor the market conditions to assess whether extraordinary circumstances have occurred and accordingly, shall notify the Commission immediately.
Art. 1- para. 1- point 9- Art. 34 - para. 4	307	EBA shall develop draft regulatory technical standards to specify the indicators and conditions that EBA will use to determine the extraordinary circumstances referred to in the second paragraph and to specify the reduction of the total aggregated additional value adjustments referred to in that paragraph.	EBA shall develop draft regulatory technical standards to specify the indicators and conditions that EBA will use to determine the extraordinary circumstances referred to in the second paragraph and to specify the reduction of the total aggregated additional value adjustments referred to in that paragraph.	EBA, <i>in consultation with ECB and ESMA</i> , shall develop draft regulatory technical standards to specify the indicators and conditions that EBA will use to determine the extraordinary circumstances referred to in the second paragraph and to specify the reduction of the total aggregated additional value adjustments referred to in that paragraph.
Art. 1- para. 1- point 9- Art. 34 - para. 5	308	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 2 years after the entry into force of this Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 2 years after the entry into force of this Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 2 years after the entry into force of this Regulation].
Art. 1- para. 1- point 9- Art. 34 - para. 6	309	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the third paragraph 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 third paragraph 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 third paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;

		Commission Proposal	Council Mandate	EP Mandate
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Art. 1- para. 1- point 10- intr. part	310	(10) Article 36 is amended as follows:	(10) Article 36 is amended as follows:	(10) Article 36 is amended as follows:
Art. 1- para. 1- point 10 - subpoint a- intr. part	311	(a) in paragraph 1, point (d) is replaced by the following:	(a) in paragraph 1, point (d) is replaced by the following:	(a) in paragraph 1, point (d) is replaced by the following:
Art. 1- para. 1- point 10 - subpoint a- <i>Art. 36 - para. 1- point d</i>	312	(d) for institutions calculating risk-weighted exposure amounts using the Internal Ratings Based Approach (the IRB Approach), the IRB shortfall where applicable, calculated in accordance with Article 159;;	(d) for institutions calculating risk-weighted exposure amounts using the Internal Ratings Based Approach (the IRB Approach), the IRB shortfall where applicable, calculated in accordance with Article 159;;	(d) for institutions calculating risk-weighted exposure amounts using the Internal Ratings Based Approach (the IRB Approach), the IRB shortfall where applicable, calculated in accordance with Article 159;;
Art. 1- para. 1- point 10 - subpoint b	313	(b) in paragraph 1, in point (k), point (v) is deleted;	(b) in paragraph 1, in point (k), point (v) is deleted;	(b) in paragraph 1, in point (k), point (vi) is added :
Art. 1- para. 1- point 10 - <i>Art. 36 - para. 1- point k -</i>	314			<i>‘(vi) exposures in the form of units or shares in a CIU that are assigned a risk-weight of 1250% in accordance with Article 132(2), second subparagraph.’;</i>

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<i>subpoint vi</i> (new)				
Art. 1- para. 1- point 10 - subpoint ba (new)	315			<i>(ba) in paragraph 1, point (m) is replaced by the following:</i>
Art. 1- para. 1- point 10 - subpoint ba (new)- Art. 36 - para. 1- point m - (new)	316			<i>'(m) the applicable amount of insufficient coverage for non-performing exposures other than exposures purchased by a specialised debt restructurer which were non-performing at the time of purchase.';</i>
Art. 1- para. 1- point 11- intr. part	317	(11) in Article 46(1), in point (a), point (ii) is replaced by the following:	(11) in Article 46 (1), in point (a), point (ii) is replaced by the following <u>paragraph 1, in point (a), point (ii) is replaced by the following:</u>	(11) in Article 46(1), in point (a), point (ii) is replaced by the following:
Art. 1- para. 1- point 11- Art. 46 - para. 1- point a - subpoint ii	318	(ii) the deductions referred to in Article 36(1), points (a) to (g), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding the amount to be deducted for deferred tax assets that rely on future profitability and arise from temporary differences;;	(ii) the deductions referred to in Article 36(1), points (a) to (g), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding the amount to be deducted for deferred tax assets that rely on future profitability and arise from temporary differences;;	(ii) the deductions referred to in Article 36(1), points (a) to (g), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding the amount to be deducted for deferred tax assets that rely on future profitability and arise from temporary differences;;
Art. 1- para. 1- point 11a	319			<i>(11a) in Article 47a, the following paragraphs are added:</i>

		Commission Proposal	Council Mandate	EP Mandate
(new) - inr. part				
Art. 1- para. 1- point 11a - Art. 47c - para. 7a (new)	320			<i>'7a. For the purposes of Article 36(1), point (m), "specialised debt restructuring" means an institution that, during the preceding financial year, complies with all of the following conditions :</i>
Art. 1- para. 1- point 11a - Art. 47c - para. 7a - subpoint i (new)	321			<i>(i) the main activity of the institution is the purchase of exposures of other institutions and its management body has implemented a clear and effective internal decision process to this end;</i>
Art. 1- para. 1- point 11a - Art. 47c - para. 7a - subpoint ii (new)	322			<i>(ii) the book value of its own originated loans does not exceed 15% of the aggregate book value, including purchased performing and non-performing exposures, of its loans; and</i>
Art. 1- para. 1- point 11a - Art. 47c - para. 7a - subpoint iii (new)	323			<i>(iii) its total assets do not exceed EUR 30 billion.</i>
Art. 1- para. 1- point 11a - Art. 47c - para. 7b (new)	324			<i>7b. EBA shall, taking into account the criteria set out in points (i) to (iii) of paragraph 7a, develop draft regulatory technical standards specifying the conditions under which an institution may be considered a specialised debt</i>

		Commission Proposal	Council Mandate	EP Mandate
				<i>restructurer.</i>
Art. 1- para. 1- point 11a - Art. 47c - para. 7b - subpara 2 (new)	325			<i>EBA shall submit those draft regulatory technical standards to the Commission by [12 months after the date of entry into force of this amending Regulation].</i>
Art. 1- para. 1- point 11a - Art. 47c - para. 7b - subpara 3 (new)	326			<i>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.';</i>
Art. 1- para. 1- point 11b - intr. part (new)	327		<u>(11a) Article 47c is modified as follows:</u>	<i>(11b) Article 47c is amended as follows:</i>
	328		<u>(a) the introductory sentence of paragraph 4 is replaced by the following:</u>	
	329		<u>'4. By way of derogation from paragraph 3 of this Article, the following factors shall apply to the part of the non-performing exposure guaranteed or counter-guaranteed by an eligible protection provider referred to in points (a) to (e) of Article 201(1), unsecured exposures to which would be assigned a risk weight of 0 % under Chapter 2 of Title II of Part 3:';</u>	

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 11b - Art. 47c - point a (new)	330			<i>(a) in paragraph (4), point (b) is replaced by the following:</i>
Art. 1- para. 1- point 11b - Art. 47c - para 4 - point b (new)	331			<i>‘(b) 1 for the secured part of the non-performing exposure to be applied as of the first day of the eighth year following its classification as non-performing, unless the guarantee or insurance has been invoked by the institution and the eligible protection provider has assumed and, in line with Article 213(1), fulfils all payment obligations of the obligor towards the institution in full and in accordance with the applicable payment schedule, in which case a factor of 0 for the secured part of the non-performing exposure will apply.’;</i>
Art. 1- para. 1- point 11b -Art.47c- point b - intr. part (new)	332		<u>(b) the following paragraph 4a is inserted:</u>	<i>(b) the following paragraph is inserted:</i>
Art. 1- para. 1- point 11b - Art. 47c - point b - para 4a (new)	333		<u>‘4a. By way of derogation from paragraph 3 of this Article, the part of the non-performing exposure guaranteed or insured by an official export credit agency are excluded from the requirements laid down in this article.’;</u>	<i>‘4a. By way of derogation from paragraph 3 of this Article, the part of the non-performing exposure guaranteed or insured by an official export credit agency are excluded from the requirements laid down in this Article.’;</i>

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 12- intr. part	334	(12) in Article 48, paragraph 1 is amended as follows:	(12) in in Article 48, paragraph 1 ; paragraph 1 is amended as follows:	(12) in Article 48, paragraph 1 is amended as follows:
Art. 1- para. 1- point 12 - subpoint a- intr. part	335	(a) in point (a), point (ii) is replaced by the following:	(a) in point (a), point (ii) is replaced by the following:	(a) in point (a), point (ii) is replaced by the following:
Art. 1- para. 1- point 12 - subpoint a- Art. 48- para. 1- point a - subpoint ii	336	(ii) Article 36(1), points (a) to (h), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding deferred tax assets that rely on future profitability and arise from temporary differences.;	(ii) Article 36(1), points (a) to (h), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding deferred tax assets that rely on future profitability and arise from temporary differences.;	(ii) Article 36(1), points (a) to (h), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding deferred tax assets that rely on future profitability and arise from temporary differences.;
Art. 1- para. 1- point 12 - subpoint b- intr. part	337	(b) in point (b), point (ii) is replaced by the following:	(b) in point (b), point (ii) is replaced by the following:	(b) in point (b), point (ii) is replaced by the following:
Art. 1- para. 1- point 12 - subpoint b- Art. 48 - para. 1- point b - subpoint ii	338	(ii) Article 36(1), points (a) to (h), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding deferred tax assets that rely on future profitability and arise from temporary differences.;	(ii) Article 36(1), points (a) to (h), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding deferred tax assets that rely on future profitability and arise from temporary differences.;	(ii) Article 36(1), points (a) to (h), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding deferred tax assets that rely on future profitability and arise from temporary differences.;

		Commission Proposal	Council Mandate	EP Mandate
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Art. 1- para. 1- point 13- intr. part	339	(13) in Article 49, paragraph 4 is replaced by the following:	(13) in Article 49, paragraph 4 is replaced by the following:	(13) in Article 49, paragraph 4 is replaced by the following:
Art. 1- para. 1- point 13- <i>Art.49 - para 4 - subpara. 1</i>	340	‘ 4. The holdings in respect of which deduction is not made in accordance with paragraph 1 shall qualify as exposures and shall be risk weighted in accordance with Part Three, Title II, Chapter 2.	‘ 4. The holdings in respect of which deduction is not made in accordance with paragraph 1 shall qualify as exposures and shall be risk weighted in accordance with Part Three, Title II, Chapter 2.	‘ 4. <i>Holdings</i> in respect of which <i>deductions</i> <i>are</i> not made <i>pursuant to</i> paragraph 1 shall <i>always</i> qualify as exposures and shall be risk weighted in accordance with Part Three, Title II, Chapter 2 <i>of this Regulation.</i>
Art. 1- para. 1- point 13- <i>Art.49 - para 4- subpara. 2</i>	341	The holdings in respect of which deduction is not made in accordance with paragraphs 2 or 3 shall qualify as exposures and shall be risk weighted at 100 %.; ,	The holdings in respect of which deduction is not made in accordance with paragraphs 2 or 3 shall qualify as exposures and shall be risk weighted at 100 %.; ,	The holdings in respect of which deduction is not made in accordance with paragraphs 2 or 3 shall qualify as exposures and shall be risk weighted at 100 %.; ,
Art. 1- para. 1- point 14- intr. part	342	(14) in Article 60(1), in point (a), point (ii) is replaced by the following:	(14) in Article 60(1), in point (a), point (ii) is replaced by the following:	(14) in Article 60(1), in point (a), point (ii) is replaced by the following:
Art. 1- para. 1- point 14- <i>Art. 60(1)</i>	343	‘ (ii) Article 36(1), points (a) to (g), points	‘ (ii) Article 36(1), points (a) to (g), points	‘ (ii) Article 36(1), points (a) to (g), points

		Commission Proposal	Council Mandate	EP Mandate
<i>para. 1- point a - subpoint ii</i>		(k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding deferred tax assets that rely on future profitability and arise from temporary differences;;	(k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding deferred tax assets that rely on future profitability and arise from temporary differences;;	(k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding deferred tax assets that rely on future profitability and arise from temporary differences;;
Art. 1- para. 1- point 15- intr. part	344	(15) in Article 62, first subparagraph, point (d) is replaced by the following:	(15) in Article 62, first subparagraph, point (d) is replaced by the following:	(15) in Article 62, first subparagraph, point (d) is replaced by the following:
Art. 1- para. 1- point 15- Art.62 - para 1 -subpara. 1- point d	345	(d) for institutions calculating risk-weighted exposure amounts under Chapter 3 of Title II of Part Three, the IRB excess where applicable, gross of tax effects, calculated in accordance with Article 159 up to 0,6 % of risk-weighted exposure amounts calculated under Chapter 3 of Title II of Part Three.;	(d) for institutions calculating risk-weighted exposure amounts under Chapter 3 of Title II of Part Three, the IRB excess where applicable, gross of tax effects, calculated in accordance with Article 159 up to 0,6 % of risk-weighted exposure amounts calculated under Chapter 3 of Title II of Part Three.;	(d) for institutions calculating risk-weighted exposure amounts under Chapter 3 of Title II of Part Three, the IRB excess where applicable, gross of tax effects, calculated in accordance with Article 159 up to 0,6 % of risk-weighted exposure amounts calculated under Chapter 3 of Title II of Part Three.;
Art. 1- para. 1- point 16- intr. part	346	(16) in Article 70(1), in point (a), point (ii) is replaced by the following:	(16) in Article 70(1), in point (a), point (ii) is replaced by the following:	(16) in Article 70(1), in point (a), point (ii) is replaced by the following:
Art. 1- para. 1- point 16-	347			

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Art. 70(1) - para. 1-point a - subpoint ii		‘ (ii) Article 36(1), points (a) to (g), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding the amount to be deducted for deferred tax assets that rely on future profitability and arise from temporary differences;; ’	‘ (ii) Article 36(1), points (a) to (g), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding the amount to be deducted for deferred tax assets that rely on future profitability and arise from temporary differences;; ’	‘ (ii) Article 36(1), points (a) to (g), points (k)(ii), (iii) and (iv) and points (l), (m) and (n), excluding the amount to be deducted for deferred tax assets that rely on future profitability and arise from temporary differences;; ’
Art. 1- para. 1- point 17- intr. part	348	(17) in Article 72b(3), first subparagraph, the introductory phrase is replaced by the following:	(17) in Article 72b(3), first subparagraph, the introductory phrase is replaced by the following:	(17) in Article 72b(3), first subparagraph, the introductory phrase is replaced by the following:
Art. 1- para. 1- point 17- Art. 72b(3) - para 1 - subpara. 1	349	‘ In addition to the liabilities referred to in paragraph 2 of this Article, the resolution authority may permit liabilities to qualify as eligible liabilities instruments up to an aggregate amount that does not exceed 3,5 % of the total risk exposure amount calculated in accordance with Article 92(3), provided that;; ’	‘ In addition to the liabilities referred to in paragraph 2 of this Article, the resolution authority may permit liabilities to qualify as eligible liabilities instruments up to an aggregate amount that does not exceed 3,5 % of the total risk exposure amount calculated in accordance with Article 92(3), provided that;; ’	‘ In addition to the liabilities referred to in paragraph 2 of this Article, the resolution authority may permit liabilities to qualify as eligible liabilities instruments up to an aggregate amount that does not exceed 3,5 % of the total risk exposure amount calculated in accordance with Article 92(3), provided that;; ’
Art. 1- para. 1- point 18- intr. part	350	(18) in Article 72i(1), in point (a), point (ii) is replaced by the following:	(18) in Article 72i(1), in point (a), point (ii) is replaced by the following:	(18) in Article 72i(1), in point (a), point (ii) is replaced by the following:

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Art. 1- para. 1- point 18- Art. 72i(1) - para. 1- point a - subpoint ii	351	‘ (ii) Article 36(1), points (a) to (g), points (k)(ii), (iii) and (k)(iv) and points (l), (m) and (n), excluding the amount to be deducted for deferred tax assets that rely on future profitability and arise from temporary differences;; ,	‘ (ii) Article 36(1), points (a) to (g), points (k)(ii), (iii) and (k)(iv) and points (l), (m) and (n), excluding the amount to be deducted for deferred tax assets that rely on future profitability and arise from temporary differences;; ,	‘ (ii) Article 36(1), points (a) to (g), points (k)(ii), (iii) and (k)(iv) and points (l), (m) and (n), excluding the amount to be deducted for deferred tax assets that rely on future profitability and arise from temporary differences;; ,
Art. 1- para. 1- point 19- intr. part	352	(19) in Article 84(1), point (a) is replaced by the following:	(19) in Article 84 is amended as follows : (1), point (a) is replaced by the following:	(19) in Article 84(1), point (a) is replaced by the following:
Art. 1- para. 1- point 19 - subpoint a (new)	353		<u>(a) in the first paragraph, point (a) is replaced by the following :</u>	
Art. 1- para. 1- point 19- Art. 84 - para 1 - point a- intr. part	354	‘ (a) the Common Equity Tier 1 capital of the subsidiary minus the lower of the following: ,	‘ (a) the Common Equity Tier 1 capital of the subsidiary minus the lower of the following: ,	‘ (a) the Common Equity Tier 1 capital of the subsidiary minus the lower of the following: ,
Art. 1- para.	355			

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1- point 19- Art. 84 - para 1 - point a- subpoint i- intr. part		(i) the amount of Common Equity Tier 1 capital of that subsidiary required to meet the following:	(i) the amount of Common Equity Tier 1 capital of that subsidiary required to meet the following:	(i) the amount of Common Equity Tier 1 capital of that subsidiary required to meet the following:
Art. 1- para. 1- point 19- Art. 84 - para 1 - point a- subpoint i- indent 1	356	- where the subsidiary is an institution, the sum of the requirement laid down in Article 92(1), point (a), the requirements referred to in Articles 458 and 459 , the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6), of that Directive, or any local supervisory regulations in third countries insofar as those requirements are to be met by Common Equity Tier 1 capital, as applicable;	- where the subsidiary is an institution <u>one of those listed in Article 81(1), point (a), but not an investment firm or an intermediate investment holding company</u> , the sum of the requirement laid down in Article 92(1), point (a), the requirements referred to in Articles 458 and 459 , the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6), of that Directive, or any local supervisory regulations in third countries insofar as those requirements are to be met by Common Equity Tier 1 capital, as applicable;	- where the subsidiary is an <i>undertaking referred to in Article 81(1), points (a)(i) to (a)(iii) and point (a)(v), of this Regulation</i> , the sum of the requirement laid down in Article 92(1), point (a), the requirements referred to in Articles 458 and 459 , the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6), of that Directive, or any local supervisory regulations in third countries insofar as those requirements are to be met by Common Equity Tier 1 capital, as applicable;
Art. 1- para. 1- point 19- Art. 84 - para 1 - point a- subpoint i- indent 2	357	- where the subsidiary is an investment firm, the sum of the requirement laid down in Article 11 of Regulation (EU) 2019/2033, the specific own funds requirements referred to in Article 39(2), point (a), of Directive (EU) 2019/2034, or any local supervisory regulations in third countries, insofar as those	- where the subsidiary is an investment firm <u>or an intermediate investment holding company</u> , the sum of the requirement laid down in Article 11 of Regulation (EU) 2019/2033, the specific own funds requirements referred to in Article 39(2), point (a), of Directive (EU) 2019/2034, or any local supervisory	- where the subsidiary is an investment firm <i>or an intermediate investment holding company</i> , the sum of the requirement laid down in Article 11 of Regulation (EU) 2019/2033, the specific own funds requirements referred to in Article 39(2), point (a), of Directive (EU) 2019/2034, or any local supervisory

		Commission Proposal	Council Mandate	EP Mandate
		requirements are to be met by Common Equity Tier 1 capital, as applicable;	regulations in third countries, insofar as those requirements are to be met by Common Equity Tier 1 capital, as applicable;	regulations in third countries, insofar as those requirements are to be met by Common Equity Tier 1 capital, as applicable;
Art. 1- para. 1- point 19- Art. 84 - para 1 - point a- subpoint ii	358	(ii) the amount of consolidated Common Equity Tier 1 capital that relates to that subsidiary that is required on a consolidated basis to meet the sum of the requirement laid down in Article 92(1), point (a), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU and the combined buffer requirement defined in Article 128, point (6), of that Directive;;	(ii) the amount of consolidated Common Equity Tier 1 capital that relates to that subsidiary that is required on a consolidated basis to meet the sum of the requirement laid down in Article 92(1), point (a), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU, and the combined buffer requirement defined in Article 128, point (6), of that Directive, <u>or, in third country subsidiaries, any local supervisory regulations , insofar as those requirements are to be met by Common Equity Tier 1 Capital</u> ;	(ii) the amount of consolidated Common Equity Tier 1 capital that relates to that subsidiary that is required on a consolidated basis to meet the sum of the requirement laid down in Article 92(1), point (a), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU and the combined buffer requirement defined in Article 128, point (6), of that Directive;;
Art. 1- para. 1- point 19- Art. 84 - para 1 - point a- subpara 2 (new)	359			<i>By way of derogation from this point (a), the competent authority may allow institutions to subtract either of the amounts referred to in point (i) or (ii) of this point;</i>
Art. 1- para. 1- point 19 - subpoint b - intr. part	360		<u>(b) in paragraph 5, point (c) is replaced by the following:</u>	

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Art. 1- para. 1- point 19 - subpoint b - Art. 84 - para.5 - point c	361		<u>‘(c) it consolidates a subsidiary institution in which it has only a minority holding by virtue of the control relationship in the meaning of Article 4(1), point (37);’;</u>	
Art. 1- para. 1- point 20- intr. part	362	(20) in Article 85(1), point (a) is replaced by the following:	(20) in Article 85(1), point (a) is replaced by the following:	(20) in Article 85(1), point (a) is replaced by the following:
Art. 1- para. 1- point 20- Art. 85(1) - para. 1- point a - intr. part	363	(a) the Tier 1 capital of the subsidiary minus the lower of the following:	(a) the Tier 1 capital of the subsidiary minus the lower of the following:	(a) the Tier 1 capital of the subsidiary minus the lower of the following:
Art. 1- para. 1- point 20- Art. 85(1)- para. 1- point a - subpoint i - intr. part	364	(i) the amount of Tier 1 capital of the subsidiary required to meet the following:	(i) the amount of Tier 1 capital of the subsidiary required to meet the following:	(i) the amount of Tier 1 capital of the subsidiary required to meet the following:
Art. 1- para. 1- point 20- Art. 85(1)- para. 1- point a - subpoint i - indent 1	365	- where the subsidiary is an institution, the sum of the requirement laid down in Article 92(1), point (b), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point	- where the subsidiary is an institution <u>one of those listed in Article 81(1), point (a), but not an investment firm or an intermediate investment holding company,</u> the sum of the requirement laid down in Article 92(1), point (b), the requirements referred to in Articles 458 and 459, the specific own funds	- where the subsidiary is an <i>undertaking referred to in Article 81(1), points (a)(i) to (a)(iii) and point (a)(v) of this Regulation,</i> the sum of the requirement laid down in Article 92(1), point (b), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU, the

		Commission Proposal	Council Mandate	EP Mandate
		(6), of that Directive, or any local supervisory regulations in third countries insofar as those requirements are to be met by Tier 1 Capital, as applicable;	requirements referred to in Article 104 of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6), of that Directive, or any local supervisory regulations in third countries insofar as those requirements are to be met by Tier 1 Capital, as applicable;	combined buffer requirement defined in Article 128, point (6), of that Directive, or any local supervisory regulations in third countries insofar as those requirements are to be met by Tier 1 Capital, as applicable;
Art. 1- para. 1- point 20- Art. 85(1)- para. 1- point a - subpoint 1 - indent 2	366	- where the subsidiary is an investment firm, the sum of the requirement laid down in Article 11 of Regulation (EU) 2019/2033, the specific own funds requirements referred to in Article 39(2), point (a), of Directive (EU) 2019/2034, or any local supervisory regulations in third countries insofar as those requirements are to be met by Tier 1 capital, as applicable;	- where the subsidiary is an investment firm or an intermediate investment holding company , the sum of the requirement laid down in Article 11 of Regulation (EU) 2019/2033, the specific own funds requirements referred to in Article 39(2), point (a), of Directive (EU) 2019/2034, or any local supervisory regulations in third countries insofar as those requirements are to be met by Tier 1 capital, as applicable;	- where the subsidiary is an investment firm or an intermediate investment holding company , the sum of the requirement laid down in Article 11 of Regulation (EU) 2019/2033, the specific own funds requirements referred to in Article 39(2), point (a), of Directive (EU) 2019/2034, or any local supervisory regulations in third countries insofar as those requirements are to be met by Tier 1 capital, as applicable;
Art. 1- para. 1- point 20- Art. 85(1)- para. 1- point a - subpoint ii	367	(ii) the amount of consolidated Tier 1 capital that relates to the subsidiary that is required on a consolidated basis to meet the sum of the requirement laid down in Article 92(1), point (b), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU and the combined buffer requirement defined in Article 128, point (6), of that Directive;;	ii) the amount of consolidated Tier 1 capital that relates to the subsidiary that is required on a consolidated basis to meet the sum of the requirement laid down in Article 92(1), point (b), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU, and the combined buffer requirement defined in Article 128, point (6), of that Directive, or, in third country	(ii) the amount of consolidated Tier 1 capital that relates to the subsidiary that is required on a consolidated basis to meet the sum of the requirement laid down in Article 92(1), point (b), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU and the combined buffer requirement defined in Article 128, point (6), of that Directive;;

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			<u>subsidiaries, any local supervisory regulations insofar as those requirements are to be met by Tier 1 capital;</u>	
Art. 1- para. 1- point 20- Art. 85(1)- para. 1- point a - subpara 2 (new)	368			<i>By way of derogation from this point (a), the competent authority may allow institutions to subtract either of the amounts referred to in point (i) or (ii) of this point;’;</i>
Art. 1- para. 1- point 20a - intr. part (new)	369		<u>(20a) in Article 87(1), point (a) is replaced by the following:</u>	<i>(20a) Article 87(1), point (a) is replaced by the following:</i>
Art. 1- para. 1- point 20a (new) - Art.87 - para 1 - point a - intr. part	370		<u>‘(a) the own funds of the subsidiary minus the lower of the following:</u>	<i>‘(a) the own funds of the subsidiary minus the lower of the following:</i>
Art. 1- para. 1- point 20a - (new) Art.87 - para 1 - point a - subpoint i	371		<u>(i) the amount of own funds of the subsidiary required to meet the following :</u>	<i>(i) the amount of own funds of the subsidiary required to meet the following:</i>
Art. 1- para. 1- point 20a (new) -	372		<u>- where the subsidiary is one of those listed in Article 81(1), point (a), but not an investment firm or an intermediate</u>	<i>– where the subsidiary is an undertaking referred to in Article 81(1), points (a)(i) to (a)(iii) and point (a)(v) of this Regulation,</i>

		Commission Proposal	Council Mandate	EP Mandate
Art.87 - para 1 - point a - subpoint 1 - indent 1 (new)			<u>investment holding company, the sum of the requirement laid down in Article 92(1), point (c), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6), of that Directive, or any local supervisory regulations in third countries insofar as those requirements are to be met by own funds, as applicable;</u>	<i>the sum of the requirement laid down in Article 92(1), point (c) of this Regulation, the requirements referred to in Articles 458 and 459 of this Regulation, the specific own funds requirements referred to in Article 104 of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6) of that Directive, or any local supervisory regulations in third countries insofar as those requirements are to be met by own funds, as applicable;</i>
Art. 1- para. 1- point 20a - (new) Art.87 - para 1 - point a - subpoint 1 - indent 2	373		<u>–where the subsidiary is an investment firm or an intermediate investment holding company, the sum of the requirement laid down in Article 11 of Regulation (EU) 2019/2033, the specific own funds requirements referred to in Article 39(2), point (a), of Directive (EU) 2019/2034, or any local supervisory regulations in third countries insofar as those requirements are to be met by own funds, as applicable;</u>	<i>– where the subsidiary is an investment firm or an intermediate investment company, the sum of the requirement laid down in Article 11 of Regulation (EU) 2019/2033, the specific own funds requirements referred to in Article 39(2), point (a), of Directive (EU) 2019/2034, or any local supervisory regulations in third countries insofar as those requirements are to be met by own funds, as applicable;</i>
Art. 1- para. 1- point 20a (new) - Art.87 - para 1 - point a - subpoint ii	374		<u>(ii) the amount of own funds that relates to the subsidiary that is required on a consolidated basis to meet the sum of the requirement laid down in Article 92(1), point (c), the requirements referred to in Articles 458 and 459, the specific own funds requirements</u>	<i>(ii) the amount of own funds that relates to the subsidiary that is required on a consolidated basis to meet the sum of the requirement laid down in Article 92(1), point (c), of this Regulation, the requirements referred to in Articles 458 and 459 of this Regulation, the specific</i>

		Commission Proposal	Council Mandate	EP Mandate
			<u>referred to in Article 104 of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6), of that Directive or, in third country subsidiaries, any local supervisory own funds requirement ;’;</u>	<i>own funds requirements referred to in Article 104 of Directive 2013/36/EU and the combined buffer requirement defined in point (6) of Article 128 of that Directive;</i>
Art. 1- para. 1- point 20a (new) - Art.87 - para 1 - point a - subpara. 2 (new)	375			<i>By way of derogation from this point (a), the competent authority may allow institutions to subtract either of the amounts referred to in point (i) or (ii) of this point. ’;</i>
Art. 1- para. 1- point 21- intr. part	376	(21) the following Article 88b is inserted:	(21) the following Article 88b is inserted:	(21) the following Article 88b is inserted:
Art. 1- para. 1- point 21- Art.88b- heading	377	‘ Article 88b Undertakings in third countries	‘ Article 88b <i>Undertakings in third countries</i>	‘ Article 88b Undertakings in third countries
Art. 1- para. 1- point 21- Art. 88b - para. 1	378	For the purposes of this Title II, the terms ‘investment firm’ and ‘institution’ shall be understood to include also undertakings established in third countries, which, were they established in the Union, would fall under the definitions of those terms in Article 4(1),	For the purposes of this Title II, the terms ‘investment firm’ and ‘institution’ shall be understood to include also undertakings established in third countries, which, were they established in the Union, would fall under the definitions of those terms in Article 4(1), points (2) and (3).;	For the purposes of this Title II, the terms ‘investment firm’ and ‘institution’ shall be understood to include also undertakings established in third countries, which, were they established in the Union, would fall under the definitions of those terms in Article 4(1), points (2) and (3).;

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		points (2) and (3).;	,	,
Art. 1- para. 1- point 22- intr. part	379	(22) in Article 89, paragraph 1 is replaced by the following:	(22) in Article 89 is amended as follows : , paragraph 1 is replaced by the following:	(22) in Article 89, paragraph 1 is replaced by the following:
Art. 1- para. 1- point 22- subpoint a (new)	380		<u>(a) paragraph 1 and 2 are replaced by the following:</u>	
Art. 1- para. 1- point 22- Art. 89 - para. 1	381	1. A qualifying holding, the amount of which exceeds 15 % of the eligible capital of the institution, in an undertaking which is not a financial sector entity, shall be subject to the provisions laid down in paragraph 3.;	1. A qualifying holding, the amount of which exceeds 15 % of the eligible capital of the institution, in an undertaking which is not a financial sector entity, shall be subject to the provisions laid down in paragraph 3.;	1. A qualifying holding, the amount of which exceeds 15 % of the eligible capital of the institution, in an undertaking which is not a financial sector entity, shall be subject to the provisions laid down in paragraph 3.;
Art. 1- para. 1- point 22 - subpoint a - Art. 89 - para. 2	382		<u>‘2. The sum of the amounts of the qualifying holdings of an institution in undertakings other than those referred to in paragraph 1 that exceeds 60 % of its eligible capital shall be subject to the provisions laid down in paragraph 3.’;</u>	
Art. 1- para. 1- point 22-	383		<u>(b) paragraph 4 is deleted;</u>	

		Commission Proposal	Council Mandate	EP Mandate
subpoint b (new)				
Art. 1- para. 1- point 23 - intr. part	384	(23) Article 92 is amended as follows:	(23) Article 92 is amended as follows:	(23) Article 92 is amended as follows:
Art. 1- para. 1- point 23 a- intr. part	385	(a) paragraph 3 and 4 are replaced by the following:	(a) paragraph 3 and 4 are replaced by the following:	(a) paragraph 3 and 4 are replaced by the following:
Art. 1- para. 1- point 23 a- Art. 92 - para 3- intr. part	386	3. The total risk exposure amount shall be calculated as follows:	3. The total risk exposure amount shall be calculated as follows:	3. The total risk exposure amount shall be calculated as follows:
Art. 1- para. 1- point 23 a- - Art. 92 - para. 3 a - intr. part	387	(a) a stand-alone institution in the EU and, for the purposes of complying with the obligations of this Regulation on the basis of its consolidated situation in accordance with Part One, Title II, Chapter 2, an EU parent institution, an EU parent financial holding company and an EU parent mixed financial holding company shall calculate the total risk exposure amount as follows:	(a) a stand-alone institution in the EU and, for the purposes of complying with the obligations of this Regulation on the basis of its consolidated situation in accordance with Part One, Title II, Chapter 2, an EU parent institution, an EU parent financial holding company and an EU parent mixed financial holding company institutions shall calculate the total risk exposure amount as follows:	(a) For the purposes of complying with the obligations of this Regulation, institutions shall calculate the total risk exposure amount as follows:
Art. 1- para. 1- point 23 a - - Art. 92 -	388		TREA = max {U-TREA; x · S-TREA}	TREA = max {U-TREA; x · S-TREA}

		Commission Proposal	Council Mandate	EP Mandate
<i>para. 3 a - subpara. 1</i>		$\text{TREA} = \max \{ \text{U-TREA}; x \cdot \text{S-TREA} \}$		
Art. 1- para. 1- point 23 a -- Art. 92 - para. 3 a - subpara. 2	389	where:	where:	where:
Art. 1- para. 1- point 23 a -- Art. 92 - para. 3 a - subpara. 3	390	TREA = the total risk exposure amount of the entity;	TREA = the total risk exposure amount of the entity;	TREA = the total risk exposure amount of the entity;
Art. 1- para. 1- point 23 a -- Art. 92 - para. 3 a - subpara. 4	391	U-TREA = the un-floored total risk exposure amount of the entity calculated in accordance with paragraph 4;	U-TREA = the un-floored total risk exposure amount of the entity calculated in accordance with paragraph 4;	U-TREA = the un-floored total risk exposure amount of the entity calculated in accordance with paragraph 4;
Art. 1- para. 1- point 23 a -- Art. 92 - para. 3 a - subpara. 5	392	S-TREA = the standardised total risk exposure amount of the entity calculated in accordance with paragraph 5;	S-TREA = the standardised total risk exposure amount of the entity calculated in accordance with paragraph 5;	S-TREA = the standardised total risk exposure amount of the entity calculated in accordance with paragraph 5;
Art. 1- para. 1- point 23 a -- Art. 92 - para. 3 a - subpara. 6	393	$x = 72,5 \%$;	$x = 72,5 \%$;	$x = 72,5 \%$;

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 23 a - - Art. 92 - para. 3 a - subpara. 7	394			<i>Institutions shall comply with this Article in accordance with the level of application laid down in Article 92-a.</i>
Art. 1- para. 1- point 23 a - - Art. 92 - para. 3 b - intr. part	395	(b) for the purposes set out in points (i) and (ii), the total risk exposure amount shall be calculated in accordance with paragraph 6:	<u>(b) by way of derogation from point (a), a Member State may decide that the total risk exposure amount shall be the un-floored total risk exposure amount, calculated in accordance with paragraph 4, for institutions which are part of a group with a parent institution in the same Member State, provided that this parent institution or, in the case of groups composed of a central body and permanently affiliated institutions, the whole as constituted by the central body together with its affiliated institutions calculates its total risk exposure amount in accordance with point (a) on a consolidated basis.</u> for the purposes set out in points (i) and (ii), the total risk exposure amount shall be calculated in accordance with paragraph 6:	
Art. 1- para. 1- point 23 a - Art. 92 - para. 3 b - subpoint i	396	(i) in case of a stand-alone subsidiary institution in a Member State, for the purposes of complying with obligations of this Regulation on its individual basis;	(i) in case of a stand-alone subsidiary institution in a Member State, for the purposes of complying with obligations of this Regulation on its individual basis;	

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 23 a - Art. 92 - para. 3 b - subpoint ii	397	(ii) in case of a parent institution in a Member State, a parent financial holding company in a Member State or a parent mixed financial holding company in a Member State, for the purposes of complying with obligations of this Regulation on the basis of its consolidated situation;	(ii) in case of a parent institution in a Member State, a parent financial holding company in a Member State or a parent mixed financial holding company in a Member State, for the purposes of complying with obligations of this Regulation on the basis of its consolidated situation;	
Art. 1- para. 1- point 23 a - Art. 92 - para. 3 c	398	(c) for the purposes of complying with the obligations of this Regulation on an individual basis, the total risk exposure amount of an institution which is neither a stand-alone institution in the EU nor a stand-alone subsidiary institution in a Member State shall be the un-floored total risk exposure amount calculated in accordance with paragraph 4.	(c) for the purposes of complying with the obligations of this Regulation on an individual basis, the total risk exposure amount of an institution which is neither a stand-alone institution in the EU nor a stand-alone subsidiary institution in a Member State shall be the un-floored total risk exposure amount calculated in accordance with paragraph 4.	
Art. 1- para. 1- point 23 a - - Art. 92 - para. 4 - intr. part	399	4. The un-floored total risk exposure amount shall be calculated as the sum of points (a) to (f) of this paragraph after having taken into account paragraph 7:	4. The un-floored total risk exposure amount shall be calculated as the sum of points (a) to (f) of this paragraph after having taken into account paragraph 7:	4. The un-floored total risk exposure amount shall be calculated as the sum of points (a) to (f) of this paragraph after having taken into account paragraph 7:
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 a	400	(a) the risk-weighted exposure amounts for credit risk, including counterparty	(a) the risk-weighted exposure amounts for credit risk, including counterparty risk,	(a) the risk-weighted exposure amounts for credit risk, including counterparty risk, and

		Commission Proposal	Council Mandate	EP Mandate
		risk, and dilution risk, calculated in accordance with Title II and Article 379, in respect of all the business activities of an institution, excluding risk-weighted exposure amounts for counterparty risk from the trading book business of the institution;	and dilution risk, calculated in accordance with Title II and Article 379, in respect of all the business activities of an institution; excluding risk-weighted exposure amounts for counterparty risk from the trading book business of the institution;	dilution risk, calculated in accordance with Title II and Article 379, in respect of all the business activities of an institution, excluding risk-weighted exposure amounts for counterparty risk from the trading book business of the institution;
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 b - intr. part	401	(b) the own funds requirements for the trading-book business of an institution for the following:	(b) the own funds requirements for the trading-book business of an institution for the following:	(b) the own funds requirements for the trading-book business of an institution for the following:
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 b- subpoint i	402	(i) market risk, calculated in accordance with Title IV of this Part;	(i) market risk, calculated in accordance with Title IV of this Part;	(i) market risk, calculated in accordance with Title IV of this Part;
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 b- subpoint ii	403	(ii) large exposures exceeding the limits specified in Articles 395 to 401, to the extent that an institution is permitted to exceed those limits, as determined in accordance with Part Four;	(ii) large exposures exceeding the limits specified in Articles 395 to 401, to the extent that an institution is permitted to exceed those limits, as determined in accordance with Part Four;	(ii) large exposures exceeding the limits specified in Articles 395 to 401, to the extent that an institution is permitted to exceed those limits, as determined in accordance with Part Four;
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 c	404	(c) the own funds requirements for market risk, calculated in accordance with Title IV of this Part for all business activities that are subject to foreign exchange risk or commodity risk;	(c) the own funds requirements for market risk, calculated in accordance with Title IV of this Part for all business activities that are subject to foreign exchange risk or commodity risk;	(c) the own funds requirements for market risk, calculated in accordance with Title IV of this Part for all business activities that are subject to foreign exchange risk or commodity risk;

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 ca	405	(ca) the own funds requirements for settlement risk, calculated in accordance with Title V of this Part, with the exception of Article 379;	(ca) the own funds requirements for settlement risk, calculated in accordance with Title V of this Part, with the exception of Article 379;	(ca) the own funds requirements for settlement risk, calculated in accordance with Title V of this Part, with the exception of Article 379;
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 d	406	(d) the own funds requirements for credit valuation adjustment risk, calculated in accordance with Title VI of this Part;	(d) the own funds requirements for credit valuation adjustment risk, calculated in accordance with Title VI of this Part;	(d) the own funds requirements for credit valuation adjustment risk, calculated in accordance with Title VI of this Part;
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 e	407	(e) the own funds requirements for operational risk, calculated in accordance with Title III of this Part;	(e) the own funds requirements for operational risk, calculated in accordance with Title III of this Part;	(e) the own funds requirements for operational risk, calculated in accordance with Title III of this Part;
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 f - intr. part	408	(f) the risk-weighted exposure amounts for counterparty risk arising from the trading book business of the institution for the following types of transactions and agreements, calculated in accordance with Title II of this Part:	(f) the risk-weighted exposure amounts for counterparty <u>credit</u> risk arising from the trading book business of the institution for the following types of transactions and agreements, calculated in accordance with Title II of this Part:	(f) the risk-weighted exposure amounts for counterparty risk arising from the trading book business of the institution for the following types of transactions and agreements, calculated in accordance with Title II of this Part:
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 f -	409	(i) contracts listed in Annex II and credit derivatives;	(i) contracts listed in Annex II and credit derivatives;	(i) contracts listed in Annex II and credit derivatives;

		Commission Proposal	Council Mandate	EP Mandate
<i>subpoint i</i>				
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 f - subpoint ii	410	(ii) repurchase transactions, securities or commodities lending or borrowing transactions based on securities or commodities;	(ii) repurchase transactions, securities or commodities lending or borrowing transactions based on securities or commodities;	(ii) repurchase transactions, securities or commodities lending or borrowing transactions based on securities or commodities;
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 f - subpoint iii	411	(iii) margin lending transactions based on securities or commodities;	(iii) margin lending transactions based on securities or commodities;	(iii) margin lending transactions based on securities or commodities;
Art. 1- para. 1- point 23 a - Art. 92 - para. 4 f - subpoint iv	412	(iv) long settlement transactions.;	(iv) long settlement transactions.;	(iv) long settlement transactions.;
Art. 1- para. 1- point 23 b- intr. part	413	(b) the following paragraphs 5, 6 and 7 are added:	(b) the following paragraphs 5; <u>and</u> 6 and 7 are added:	(b) the following paragraphs 5 ■ and 7 are added:
Art. 1- para. 1- point 23 b- Art. 92 - para. 5 - intr. part	414	5. The standardised total risk exposure amount shall be calculated as the sum of paragraph 4, points (a) to (f), after having taken into account paragraph 7 and the following requirements:	5. The standardised total risk exposure amount shall be calculated as the sum of paragraph 4, points (a) to (f), after having taken into account paragraph 7 <u>6</u> and the following requirements:	5. The standardised total risk exposure amount shall be calculated as the sum of paragraph 4, points (a) to (f), after having taken into account paragraph 7 and the following requirements:

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 23 b- Art. 92 - para. 5 - point a - intr. part	415	(a) the risk-weighted exposure amounts for credit risk and dilution risk referred to in paragraph 4, point (a), and for counterparty risk arising from the trading book business as referred to in point (f) of that paragraph shall be calculated without using any of the following approaches:	(a) the risk-weighted exposure amounts for credit risk and dilution risk referred to in paragraph 4, point (a), and for counterparty risk arising from the trading book business as referred to in point (f) of that paragraph shall be calculated without using any of the following approaches:	(a) the risk-weighted exposure amounts for credit risk and dilution risk referred to in paragraph 4, point (a), and for counterparty risk arising from the trading book business as referred to in point (f) of that paragraph shall be calculated without using any of the following approaches:
Art. 1- para. 1- point 23 b- Art. 92 - para. 5 - point a - subpoint i	416	(i) the internal models approach for master netting agreements set out in Article 221;	(i) the internal models approach for master netting agreements set out in Article 221;	(i) the internal models approach for master netting agreements set out in Article 221;
Art. 1- para. 1- point 23 b- Art. 92 - para. 5 - point a - subpoint ii	417	(ii) the Internal Ratings Based Approach provided for in Chapter 3;	(ii) the Internal Ratings Based Approach provided for in Chapter 3;	(ii) the Internal Ratings Based Approach provided for in Chapter 3;
Art. 1- para. 1- point 23 b- Art. 92 - para. 5 - point a - subpoint iii	418	(iii) the Securitisation Internal Ratings-Based Approach (SEC-IRBA) set out in Articles 258 to 260 and the Internal Assessment Approach (IAA) set out in Article 265;	(iii) the Securitisation Internal Ratings-Based Approach (SEC-IRBA) set out in Articles 258 to 260 and the Internal Assessment Approach (IAA) set out in Article 265;	(iii) the Securitisation Internal Ratings-Based Approach (SEC-IRBA) set out in Articles 258 to 260 and the Internal Assessment Approach (IAA) set out in Article 265;
Art. 1- para. 1- point 23	419	(iv) the approach set out in this Part,	(iv) the approach set out in this Part, Title	(iv) the approach set out in this Part, Title

		Commission Proposal	Council Mandate	EP Mandate
b- Art. 92 - para 5 - point a - subpoint iv		Title II, Chapter 6, Section 6;	II, Chapter 6, Section 6;	II, Chapter 6, Section 6;
Art. 1- para. 1- point 23 b- Art. 92 - para. 5 - point b	420	(b) the own funds requirements for market risk for the trading book business referred to in paragraph 3, point (b)(i), and for all its business activities that are subject to foreign exchange risk or commodity risk referred to in point (c) of that paragraph shall be calculated without using the alternative internal model approach set out in Part Three, Title IV, Chapter 1b.	(b) the own funds requirements for market risk for the trading book business referred to in paragraph 4 3, point (b)(i) <u>shall be calculated without using : ,</u> and for all its business activities that are subject to foreign exchange risk or commodity risk referred to in point (c) of that paragraph shall be calculated without using the alternative internal model approach set out in Part Three, Title IV, Chapter 1b.	(b) the own funds requirements for market risk for the trading book business referred to in paragraph 3, point (b)(i), and for all its business activities that are subject to foreign exchange risk or commodity risk referred to in point (c) of that paragraph shall be calculated without using the alternative internal model approach set out in Part Three, Title IV, Chapter 1b.
Art. 1- para. 1- point 23 b- Art. 92 - para. 5 - point b - subpoint i (new)	421		<u>(i) the alternative internal model approach set out in Part Three, Title IV, Chapter 1b; or</u>	
Art. 1- para. 1- point 23 b- Art. 92 - para. 5 - point b - subpoint ii (new)	422		<u>(ii) the Securitisation Internal Ratings-Based Approach (SEC-IRBA) set out in Articles 258 to 260 and the Internal Assessment Approach (IAA) set out in Article 265;</u>	
Art. 1- para. 1- point 23	423		<u>(c) the own funds requirements for all its business activities that are subject to</u>	

		Commission Proposal	Council Mandate	EP Mandate
b- Art. 92 - para. 5 - point c (new)			<u>foreign exchange risk or commodity risk referred to in point (c) of paragraph 4 shall be calculated without using the alternative internal model approach set out in Part Three, Title IV, Chapter 1b.</u>	
Art. 1- para. 1- point 23 b - Art. 92 - para 6 - intr. part	424	6. The total risk exposure amount of an entity 'i' for the purposes set out in paragraph 3, point (b), shall be calculated as follows:	6. The total risk exposure amount of an entity 'i' for the purposes set out in paragraph 3, point (b), shall be calculated as follows:	█
Art. 1- para. 1- point 23 b - Art. 92 - para 6 - subpara. 1	425	$TREA_i = U-TREA_i + DI^{conso}_i * Contrib^{conso}_i$	$TREA_i = U-TREA_i + DI^{conso}_i * Contrib^{conso}_i$	█
Art. 1- para. 1- point 23 b- Art. 92 - para 6 - subpara. 2	426	where:	where:	█
Art. 1- para. 1- point 23 b -Art. 92 - para 6 - subpara. 3	427	i = the index that denotes the entity;	i = the index that denotes the entity;	█
Art. 1- para. 1- point 23 b- Art. 92 - para 6 -	428	TREA _i = the total risk exposure amount of entity i;	TREA_i = the total risk exposure amount of entity i;	█

		Commission Proposal	Council Mandate	EP Mandate
subpara. 4				
Art. 1- para. 1- point 23 b- Art. 92 - para 6 - subpara. 5	429	U-TREA _i = the un-floored total risk exposure amount of entity i calculated in accordance with paragraph 4;	U-TREA_i= the un-floored total risk exposure amount of entity i calculated in accordance with paragraph 4;	█
Art. 1- para. 1- point 23 b - Art. 92 - para 6 - subpara. 6.	430	DI ^{conso} = any positive difference between the total risk exposure amount and the un-floored total risk exposure amount for the consolidated situation of the EU parent institution, EU parent financial holding company or EU parent mixed financial holding company of the group that entity i is part of, calculated as follows:	DI^{conso}= any positive difference between the total risk exposure amount and the un-floored total risk exposure amount for the consolidated situation of the EU parent institution, EU parent financial holding company or EU parent mixed financial holding company of the group that entity i is part of, calculated as follows:	█
Art. 1- para. 1- point 23 b- Art. 92 - para 6 - subpara. 7	431	DI ^{conso} = TREA – U-TREA	DI^{conso} = TREA – U-TREA	█
Art. 1- para. 1- point 23 b- Art. 92 - para 6 - subpara. 8	432	where:	where:	█
Art. 1- para. 1- point 23 b- Art. 92 - para 6 -	433	U-TREA = the un-floored total risk exposure amount calculated in accordance with paragraph 4 for that EU	U-TREA = the un-floored total risk exposure amount calculated in accordance with paragraph 4 for that EU parent	█

		Commission Proposal	Council Mandate	EP Mandate
subpara. 9		parent institution, EU parent financial holding company or EU parent mixed financial holding company on the basis of its consolidated situation;	institution, EU parent financial holding company or EU parent mixed financial holding company on the basis of its consolidated situation;	
Art. 1- para. 1- point 23 b- Art. 92 - para 6 - subpara. 10	434	TREA = the total risk exposure amount calculated in accordance with paragraph 3, point (a), for that EU parent institution, EU parent financial holding company or EU parent mixed financial holding company on the basis of its consolidated situation.	TREA = the total risk exposure amount calculated in accordance with paragraph 3, point (a), for that EU parent institution, EU parent financial holding company or EU parent mixed financial holding company on the basis of its consolidated situation.	█
Art. 1- para. 1- point 23 b- Art. 92 - para. 6- subpara. 11	435	Contrib ^{conso} _i = the contribution of entity i, calculated as follows:	Contrib^{conso}_i = the contribution of entity i, calculated as follows:	█
Art. 1- para. 1- point 23 b- Art. 92 - para. 6- subpara. 12	436	Contrib ^{conso} _i = $\begin{cases} \frac{(F-TREA_i - U-TREA_i)}{\sum_j (F-TREA_j - U-TREA_j)}, & \text{if } \sum_j (F-TREA_j - U-TREA_j) > 0 \\ 0, & \text{otherwise} \end{cases}$	Contrib^{conso}_i = $\begin{cases} \frac{(F-TREA_i - U-TREA_i)}{\sum_j (F-TREA_j - U-TREA_j)}, & \text{if } \sum_j (F-TREA_j - U-TREA_j) > 0 \\ 0, & \text{otherwise} \end{cases}$	█
Art. 1- para. 1- point 23 b- Art. 92 - para. 6- subpara. 13	437	where:	where:	█

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 23 b- Art. 92 - para. 6- subpara. 14	438	j = the index that denotes all entities that are part of the same group as entity i for the consolidated situation of the EU parent institution, EU parent financial holding company or EU parent mixed financial holding company;	j = the index that denotes all entities that are part of the same group as entity i for the consolidated situation of the EU parent institution, EU parent financial holding company or EU parent mixed financial holding company;	█
Art. 1- para. 1- point 23 b- Art. 92 - para. 6- subpara. 15	439	U-TREA _j = the un-floored total risk exposure amount calculated by entity j in accordance with paragraph 4 on the basis of its consolidated situation or, in case entity j is a stand-alone subsidiary institution in a Member State, on its individual basis;	U-TREA_j= the un-floored total risk exposure amount calculated by entity j in accordance with paragraph 4 on the basis of its consolidated situation or, in case entity j is a stand-alone subsidiary institution in a Member State, on its individual basis;	█
Art. 1- para. 1- point 23 b- Art. 92 - para. 6 - subpara. 16	440	F-TREA _j = the floored total risk exposure amount of entity j calculated on the basis of its consolidated situation as follows:	F-TREA_j= the floored total risk exposure amount of entity j calculated on the basis of its consolidated situation as follows:	█
Art. 1- para. 1- point 23 b- Art. 92 - para. 6 - subpara. 17	441	$F-TREA_j = \max \{ U-TREA_j ; x \cdot S-TREA_j \}$	$F-TREA_j = \max \{ U-TREA_j ; x \cdot S-TREA_j \}$	█
Art. 1 – para. 1 – point 23	442			

		Commission Proposal	Council Mandate	EP Mandate
b Art. 92 – para. 6 – subpara. 18		where:	where:	█
Art. 1 – para. 1 – point 23 b - Art. 92 – para. 6 – subpara. 19	443	F-TREA _j = the floored total risk exposure amount calculated by entity j on the basis of its consolidated situation or, in case entity j is a stand-alone subsidiary institution in a Member State, for its individual basis;	F-TREA_j= the floored total risk exposure amount calculated by entity j on the basis of its consolidated situation or, in case entity j is a stand-alone subsidiary institution in a Member State, for its individual basis;	█
Art. 1 – para. 1 – point 23 b - Art. 92 – para. 6 – subpara. 20	444	S-TREA _j = the standardised total risk exposure amount calculated in accordance with paragraph 5 by entity j on the basis of its consolidated situation or, in case entity j is a stand-alone subsidiary institution in a Member State, for its individual basis;	S-TREA_j= the standardised total risk exposure amount calculated in accordance with paragraph 5 by entity j on the basis of its consolidated situation or, in case entity j is a stand-alone subsidiary institution in a Member State, for its individual basis;	█
Art. 1 – para. 1 – point 23 b - Art. 92 – para. 6 – subpara. 21	445	x = 72,5 %.	x = 72,5 %.	█
Art. 1 – para. 1 – point 23 b - Art. 92 – para. 7 –	446	7. The following provisions shall apply to the calculations of the total un-floored risk exposure amount referred to in	7. 6. The following provisions shall apply to the calculations of the total un-floored risk exposure amount referred to in	7. The following provisions shall apply to the calculations of the total un-floored risk exposure amount referred to in paragraph 4

		Commission Proposal	Council Mandate	EP Mandate
<i>intr. part</i>		paragraph 4 and of the standardised risk exposure amount referred to in paragraph 5:	paragraph 4 and of the standardised risk exposure amount referred to in paragraph 5:	and of the standardised risk exposure amount referred to in paragraph 5:
Art. 1 – para. 1 – point 23 b - Art. 92 – para. 7 - point a	447	(a) the own funds requirements referred to in paragraph 4, points (c), (ca), (d) and (e), shall include those arising from all the business activities of an institution;	(a) the own funds requirements referred to in paragraph 4, points (c), (ca), (d), <u>(e)</u> <u>and (f)</u> , and (e) , shall include those arising from all the business activities of an institution;	(a) the own funds requirements referred to in paragraph 4, points (c), (ca), (d) and (e), shall include those arising from all the business activities of an institution;
Art. 1 – para. 1 – point 23 b - Art. 92 – para. 7 - point b	448	(b) institutions shall multiply the own funds requirements set out in paragraph 4, points (b) to (e), by 12,5.;	(b) institutions shall multiply the own funds requirements set out in paragraph 4, points (b) to (e), by 12,5.;	(b) institutions shall multiply the own funds requirements set out in paragraph 4, points (b) to (e), by 12,5.;
Art. 1 – para. 1 – point 23 a - intr. part (new)	449			<i>(23a) the following Article is inserted:</i>
Art. 1 – para. 1 – point 23a (new) - Art. 92-a - title (new)	450			<i>‘ Article 92-a Level of application of the output floor</i>
Art. 1 – para. 1 – point 23a (new) - Art. 92-a - para.	451			<i>1. Institutions shall calculate the total risk-weighted exposure amount referred to in Article 92(3) on a consolidated basis in accordance with Part One, Title II,</i>

		Commission Proposal	Council Mandate	EP Mandate
<i>1</i> (new)				<i>Chapter 2 of this Regulation.</i>
Art. 1 – para. 1 – point 23a (new) - Art. 92-a - para. 2 (new)	452			<i>2. Without prejudice to paragraph 1, where the competent authority responsible for the supervision of a subsidiary credit institution of an EU parent institution or an EU parent financial holding company or EU parent mixed financial holding company in a Member State deems that the application of Article 92(3) of this Regulation would lead to an inappropriate distribution of capital among the group entities, that competent authority may submit a capital redistribution proposal to the consolidating supervisor.</i>
Art. 1 – para. 1 – point 23a (new)- Art. 92-a - para. 2 - subpara. 2 (new)	453			<i>Upon the receipt of the notification, the notifying competent authority and the consolidating supervisor shall endeavour to make a joint decision on the application of the output floor at the level of the subsidiary credit institution or a joint decision on any other distribution mechanism that would ensure the appropriate distribution of capital requirements. Where the authorities do not reach a joint decision within three months, the EBA shall have a legally binding mediation role to resolve disputes between competent authorities in accordance with the procedure set out in</i>

		Commission Proposal	Council Mandate	EP Mandate
				<i>Article 19 of Regulation (EU) No 1093/2010. ';</i>
Art. 1- para. 1- point 24 - intr. part	454	(24) in Article 92a(1), point (a) is replaced by the following:	(24) in Article 92a(1), point (a) is replaced by the following:	(24) in Article 92a(1), point (a) is replaced by the following:
Art. 1- para. 1- point 24- Art. 92a - para. 1- point a	455	‘ (a) a risk-based ratio of 18 %, representing the own funds and eligible liabilities of the institution expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3);’	‘ (a) a risk-based ratio of 18 %, representing the own funds and eligible liabilities of the institution expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3);’ ’	‘ (a) a risk-based ratio of 18 %, representing the own funds and eligible liabilities of the institution expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3);’ ’
Art. 1- para. 1- point 24a(new) - intr. part	456		<u>(24a) Article 94 is amended as follows:</u>	
Art. 1- para. 1- point 24a - subpoint a (new)	457		<u>(a) paragraph 3 is amended as follows:</u>	
Art. 1- para. 1- point 24a(new) - subpoint a i	458		<u>(i) point (c) is replaced by the following:</u>	
Art. 1- para.	459		<u>‘(c) the absolute value of the aggregated</u>	

		Commission Proposal	Council Mandate	EP Mandate
1- point 24a - subpoint a i - Art. 94 - para. 3 - subpara. 1 - point c			<u>long position shall be summed with the absolute value of the aggregated short position.’;</u>	
Art. 1- para. 1- point 24a - subpoint a - subpoint ii - intr. part (new)	460		<u>(ii) the following subparagraphs are added:</u>	
Art. 1- para. 1- point 24 a - subpoint a ii Art. 94 - para. 3 - subpara 2 (new)	461		<u>‘For the purpose of the first subparagraph, a long position means that the market value of the position increases when the value of its main risk driver increases, and a short position means that the market value of the position decreases, when the value of the main risk driver of the position increases.</u>	
Art. 1- para. 1- point 24 a - subpoint a i Art. 94 - para. 3 - subpara 3 (new)	462		<u>For the purposes of the first subparagraph, the value of the aggregated long (short) position shall be equal to the sum of the values of the individual long (short) positions included in the calculation in accordance with point (a).’;</u>	
Art. 1- para. 1- point 24a - subpoint b	463		<u>(b) the following paragraph 10 is added:</u>	

		Commission Proposal	Council Mandate	EP Mandate
- intr. part (new)				
Art. 1- para. 1- point 24a - subpoint b (new) - Art. 94 - para. 10 - subpara. 1 (new)	464		<u>‘10. EBA shall develop draft regulatory technical standards to specify the method for identifying the main risk driver of a position and for determining whether a transaction represents a long or a short position as referred to in Articles 94(3), 273a(3) and 325a(2).</u>	
Art. 1- para. 1- point 24a - subpoint b (new) -Art. 94 - para. 10 - subpara.2 (new)	465		<u>In developing those draft regulatory technical standards, EBA shall take into consideration the method developed for the regulatory technical standards mandated in accordance with Article 279a(3), point (b).</u>	
Art. 1- para. 1- point 24a - subpoint b (new) - Art. 94 - para. 10 - subpara. 3 (new)	466		<u>EBA shall submit those draft regulatory technical standards to the Commission by [1 year after entry into force of that Regulation].</u>	
para. 1- point 24a - subpoint b (new) - Art. 94 - para. 10 - subpara. 4 (new)	467		<u>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.’;</u>	
Art. 1- para.	468			

		Commission Proposal	Council Mandate	EP Mandate
1- point 25- intr. part		(25) in Article 102, paragraph 4 is replaced by the following:	(25) in Article 102, paragraph 4 is replaced by the following:	(25) in Article 102, paragraph 4 is replaced by the following:
Art. 1 - para. 1 - point 25 - <i>Art. 102 - para. 4</i>	469	‘ 4. For the purposes of calculating the own fund requirements for market risk in accordance with the approach referred to in Article 325(1), point (b), trading book positions shall be assigned to trading desks established in accordance with Article 104b.; ’	‘ 4. For the purposes of calculating the own fund requirements for market risk in accordance with the approach referred to in Article 325(1), point (b), trading book positions shall be assigned to trading desks established in accordance with Article 104b.; ’	‘ 4. For the purposes of calculating the own fund requirements for market risk in accordance with the approach referred to in Article 325(1), point (b), trading book positions shall be assigned to trading desks established in accordance with Article 104b.; ’
Art. 1- para. 1- point 26 - intr. part	470	(26) Article 104 is replaced by the following:	(26) Article 104 is replaced by the following:	(26) Article 104 is replaced by the following:
Art. 1- para. 1- point 26 - <i>Art. 104 - heading</i>	471	‘ Article 104 Inclusion in the trading book ’	‘ Article 104 <i>Inclusion in the trading book</i> ’	‘ <i>Article 104</i> Inclusion in the trading book ’
Art. 1- para. 1- point 26 - <i>Art. 104 - para. 1</i>	472	1. An institution shall have in place clearly defined policies and procedures for determining which positions to include in the trading book to calculate	1. An institution shall have in place clearly defined policies and procedures for determining which positions to include in the trading book to calculate its own fund	1. An institution shall have in place clearly defined policies and procedures for determining which positions to include in the trading book to calculate its own fund

		Commission Proposal	Council Mandate	EP Mandate
		its own fund requirements, in accordance with Article 102 and this Article, taking into account the institution's risk management capabilities and practices. The institution shall fully document its compliance with those policies and procedures, shall subject them to an internal audit on at least a yearly basis and shall make the results of that audit available to the competent authorities.	requirements, in accordance with Article 102 and this Article, taking into account the institution's risk management capabilities and practices. The institution shall fully document its compliance with those policies and procedures, shall subject them to an internal audit on at least a yearly basis and shall make the results of that audit available to the competent authorities.	requirements, in accordance with Article 102 and this Article, taking into account the institution's risk management capabilities and practices. The institution shall fully document its compliance with those policies and procedures, shall subject them to an internal audit on at least a yearly basis and shall make the results of that audit available to the competent authorities.
Art. 1- para. 1- point 26 - <i>Art. 104 - para. 1a (new)</i>	473		<u>1a. A bank's independent risk control unit shall conduct, on an ongoing basis, an assessment of whether instruments both in and out of the trading book are being properly designated initially as trading or non-trading instruments in the context of the bank's trading activities.</u>	<i>An institution shall have in place independent risk control which evaluates on a continuous basis the instruments in and outside the trading book and assess whether its instruments are being properly designated as trading or non-trading instruments.</i>
Art. 1- para. 1- point 26- <i>Art. 104 - para. 2 - intr. part</i>	474	2. Institutions shall assign positions in the following instruments to the trading book:	2. Institutions shall assign positions in the following instruments to the trading book:	2. Institutions shall assign positions in the following instruments to the trading book:
Art. 1- para. 1- point 26- <i>Art. 104 - para. 2 point a</i>	475	(a) instruments that meet the criteria, set out in Article 325, paragraphs 6, 7 and 8, for the inclusion in the alternative correlation trading portfolio ('ACTP');	(a) instruments that meet the criteria, set out in Article 325, paragraphs 6, 7 and 8, for the inclusion in the alternative correlation trading portfolio ('ACTP');	(a) instruments that meet the criteria, set out in Article 325, paragraphs 6, 7 and 8, for the inclusion in the alternative correlation trading portfolio ('ACTP');

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Art. 1- para. 1- point 26- Art. 104 - para. 2 - point b	476	(b) instruments that would give rise to a net short credit or equity position in the non-trading book, with the exception of the own liabilities of the institution, unless such positions meet the criteria referred to in paragraph 2, point (e);	(b) instruments that would give rise to a net short credit or equity position in the non-trading book, with the exception of the own liabilities of the institution, unless such positions meet the criteria referred to in paragraph 2, point (e);	(b) instruments that would give rise to a net short credit or equity position in the non-trading book, with the exception of the own liabilities of the institution, unless such positions meet the criteria referred to in paragraph 2, point (e);
Art. 1- para. 1- point 26- Art. 104 - para. 2 - point c	477	(c) instruments resulting from securities underwriting commitments, where those underwriting commitments relate only to securities that are expected to be actually purchased by the institution on the settlement date;	(c) instruments resulting from securities underwriting commitments, where those underwriting commitments relate only to securities that are expected to be actually purchased by the institution on the settlement date;	(c) instruments resulting from securities underwriting commitments, where those underwriting commitments relate only to securities that are expected to be actually purchased by the institution on the settlement date;
Art. 1- para. 1- point 26- Art. 104 - para. 2 - point d	478	(d) financial assets or liabilities classified unambiguously as having a trading purpose under the accounting framework applicable to the institution;	(d) financial assets or liabilities instruments classified unambiguously as having a trading purpose under the accounting framework applicable to the institution;	(d) instruments classified unambiguously as having a trading purpose under the accounting framework applicable to the institution;
Art. 1- para. 1- point 26- Art. 104 - para. 2 - point e	479	(e) instruments resulting from market-making activities;	(e) instruments resulting from market-making activities;	(e) instruments resulting from market-making activities;
Art. 1- para. 1- point 26-	480	(f) collective investment undertakings	(f) collective investment undertakings	(f) collective investment undertakings held

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Art. 104 - para. 2 - point f		held with trading intent, provided that those collective investment undertakings meet at least one of the conditions specified in paragraph 7;	held with trading intent, provided that those collective investment undertakings meet at least one of the conditions specified in paragraph 7;	with trading intent, provided that those collective investment undertakings meet at least one of the conditions specified in paragraph 7;
Art. 1- para. 1- point 26- Art. 104 - para. 2 - point g	481	(g) listed equities;	(g) listed equities;	(g) listed equities;
Art. 1- para. 1- point 26- Art. 104 - para. 2 - point h	482	(h) trading-related securities financing transactions;	(h) trading-related securities financing transactions;	(h) trading-related securities financing transactions;
Art. 1- para. 1- point 26- Art. 104 - para. 2 - point i	483	(i) options, or other derivatives, embedded in the own liabilities of the institution or from other instruments in the non-trading book that relate to credit or equity risk.	(i) options, or other derivatives, embedded in the own liabilities <u>that are allocated to the non-trading book</u> of the institution or from other instruments in the non-trading book <u>and</u> that relate to credit or equity risk.	(i) options, or other derivatives, embedded in the own liabilities of the institution ■ in the non-trading book that relate to credit or equity risk.
Art. 1- para. 1- point 26- Art. 104 - para. 2 - subpara. 2	484	For the purposes of point (b), an institution shall have a net short equity position where a decrease in the equity's price results in a profit for the institution. An institution shall have a net short credit position where the credit spread increase or deterioration in the creditworthiness of the issuer or group of issuers results in a	For the purposes of point (b), an institution shall have a net short equity position where a decrease in the equity's price results in a profit for the institution. An institution shall have a net short credit position where the credit spread increase or deterioration in the creditworthiness of the issuer or group of issuers results in a	For the purposes of point (b), an institution shall have a net short equity position where a decrease in the equity's price results in a profit for the institution. An institution shall have a net short credit position where the credit spread increase or deterioration in the creditworthiness of the issuer or group of issuers results in a profit for the

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		profit for the institution. Institutions shall continuously monitor where instruments give rise to a net short credit or equity position in the non-trading book.	profit for the institution. Institutions shall continuously monitor where instruments give rise to a net short credit or equity position in the non-trading book.	institution. Institutions shall continuously monitor where instruments give rise to a net short credit or equity position in the non-trading book.
Art. 1- para. 1- point 26- Art. 104 - para. 2 - subpara. 2	485	For the purposes of point (i), an institution shall split the embedded option from its own liability or from the other instrument in the non-trading book that relate to credit or equity risk and shall assign, the own liability or the other instrument to the trading or to the non-trading book, as appropriate, in accordance with this Article.	For the purposes of point (i), an institution shall split the embedded option, <u>or other derivative</u> , from its own liability or from the other instrument in the non-trading book that relate to credit or equity risk and shall assign, the own liability or the other instrument to the trading or to the non-trading book, as appropriate, in accordance with this Article <u>and shall assign the embedded option, or other derivative, to the trading book, and shall leave the own liability in the non-trading book. If due to its nature, it is not possible to split the instrument, then the whole instrument shall be assigned to the trading book.</u>	For the purposes of point (i), an institution shall split the embedded option from its own liability ■ in the non-trading book that relate to credit or equity risk. <i>It</i> shall assign <i>the embedded option to the trading book and shall leave</i> the own liability <i>in</i> the non-trading book ■ .
Art. 1- para. 1- point 26- Art. 104 - para. 3- intr. part	486	3. Institutions shall not assign positions in the following instruments to the trading book:	3. Institutions shall not assign positions in the following instruments to the trading book:	3. Institutions shall not assign positions in the following instruments to the trading book:
Art. 1- para. 1- point 26- Art. 104 - para. 3 - point a	487	(a) instruments designated for securitisation warehousing;	(a) instruments designated for securitisation warehousing;	(a) instruments designated for securitisation warehousing;

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Art. 1- para. 1- point 26- <i>Art. 104 - para. 3 - point b</i>	488	(b) real estate holdings-related instruments;	(b) real estate holdings-related instruments;	(b) real estate holdings-related instruments;
Art. 1- para. 1- point 26- <i>Art. 104 - para. 3 - point c</i>	489	(c) unlisted equities;	(c) unlisted equities;	(c) unlisted equities;
Art. 1- para. 1- point 26- <i>Art. 104 - para. 3 - point d</i>	490	(d) retail and SME credit-related instruments;	(d) retail and SME credit-related instruments;	(d) retail and SME credit-related instruments;
Art. 1- para. 1- point 26- <i>Art. 104 - para. 3 - point e</i>	491	(e) other collective investment undertakings than the ones specified in paragraph 2, point (f);	(e) other collective investment undertakings than the ones specified in paragraph 2, point (f);	(e) other collective investment undertakings than the ones specified in paragraph 2, point (f);
Art. 1- para. 1- point 26- <i>Art. 104 - para. 3 - point f</i>	492	(f) derivative contracts and collective investment undertakings with one or more of the underlying instruments referred to in points (a) to (d);	(f) derivative contracts and collective investment undertakings with one or more of the underlying instruments referred to in points (a) to (d);	(f) derivative contracts and collective investment undertakings with one or more of the underlying instruments referred to in points (a) to (d);

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Art. 1- para. 1- point 26- Art. 104 - para. 3 - point g	493	(g) instruments held for hedging a particular risk of one or more positions in an instrument referred to in points (a) to (f);	(g) instruments held for hedging a particular risk of one or more positions in an instrument referred to in points (a) to (f) <u>(a) to (f) and (h) to (i);</u>	(g) instruments held for hedging a particular risk of one or more positions in an instrument referred to in points (a) to (f);
Art. 1- para. 1- point 26- Art. 104 - para. 3 - point h	494	(h) own liabilities of the institution, unless such instruments meet the criteria referred to in paragraph 2, point (e).	(h) own liabilities of the institution, unless such instruments meet the criteria referred to in paragraph 2, point (e) <u>or the criteria referred to in the third subparagraph of paragraph 2.</u>	(h) own liabilities of the institution, unless such instruments meet the criteria referred to in paragraph 2, point (e).
Art. 1- para. 1- point 26- Art. 104 - para. 3 - point i (new)	495		<u>(i) instruments in hedge funds</u>	
Art. 1- para. 1- point 26- Art. 104 - para. 4	496	4. By way of derogation from paragraph 2, an institution may assign to the non-trading book a position in an instrument referred to in points (d) to (i) of that paragraph, subject to the approval from its competent authority. The competent authority shall give its approval where the institution has proven to the authority's satisfaction that the position is not held with trading intent or does not hedge positions held with trading intent.	4. By way of derogation from paragraph 2, an institution may assign to the non-trading book a position in an instrument referred to in points (d) to (i) of that paragraph, subject to the approval from its competent authority. The competent authority shall give its approval where the institution has proven to the authority's satisfaction that the position is not held with trading intent or does not hedge positions held with trading intent.	4. By way of derogation from paragraph 2, an institution may assign to the non-trading book a position in an instrument referred to in points (d) to (i) of that paragraph, subject to the approval from its competent authority. The competent authority shall give its approval where the institution has proven to the authority's satisfaction that the position is not held with trading intent or does not hedge positions held with trading intent.

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Art. 1- para. 1- point 26- Art. 104 - para. 4a (new)	497		<u>4a. By way of derogation from paragraph 3, an institution may assign to the trading book a position in an instrument referred to in point (i) of that paragraph, subject to the approval from its competent authority. The competent authority shall give its approval where the institution has proven to the authority's satisfaction that the position is held with trading intent or hedges positions held with trading intent and that the institution meets at least one of the conditions specified in paragraph 7 for that position.</u>	
Art. 1- para. 1- point 26- Art. 104 - para. 5	498	5. Where an institution has assigned to the trading book a position in an instrument other than the instruments referred to in paragraph 2, points (a), (b) or (c), the institution's competent authority may ask the institution to provide evidence to justify such assignment. Where the institution fails to provide suitable evidence, its competent authority may require the institution to reallocate that position to the non-trading book.	5. Where an institution has assigned to the trading book a position in an instrument other than the instruments referred to in paragraph 2, points (a), (b) or (c), the institution's competent authority may ask the institution to provide evidence to justify such assignment. Where the institution fails to provide suitable evidence, its competent authority may require the institution to reallocate that position to the non-trading book.	5. Where an institution has assigned to the trading book a position in an instrument other than the instruments referred to in paragraph 2, points (a), (b) or (c), the institution's competent authority may ask the institution to provide evidence to justify such assignment. Where the institution fails to provide suitable evidence, its competent authority may require the institution to reallocate that position to the non-trading book.
Art. 1- para. 1- point 26- Art. 104 - para. 6	499	6. Where an institution has assigned to the non-trading book a position in an instrument other than the instruments	6. Where an institution has assigned to the non-trading book a position in an instrument other than the instruments	6. Where an institution has assigned to the non-trading book a position in an instrument other than the instruments

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		referred to in paragraph 3, the institution's competent authority may ask the institution to provide evidence to justify such assignment. Where the institution fails to provide suitable evidence, its competent authority may require the institution to reallocate that position to the trading book.	referred to in paragraph 3, the institution's competent authority may ask the institution to provide evidence to justify such assignment. Where the institution fails to provide suitable evidence, its competent authority may require the institution to reallocate that position to the trading book.	referred to in paragraph 3, the institution's competent authority may ask the institution to provide evidence to justify such assignment. Where the institution fails to provide suitable evidence, its competent authority may require the institution to reallocate that position to the trading book.
Art. 1- para. 1- point 26- Art. 104 - para. 7 - intr. part	500	7. An institution shall assign to the trading book a position in a collective investment undertaking that is held with trading intent and where the institution meets one of the following conditions:	7. An institution shall assign to the trading book a position in a collective investment undertaking that is held with trading intent <u>and not referred to in point (f) of paragraph 3,</u> and where the institution meets one of the following conditions:	7. An institution shall assign to the trading book a position in a collective investment undertaking that is <i>not referred to in point (f) of paragraph 3 of this Article, that is</i> held with trading intent and where the institution meets one of the following conditions:
Art. 1- para. 1- point 26- Art. 104 - para. 7 - point a	501	(a) the institution is able to obtain sufficient information about the individual underlying exposures of the CIU;	(a) the institution is able to obtain sufficient information about the individual underlying exposures of the CIU;	(a) the institution is able to obtain sufficient information about the individual underlying exposures of the CIU;
Art. 1- para. 1- point 26- Art. 104 - para. 7 - point b	502	(b) the institution is not able to obtain sufficient information about the individual underlying exposures of the CIU, but the institution has knowledge of the content of the mandate of the CIU	(b) the institution is not able to obtain sufficient information about the individual underlying exposures of the CIU, but the institution has knowledge of the content of the mandate of the CIU and is able to	(b) the institution is not able to obtain sufficient information about the individual underlying exposures of the CIU, but the institution has knowledge of the content of the mandate of the CIU and is able to

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		and is able to obtain daily price quotes for the CIU.	obtain daily price quotes for the CIU.	obtain daily price quotes for the CIU.
Art. 1- para. 1- point 26- Art. 104 - para. 8 - subpara. 1	503	8. EBA shall develop draft regulatory technical standards to further specify the process that institutions shall use to calculate and monitor net short credit or equity positions in the non-trading book referred to in the paragraph 2, point (b).	8. EBA shall develop draft regulatory technical standards to further specify the process that institutions shall use to calculate and monitor net short credit or equity positions in the non-trading book referred to in the paragraph 2, point (b).	8. EBA shall develop draft regulatory technical standards to further specify the process that institutions shall use to calculate and monitor net short credit or equity positions in the non-trading book referred to in the paragraph 2, point (b).
Art. 1- para. 1- point 26- Art. 104 - para. 8 - subpara. 2	504	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 24 months after the entry into force of this Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 24 months after the entry into force of this Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 24 months after the entry into force of this Regulation].
Art. 1- para. 1- point 26- Art. 104 - para. 8 - subpara. 3	505	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.;	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.;	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.;
Art. 1- para. 1- point 27- intr. part	506	(27) Article 104a is amended as follows:	(27) Article 104a is amended as follows:	(27) Article 104a is amended as follows:
Art. 1- para.	507			

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1- point 27 a - intr. part		(a) in paragraph 1, the second subparagraph is replaced by the following:	(a) in paragraph 1, the second subparagraph is replaced by the following:	(a) in paragraph 1, the second subparagraph is replaced by the following:
Art. 1- para. 1- point 27 a - Art. 104a - para. 1 - subpara. 2	508	‘ EBA shall monitor the range of supervisory practices and shall issue by 28 June 2024 guidelines on what exceptional circumstances entail for the purposes of the first subparagraph and of paragraph 5. Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010. Until EBA issues those guidelines, competent authorities shall notify EBA of, and shall provide a rationale for, their decisions on whether or not to permit an institution to reclassify a position as referred to in paragraph 2 of this Article.; ’	‘ EBA shall monitor the range of supervisory practices and shall issue by 28 June 2024 guidelines on what exceptional circumstances entail for the purposes of the first subparagraph and of paragraph 5. Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010. Until EBA issues those guidelines, competent authorities shall notify EBA of, and shall provide a rationale for, their decisions on whether or not to permit an institution to reclassify a position as referred to in paragraph 2 of this Article.; ’	‘ EBA shall monitor the range of supervisory practices and shall issue by 28 June 2024 guidelines on what exceptional circumstances entail for the purposes of the first subparagraph and of paragraph 5. Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010. Until EBA issues those guidelines, competent authorities shall notify EBA of, and shall provide a rationale for, their decisions on whether or not to permit an institution to reclassify a position as referred to in paragraph 2 of this Article.; ’
Art. 1- para. 1- point 27 b - intr. part	509	(b) paragraph 5 is replaced by the following:	(b) paragraph 5 is replaced by the following:	(b) paragraph 5 is replaced by the following:
Art. 1- para. 1- point 27 b - Art. 104a - para. 5	510	‘ 5. The reclassification of a position in accordance with this Article shall be irrevocable, except in the exceptional	‘ 5. The reclassification of a position in accordance with this Article shall be irrevocable, except in the exceptional	‘ 5. The reclassification of a position in accordance with this Article shall be irrevocable, except in the exceptional

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		circumstances referred to in paragraph 1.;	circumstances referred to in paragraph 1.;	circumstances referred to in paragraph 1.;
Art. 1- para. 1- point 27 c - intr. part	511	(c) the following paragraph 6 is added:	(c) the following paragraph 6 is added:	(c) the following paragraph 6 is added:
Art. 1- para. 1- point 27 c - Art. 104a - para. 6	512	6. By way of derogation from paragraph 1, an institution may reclassify a non-trading book position as a trading book position in accordance with Article 104(2), point (d), without seeking permission from its competent authority. In such case, the requirements laid down in paragraphs 3 and 4 shall continue to apply to the institution. The institution shall immediately notify its competent authority where such reclassification has occurred.;	6. By way of derogation from paragraph 1, an institution may reclassify a non-trading book position as a trading book position in accordance with Article 104(2), point (d), without seeking permission from its competent authority. In such case, the requirements laid down in paragraphs 3 and 4 shall continue to apply to the institution. The institution shall immediately notify its competent authority where such reclassification has occurred.;	6. By way of derogation from paragraph 1, an institution may reclassify a non-trading book position as a trading book position in accordance with Article 104(2), point (d), without seeking permission from its competent authority. In such case, the requirements laid down in paragraphs 3 and 4 shall continue to apply to the institution. The institution shall immediately notify its competent authority where such reclassification has occurred.;
Art. 1 - para. 1 - point 28 - intr. part	513	(28) Article 104b is amended as follows:	(28) Article 104b is amended as follows:	(28) Article 104b is amended as follows:
Art. 1- para. 1- point 28 a - intr. part	514	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:

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Art. 1- para. 1- point 28 a - Art. 104b - para. 1	515	‘ 1. For the purposes of calculating the own funds requirements for market risk in accordance with the approach referred to in Article 325(1), point (b), institutions shall establish trading desks and shall assign each of their trading book positions and their non-trading book positions referred to in paragraphs 5 and 6 to one of those trading desks. Trading book positions shall be attributed to the same trading desk only where those positions are in compliance with the agreed business strategy for that trading desk and are consistently managed and monitored in accordance with paragraph 2 of this Article.; ’	‘ 1. For the purposes of calculating the own funds requirements for market risk in accordance with the approach referred to in Article 325(1), point (b), institutions shall establish trading desks and shall assign each of their trading book positions and their non-trading book positions referred to in paragraphs 5 and 6 to one of those trading desks. Trading book positions shall be attributed to the same trading desk only where those positions are in compliance with the agreed business strategy for that trading desk and are consistently managed and monitored in accordance with paragraph 2 of this Article.; ’	‘ 1. For the purposes of calculating the own funds requirements for market risk in accordance with the approach referred to in Article 325(1), point (b), institutions shall establish trading desks and shall assign each of their trading book positions and their non-trading book positions referred to in paragraphs 5 and 6 to one of those trading desks. Trading book positions shall be attributed to the same trading desk only where those positions are in compliance with the agreed business strategy for that trading desk and are consistently managed and monitored in accordance with paragraph 2 of this Article.; ’
Art. 1- para. 1- point 28 b - intr. part	516	(b) the following paragraphs 5 and 6 are added:	(b) the following paragraphs 5 and 6 are added:	(b) the following paragraphs 5 and 6 are added:
Art. 1- para. 1- point 28 b - Art. 104b - para. 5	517	‘ 5. To calculate their own funds requirements for market risk, institutions shall assign each of their non-trading book positions that are subject to foreign exchange risk or commodity risk to trading desks established in accordance	‘ 5. To calculate their own funds requirements for market risk, institutions shall assign each of their non-trading book positions that are subject to foreign exchange risk or commodity risk to trading desks established in accordance	‘ 5. To calculate their own funds requirements for market risk, institutions shall assign each of their non-trading book positions that are subject to foreign exchange risk or commodity risk to trading desks established in accordance with

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		with paragraph 1 that manage risks that are similar to those positions.	with paragraph 1 that manage risks that are similar to those positions.	paragraph 1 that manage risks that are similar to those positions.
Art. 1- para. 1- point 28 b - Art. 104b - para. 6	518	6. By way of derogation from paragraph 5, institutions may, when calculating their own funds requirements for market risk, establish one or more trading desks to which they assign exclusively non-trading book positions subject to foreign exchange risk or commodity risk. Those trading desks shall not be subject to the requirements set out in paragraphs 1, 2 and 3.;	6. By way of derogation from paragraph 5, institutions may, when calculating their own funds requirements for market risk, establish one or more trading desks to which they assign exclusively non-trading book positions subject to foreign exchange risk or commodity risk. Those trading desks shall not be subject to the requirements set out in paragraphs 1, 2 and 3.;	6. By way of derogation from paragraph 5, institutions may, when calculating their own funds requirements for market risk, establish one or more trading desks to which they assign exclusively non-trading book positions subject to foreign exchange risk or commodity risk. Those trading desks shall not be subject to the requirements set out in paragraphs 1, 2 and 3.;
Art. 1- para. 1- point 29 - intr. part	519	(29) the following Article 104c is inserted:	(29) the following Article 104c is inserted:	(29) the following Article 104c is inserted:
Art. 1- para. 1- point 29 - Art. 104c - heading	520	Article 104c Treatment of foreign exchange risk hedges of capital ratios	Article 104c <i>Treatment of foreign exchange risk hedges of capital ratios</i>	Article 104c Treatment of foreign exchange risk hedges of capital ratios
Art. 1- para. 1- point 29 - Art. 104c - para. 1 - intr. part	521	1. An institution which has deliberately taken a risk position in order to hedge, at least partially, against adverse	1. An institution which has deliberately taken a risk position in order to hedge, at least partially, against adverse movements	1. An institution which has deliberately taken a risk position in order to hedge, at least partially, against adverse movements

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		movements in foreign exchange rates on any of its capital ratios as referred to in Article 92(1), points (a), (b) and (c), may, subject to permission of the competent authorities, exclude that risk position from the own funds requirements for foreign exchange risk set out in Article 325(1), provided that all of the following conditions are met:	in foreign exchange rates on any of its capital ratios as referred to in Article 92(1), points (a), (b) and (c), may, subject to permission of the competent authorities, exclude that risk position from the own funds requirements for foreign exchange risk set out in Article 325(1), provided that all of the following conditions are met:	in foreign exchange rates on any of its capital ratios as referred to in Article 92(1), points (a), (b) and (c), may, subject to permission of the competent authorities, exclude that risk position from the own funds requirements for foreign exchange risk set out in Article 325(1), provided that all of the following conditions are met:
Art. 1- para. 1- point 29 - <i>Art. 104c - para. 1 a</i>	522	(a) the maximum amount of the risk position that is excluded from the own funds requirements for market risk is limited to the amount of the risk position that neutralises the sensitivity of any of the capital ratios to the adverse movements in foreign exchange rates;	(a) the maximum amount of the risk position that is excluded from the own funds requirements for market risk is limited to the amount of the risk position that neutralises the sensitivity of any of the capital ratios to the adverse movements in foreign exchange rates;	(a) the maximum amount of the risk position that is excluded from the own funds requirements for market risk is limited to the amount of the risk position that neutralises the sensitivity of any of the capital ratios to the adverse movements in foreign exchange rates;
Art. 1- para. 1- point 29 - <i>Art. 104c - para. 1 b</i>	523	(b) the risk position is excluded from the own funds requirements for market risk for at least 6 months;	(b) the risk position is excluded from the own funds requirements for market risk for at least 6 months;	(b) the risk position is excluded from the own funds requirements for market risk for at least 6 months;
Art. 1- para. 1- point 29 - <i>Art. 104c - para. 1 c</i>	524	(c) the institution has established an appropriate risk management framework for hedging the adverse movements in foreign exchange rates on any of its capital ratios, including a clear hedging strategy and governance structure;	(c) the institution has established an appropriate risk management framework for hedging the adverse movements in foreign exchange rates on any of its capital ratios, including a clear hedging strategy and governance structure;	(c) the institution has established an appropriate risk management framework for hedging the adverse movements in foreign exchange rates on any of its capital ratios, including a clear hedging strategy and governance structure;

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Art. 1- para. 1- point 29 - <i>Art. 104c - para. 1 d</i>	525	(d) the institution has provided to the competent authorities a justification for excluding a risk position from the own funds requirements for market risk, the details of that risk position and the amount to be excluded from the own funds requirements for market risk.	(d) the institution has provided to the competent authorities a justification for excluding a risk position from the own funds requirements for market risk, the details of that risk position and the amount to be excluded from the own funds requirements for market risk.	(d) the institution has provided to the competent authorities a justification for excluding a risk position from the own funds requirements for market risk, the details of that risk position and the amount to be excluded from the own funds requirements for market risk.
Art. 1- para. 1- point 29 - <i>Art. 104c - para. 2</i>	526	2. Any exclusion of risk positions from the own funds requirements for market risk in accordance with paragraph 1 shall be applied consistently.	2. Any exclusion of risk positions from the own funds requirements for market risk in accordance with paragraph 1 shall be applied consistently.	2. Any exclusion of risk positions from the own funds requirements for market risk in accordance with paragraph 1 shall be applied consistently.
Art. 1- para. 1- point 29 - <i>Art. 104c - para. 3</i>	527	3. The competent authorities shall approve any changes by the institution to the risk management framework referred to in paragraph 1, point (c), and to the details of the risk positions referred to in paragraph 1, point (d).	3. The competent authorities shall approve any changes by the institution to the risk management framework referred to in paragraph 1, point (c), and to the details of the risk positions referred to in paragraph 1, point (d).	3. The competent authorities shall approve any changes by the institution to the risk management framework referred to in paragraph 1, point (c), and to the details of the risk positions referred to in paragraph 1, point (d).
Art. 1- para. 1- point 29 - <i>Art. 104c - para. 4 - intr. part</i>	528	4. EBA shall develop draft regulatory technical standards to specify:	4. EBA shall develop draft regulatory technical standards to specify:	4. EBA shall develop draft regulatory technical standards to specify:
Art. 1- para.	529			

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1- point 29 - <i>Art. 104c - para. 4 a</i>		(a) the risk positions that an institution can deliberately take in order to hedge, at least partially, against the adverse movements of foreign exchange rates on any of an institution's capital ratios referred to paragraph 1, first subparagraph;	(a) the risk positions that an institution can deliberately take in order to hedge, at least partially, against the adverse movements of foreign exchange rates on any of an institution's capital ratios referred to paragraph 1, first subparagraph;	(a) the risk positions that an institution can deliberately take in order to hedge, at least partially, against the adverse movements of foreign exchange rates on any of an institution's capital ratios referred to paragraph 1, first subparagraph;
Art. 1- para. 1- point 29 - <i>Art. 104c - para. 4 b</i>	530	(b) how to determine the maximum amount referred to in paragraph 1, point (a), and the manner in which an institution shall exclude this amount for each of the approaches set out in Article 325(1);	(b) how to determine the maximum amount referred to in paragraph 1, point (a), and the manner in which an institution shall exclude this amount for each of the approaches set out in Article 325(1);	(b) how to determine the maximum amount referred to in paragraph 1, point (a), and the manner in which an institution shall exclude this amount for each of the approaches set out in Article 325(1);
Art. 1- para. 1- point 29 - <i>Art. 104c - para. 4 c</i>	531	(c) the criteria that shall be met by an institution's risk management framework referred to in paragraph 1, point(c), in order to be considered appropriate for the purpose of this Article.	(c) the criteria that shall be met by an institution's risk management framework referred to in paragraph 1, point(c), in order to be considered appropriate for the purpose of this Article.	(c) the criteria that shall be met by an institution's risk management framework referred to in paragraph 1, point(c), in order to be considered appropriate for the purpose of this Article.
Art. 1- para. 1- point 29 - <i>Art. 104c - para. 4 - subpara. 1</i>	532	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 2 years after the entry into force of this Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 2 years after the entry into force of this Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 2 years after the entry into force of this Regulation].
Art. 1- para. 1- point 29 -	533			

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Art. 104c - para. 4 - subpara. 2		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 adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;
Art. 1- para. 1- point 29a (new)	534		<u>(29a) In Article 105, paragraph 3 is replaced by the following:</u>	
Art. 1 - para. 1 - point 29a (new) - Art. 105 - para. 3	535		<u>‘3. Institutions shall revalue trading book positions at least on a daily basis using fair value measurement. Changes in the value of those positions shall be reported in the profit and loss account of the institution.’;</u>	
Art. 1- para. 1- point 30 - intr. part	536	(30) Article 106 is amended as follows:	(30) Article 106 is amended as follows:	(30) Article 106 is amended as follows:
Art. 1- para. 1- point 30 a- intr. part	537	(a) in paragraph 3, the last subparagraph is replaced by the following:	(a) in paragraph 3, the last subparagraph is replaced by the following:	(a) in paragraph 3, the last subparagraph is replaced by the following:
Art. 1- para. 1- point 30 a- Art. 106 - para 3 - subpara. 1	538	Both an internal hedge recognised in accordance with the first subparagraph and the credit derivative entered into with the third party shall be included in the trading book to calculate the own funds	Both an internal hedge recognised in accordance with the first subparagraph and the credit derivative entered into with the third party shall be included in the trading book to calculate the own funds	Both an internal hedge recognised in accordance with the first subparagraph and the credit derivative entered into with the third party shall be included in the trading book to calculate the own funds

		Commission Proposal	Council Mandate	EP Mandate
		requirements for market risk. To calculate the own funds requirements for market risk using the approach set out in Article 325(1), point (b), both positions shall be assigned to the same trading desk established in accordance to Article 104b(1) that manages similar risks.	requirements for market risk. To calculate the own funds requirements for market risk using the approach set out in Article 325(1), point (b), both positions shall be assigned to the same trading desk established in accordance to Article 104b(1) that manages similar risks.	requirements for market risk. To calculate the own funds requirements for market risk using the approach set out in Article 325(1), point (b), both positions shall be assigned to the same trading desk established in accordance to Article 104b(1) that manages similar risks.
Art. 1- para. 1- point 30 b - intr. part	539	(b) in paragraph 4, the last subparagraph is replaced by the following:	(b) in paragraph 4, the last subparagraph is replaced by the following:	(b) in paragraph 4, the last subparagraph is replaced by the following:
Art. 1- para. 1- point 30 b- <i>Art. 106 - para. 4 - subpara. 1</i>	540	Both an internal hedge recognised in accordance with the first subparagraph and the equity derivative entered into with the eligible third party protection provider shall be included in the trading book for the purposes of calculating the own funds requirements for market risk. For the purposes of calculating the own funds requirements for market risks using the approach set out in Article 325(1), point (b) both positions shall be assigned to the same trading desk established in accordance to Article 104b(1) that manages similar risks.	Both an internal hedge recognised in accordance with the first subparagraph and the equity derivative entered into with the eligible third party protection provider shall be included in the trading book for the purposes of calculating the own funds requirements for market risk. For the purposes of calculating the own funds requirements for market risks using the approach set out in Article 325(1), point (b) both positions shall be assigned to the same trading desk established in accordance to Article 104b(1) that manages similar risks.	Both an internal hedge recognised in accordance with the first subparagraph and the equity derivative entered into with the eligible third party protection provider shall be included in the trading book for the purposes of calculating the own funds requirements for market risk. For the purposes of calculating the own funds requirements for market risks using the approach set out in Article 325(1), point (b) both positions shall be assigned to the same trading desk established in accordance to Article 104b(1) that manages similar risks.

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Art. 1- para. 1- point 30 c- intr. part	541	(c) paragraph 5 is replaced by the following:	(c) paragraph 5 is replaced by the following:	(c) paragraph 5 is replaced by the following:
Art. 1- para. 1- point 30 c - Art. 106 - para. 5 - intr. part	542	5. Where an institution hedges non-trading book interest rate risk exposures using an interest rate risk position booked in its trading book, that interest rate risk position shall be considered to be an internal hedge to assess the interest rate risk arising from non-trading positions in accordance with Articles 84 and 98 of Directive 2013/36/EU where the following conditions are met:	5. Where an institution hedges non-trading book interest rate risk exposures using an interest rate risk position booked in its trading book, that interest rate risk position shall be considered to be an internal hedge to assess the interest rate risk arising from non-trading positions in accordance with Articles 84 and 98 of Directive 2013/36/EU where the following conditions are met:	5. Where an institution hedges non-trading book interest rate risk exposures using an interest rate risk position booked in its trading book, that interest rate risk position shall be considered to be an internal hedge to assess the interest rate risk arising from non-trading positions in accordance with Articles 84 and 98 of Directive 2013/36/EU where the following conditions are met:
Art. 1- para. 1- point 30 c - Art. 106 - para. 5 a	543	(a) to calculate the own funds requirements for market risk using the approaches referred to in Article 325(1), points (a), (b) and (c), the interest rate risk position has been assigned to a separate portfolio from the other trading book positions, the business strategy of which is solely dedicated to manage and mitigate the market risk of internal hedges of interest rate risk exposure; for that purpose;	(a) to calculate the own funds requirements for market risk using the approaches referred to in Article 325(1), points (a), (b) and (c), the interest rate risk position has been assigned to a separate portfolio from the other trading book positions, the business strategy of which is solely dedicated to manage and mitigate the market risk of internal hedges of interest rate risk exposure; for that purpose;	(a) to calculate the own funds requirements for market risk using the approaches referred to in Article 325(1), points (a), (b) and (c), the interest rate risk position has been assigned to a separate portfolio from the other trading book positions, the business strategy of which is solely dedicated to manage and mitigate the market risk of internal hedges of interest rate risk exposure ;
Art. 1- para.	544			

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1- point 30 c - Art. 106 - para. 5 b		(b) for the purposes of calculating the own funds requirements for market risk using the approaches referred to in Article 325(1), point (b), the position has been assigned to a trading desk established in accordance with Article 104b the business strategy of which is solely dedicated to manage and mitigate the market risk of internal hedges of interest rate risk exposure;	(b) for the purposes of calculating the own funds requirements for market risk using the approaches referred to in Article 325(1), point (b), the position has been assigned to a trading desk established in accordance with Article 104b the business strategy of which is solely dedicated to manage and mitigate the market risk of internal hedges of interest rate risk exposure;	(b) <i>to calculate</i> the own funds requirements for market risk using the approaches referred to in Article 325(1), point (b), the position has been assigned to a trading desk established in accordance with Article 104b the business strategy of which is solely dedicated to manage and mitigate the market risk of internal hedges of interest rate risk exposure;
Art. 1- para. 1- point 30 c - Art. 106 - para. 5 c	545	(c) the institution has fully documented how the position mitigates the interest rate risk arising from non-trading book positions for the purposes of the requirements laid down in Articles 84 and 98 of Directive 2013/36/EU.;	(c) the institution has fully documented how the position mitigates the interest rate risk arising from non-trading book positions for the purposes of the requirements laid down in Articles 84 and 98 of Directive 2013/36/EU.;	(c) the institution has fully documented how the position mitigates the interest rate risk arising from non-trading book positions for the purposes of the requirements laid down in Articles 84 and 98 of Directive 2013/36/EU.;
Art. 1- para. 1- point 30 d - intr. part	546	(d) the following paragraphs 5a and 5b are inserted:	(d) the following paragraphs 5a and 5b are inserted:	(d) the following paragraphs 5a and 5b are inserted:
Art. 1- para. 1- point 30 d - Art. 106 - para. 5a	547	5a. For the purposes of paragraph 5, point (a), the institution may assign to that portfolio other interest rate risk positions entered into with third parties, or with its own trading book, as long as the institution perfectly offsets the market	5a. For the purposes of paragraph 5, point (a), the institution may assign to that portfolio other interest rate risk positions entered into with third parties, or with its own trading book, as long as the institution perfectly offsets the market risk	5a. For the purposes of paragraph 5, point (a), the institution may assign to that portfolio other interest rate risk positions entered into with third parties, or with its own trading book, as long as the institution perfectly offsets the market risk of those

		Commission Proposal	Council Mandate	EP Mandate
		risk of those interest rate risk positions entered into with its own trading book by entering into opposite interest rate risk positions with third parties.	of those interest rate risk positions entered into with its own trading book by entering into opposite interest rate risk positions with third parties.	interest rate risk positions entered into with its own trading book by entering into opposite interest rate risk positions with third parties.
Art. 1- para. 1- point 30 d - Art. 106 - para. 5b - intr. part	548	5b. The following requirements apply to the trading desk referred to in paragraph 5, point (b):	5b. The following requirements apply to the trading desk referred to in paragraph 5, point (b):	5b. The following requirements apply to the trading desk referred to in paragraph 5, point (b):
Art. 1- para. 1- point 30 d - Art. 106 - para. 5b - point a	549	(a) that trading desk may include other interest rate risk positions entered into with third parties or with other trading desks of the institution, as long as those positions meet the requirements for inclusion in the trading book referred to in Article 104 and those other trading desks perfectly offset the market risk of those other interest rate risk positions by entering into opposite interest rate risk positions with third parties;	(a) that trading desk may include other interest rate risk positions entered into with third parties or with other trading desks of the institution, as long as those positions meet the requirements for inclusion in the trading book referred to in Article 104 and those other trading desks perfectly offset the market risk of those other interest rate risk positions by entering into opposite interest rate risk positions with third parties;	(a) that trading desk may include other interest rate risk positions entered into with third parties or with other trading desks of the institution, as long as those positions meet the requirements for inclusion in the trading book referred to in Article 104 and those other trading desks perfectly offset the market risk of those other interest rate risk positions by entering into opposite interest rate risk positions with third parties;
Art. 1- para. 1- point 30 d - Art. 106 - para. 5b - point b	550	(b) no trading book positions other than those referred to in point (a) are assigned to that trading desk;	(b) no trading book positions other than those referred to in point (a) are assigned to that trading desk;	(b) no trading book positions other than those referred to in point (a) are assigned to that trading desk;
Art. 1- para. 1- point 30 d - Art. 106 -	551	(c) by way of derogation from Article	(c) by way of derogation from Article	(c) by way of derogation from Article

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<i>para. 5b - point c</i>		104b, that trading desk shall not be subject to the requirements set out in paragraphs 1, 2 and 3 of that Article.	104b, that trading desk shall not be subject to the requirements set out in paragraphs 1, 2 and 3 of that Article.	104b, that trading desk shall not be subject to the requirements set out in paragraphs 1, 2 and 3 of that Article.
Art. 1- para. 1- point 30 e- intr. part	552	(e) paragraphs 6 and 7 are replaced by the following:	(e) paragraphs 6 and 7 are replaced by the following:	(e) paragraphs 6 and 7 are replaced by the following:
Art. 1- para. 1- point 30 e- Art. 106 - para. 6	553	6. The own funds requirements for the market risk of all the positions assigned to the separate portfolio referred to in paragraph 5, point (a), or to the trading desk referred to in point (b) of that paragraph, shall be calculated on a stand-alone basis, in addition to the own funds requirements for the other trading book positions.	6. The own funds requirements for the market risk of all the positions assigned to the separate portfolio referred to in paragraph 5, point (a), or to the trading desk referred to in point (b) of that paragraph, shall be calculated on a stand-alone basis, in addition to the own funds requirements for the other trading book positions.	6. The own funds requirements for the market risk of all the positions assigned to the separate portfolio referred to in paragraph 5, point (a), or to the trading desk referred to in point (b) of that paragraph, shall be calculated on a stand-alone basis, in addition to the own funds requirements for the other trading book positions.
Art. 1- para. 1- point 30 e- Art. 106 - para. 7 - intr. part	554	7. Where an institution hedges a CVA risk exposure using a derivative instrument entered into with its trading book, the position in that derivative instrument shall be recognised as an internal hedge for the CVA risk exposure for the purpose of calculating the own funds requirements for CVA risks in accordance with the approaches set out in	7. Where an institution hedges a CVA risk exposure using a derivative instrument entered into with its trading book, the position in that derivative instrument shall be recognised as an internal hedge for the CVA risk exposure for the purpose of calculating the own funds requirements for CVA risks in accordance with the approaches set out in	7. Where an institution hedges a CVA risk exposure using a derivative instrument entered into with its trading book, the position in that derivative instrument shall be recognised as an internal hedge for the CVA risk exposure for the purpose of calculating the own funds requirements for CVA risks in accordance with the approaches set out in Articles 383 or 384,

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		Articles 383 or 384, where the following conditions are met:	Articles 383 or 384, where the following conditions are met:	where the following conditions are met:
Art. 1- para. 1- point 30 e- Art. 106 - para. 7 - point a	555	(a) the derivative position is recognised as an eligible hedge in accordance with Article 386;	(a) the derivative position is recognised as an eligible hedge in accordance with Article 386;	(a) the derivative position is recognised as an eligible hedge in accordance with Article 386;
Art. 1- para. 1- point 30 e- Art. 106 - para. 7 - point b	556	(b) where the derivative position is subject to any of the requirements set out in Article 325c(2), points (b) or (c), or in Article 325e(1), point (c), the institution perfectly offsets the market risk of that derivative position by entering into opposite positions with third parties;	(b) where the derivative position is subject to any of the requirements set out in Article 325c(2), points (b) or (c), or in Article 325e(1), point (c), the institution perfectly offsets the market risk of that derivative position by entering into opposite positions with third parties;	(b) where the derivative position is subject to any of the requirements set out in Article 325c(2), points (b) or (c), or in Article 325e(1), point (c), the institution perfectly offsets the market risk of that derivative position by entering into opposite positions with third parties;
Art. 1- para. 1- point 30 e- Art. 106 - para. 7 - subpara. 2	557	The opposite trading book position of the internal hedge recognised in accordance with the first subparagraph shall be included in the institution's trading book to calculate the own funds requirements for market risk.	The opposite trading book position of the internal hedge recognised in accordance with the first subparagraph shall be included in the institution's trading book to calculate the own funds requirements for market risk.	The opposite trading book position of the internal hedge recognised in accordance with the first subparagraph shall be included in the institution's trading book to calculate the own funds requirements for market risk.
Art. 1- para. 1- point 31- intr. part	558	(31) in Article 107, paragraphs 1, 2 and 3 are replaced by the following:	(31) in Article 107, paragraphs 1, 2 and 3 are replaced by the following: is amended as follows:	(31) in Article 107, paragraphs 1, 2 and 3 are replaced by the following:

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Art. 1- para. 1- point 31 a - intr. part (new)	559		<u>(a) paragraphs 1, 2 and 3 are replaced by the following:</u>	
Art. 1- para. 1- point 31- Art. 107 - para. 1	560	1. Institutions shall apply either the Standardised Approach provided for in Chapter 2 or, where permitted by the competent authorities in accordance with Article 143, the Internal Ratings Based Approach provided for in Chapter 3 to calculate their risk-weighted exposure amounts for the purposes of Article 92(4), points (a) and (f).	1. Institutions shall apply either the Standardised Approach provided for in Chapter 2 or, where permitted by the competent authorities in accordance with Article 143, the Internal Ratings Based Approach provided for in Chapter 3 to calculate their risk-weighted exposure amounts for the purposes of Article 92(4), points (a) and (f).	1. Institutions shall apply either the Standardised Approach provided for in Chapter 2 or, where permitted by the competent authorities in accordance with Article 143, the Internal Ratings Based Approach provided for in Chapter 3 to calculate their risk-weighted exposure amounts for the purposes of Article 92(4), points (a) and (f).
Art. 1- para. 1- point 31- Art. 107 - para. 2 - intr. part	561	2. For trade exposures and for default fund contributions to a central counterparty, institutions shall apply the treatment set out in Chapter 6, Section 9 to calculate their risk-weighted exposure amounts for the purposes of Article 92(4), points (a) and (f). For all other types of exposures to a central counterparty, institutions shall treat those exposures as follows:	2. For trade exposures and for default fund contributions to a central counterparty, institutions shall apply the treatment set out in Chapter 6, Section 9 to calculate their risk-weighted exposure amounts for the purposes of Article 92(4), points (a) and (f). For all other types of exposures to a central counterparty, institutions shall treat those exposures as follows:	2. For trade exposures and for default fund contributions to a central counterparty, institutions shall apply the treatment set out in Chapter 6, Section 9 to calculate their risk-weighted exposure amounts for the purposes of Article 92(4), points (a) and (f). For all other types of exposures to a central counterparty, institutions shall treat those exposures as follows:
Art. 1- para. 1- point 31- Art. 107 - para. 2 -	562	(a) as exposures to an institution for other types of exposures to a qualifying CCP;	(a) as exposures to an institution for other types of exposures to a qualifying CCP;	(a) as exposures to an institution for other types of exposures to a qualifying CCP;

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<i>subpoint a</i>				
Art. 1- para. 1- point 31- Art. 107 - para. 2 - subpoint b	563	(b) as exposures to a corporate for other types of exposures to a non- qualifying CCP.	(b) as exposures to a corporate for other types of exposures to a non- qualifying CCP.	(b) as exposures to a corporate for other types of exposures to a non- qualifying CCP.
Art. 1- para. 1- point 31- Art. 107 - para. 3	564	3. For the purposes of this Regulation, exposures to third country investment firms and exposures to third country credit institutions and exposures to third country clearing houses and exchanges, as well as exposures to third country financial institutions authorised and supervised by third country authorities and subject to prudential requirements comparable to those applied to institutions in terms of robustness, shall be treated as exposures to an institution only if the third country applies prudential and supervisory requirements to that entity that are at least equivalent to those applied in the Union.”;	3. For the purposes of this Regulation, exposures to third country investment firms and exposures to , third country credit institutions and exposures to third country clearing houses and exchanges, as well as exposures to third country financial institutions authorised and supervised by third country authorities and subject to prudential requirements comparable to those applied to institutions in terms of robustness, shall be treated as exposures to an institution only if the third country applies prudential and supervisory requirements to that entity that are at least equivalent to those applied in the Union; .	3. For the purposes of this Regulation, exposures to third country investment firms and exposures to third country credit institutions and exposures to third country clearing houses and exchanges, as well as exposures to third country financial institutions authorised and supervised by third country authorities and subject to prudential requirements comparable to those applied to institutions in terms of robustness, shall be treated as exposures to an institution only if the third country applies prudential and supervisory requirements to that entity that are at least equivalent to those applied in the Union.”;
Art. 1- para. 1- point 31 - subpoint b (new)	565		<u>(b) the following paragraph 5 is added:</u>	
Art. 1- para. 1- point 31 b	566		<u>‘5. For the purposes of paragraph 3, for exposures to a third-country investment</u>	

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(new) - Art. 107 - para 5 (new)			<u>firm, a third-country credit institution and a third-country exchange which are not treated as exposures to an institution, to which an institution applies the IRB Approach under Chapter 3 of this Title but without using its own estimates of loss given default (LGD), institutions shall use the LGD value referred to in Article 161(1)(a).‘;</u>	
Art. 1- para. 1- point 32 - intr. part	567	(32) Article 108 is replaced by the following:	(32) Article 108 is replaced by the following:	(32) Article 108 is replaced by the following:
Art. 1- para. 1- point 32 - Art. 108 - heading	568	‘ Article 108 Use of credit risk mitigation techniques under the Standardised Approach and the IRB Approach for credit risk and dilution risk	‘ Article 108 Use of credit risk mitigation techniques under the Standardised Approach and the IRB Approach for credit risk and dilution risk	‘ Article 108 Use of credit risk mitigation techniques under the Standardised Approach and the IRB Approach for credit risk and dilution risk
Art. 1- para. 1- point 32 - Art. 108 - para. 1	569	1. For an exposure to which an institution applies the Standardised Approach under Chapter 2 or applies the IRB Approach under Chapter 3 but without using its own estimates of loss given default (LGD) under Article 143, the institution may take into account the effect of FCP in accordance with Chapter	1. For an exposure to which an institution applies the Standardised Approach under Chapter 2 or applies the IRB Approach under Chapter 3 but without using its own estimates of loss given default (LGD) under Article 143, the institution may take into account the effect of FCP in accordance with Chapter 4 in the	1. For an exposure to which an institution applies the Standardised Approach under Chapter 2 or applies the IRB Approach under Chapter 3 but without using its own estimates of loss given default (LGD) under Article 143, the institution may take into account the effect of FCP in accordance with Chapter 4 in the

		Commission Proposal	Council Mandate	EP Mandate
		4 in the calculation of risk-weighted exposure amounts for the purposes of Article 92(4) points (a) and (f) or, where relevant, expected loss (EL) amounts for the purposes of the calculation referred to in Article 36(1) point (d) and Article 62 point (c).	calculation of risk-weighted exposure amounts for the purposes of Article 92(4) points (a) and (f) and or , where relevant, expected loss (EL) amounts for the purposes of the calculation referred to in Article 36(1) point (d) and Article 62 point (d) (e) .	calculation of risk-weighted exposure amounts for the purposes of Article 92(4), points (a) and (f), or, where relevant, expected loss (EL) amounts for the purposes of the calculation referred to in Article 36(1), point (d), and Article 62, point (d) .
Art. 1- para. 1- point 32 - Art. 108 - para. 2	570	2. For an exposure to which an institution applies the IRB Approach by using its own estimates of LGD under Article 143, the institution may take into account the effect of FCP in risk-weighted exposure amounts and expected loss amounts in accordance with Chapter 3.	2. For an exposure to which an institution applies the IRB Approach by using its own estimates of LGD under Article 143, the institution may take into account the effect of FCP in accordance with Chapter 3 in the calculation of risk-weighted exposure amounts for the purposes of Article 92(4), points (a) and (f), and, where relevant, expected loss (EL) amounts in accordance with Chapter 3 for the purposes of the calculation referred to in Article 36(1), point (d), and Article 62, point (d).	2. For an exposure to which an institution applies the IRB Approach by using its own estimates of LGD under Article 143, the institution may take into account the effect of FCP in accordance with Chapter 3 in the calculation of risk-weighted exposure amounts for the purposes of Article 92(4), points (a) and (f), and expected loss (EL) amounts for the purposes of the calculation referred to in Article 36(1), point (d), and Article 62, point (d).
Art. 1- para. 1- point 32 - Art. 108 - para. 2a	571	2a. Where an institution applies the IRB Approach by using its own estimates of LGD under Article 143 for both the original exposure and for comparable direct exposures to the protection provider, the institution may take into account the effect of UFCP in risk-weighted exposure amounts and expected loss amounts in accordance with Chapter	2a. Where an institution applies the IRB Approach by using its own estimates of LGD under Article 143 for both the original exposure and for comparable direct exposures to the protection provider protection provider , the institution may take into account the effect of UFCP in accordance with Chapter 3 in the calculation of risk-weighted exposure	2a. Where an institution applies the IRB Approach by using its own estimates of LGD under Article 143 for both the original exposure and for comparable direct exposures to the protection provider, the institution may take into account the effect of UFCP in accordance with Chapter 3 in the calculation of risk-weighted exposure amounts for the

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		3. In all other cases, the institution may take into account the effect of UFCP in risk-weighted exposure amounts and expected loss amounts in accordance with Chapter 4.	amounts <u>for the purposes of Article 92(4), points (a) and (f), and, where relevant, expected loss (EL) amounts for the purposes of the calculation referred to in Article 36(1), point (d), and Article 62, point (d),</u> in accordance with Chapter 3. In all other cases, the institution may take into account the effect of UFCP in risk-weighted exposure amounts and expected loss <u>(EL)</u> amounts <u>for those purposes</u> in accordance with Chapter 4.	<i>purposes of Article 92(4), points (a) and (f), and expected loss (EL) amounts for the purposes of the calculation referred to in Article 36(1), point (d), and Article 62, point (d).</i> In all other cases, the institution may take into account the effect of UFCP in risk-weighted exposure amounts and <i>EL</i> amounts <i>for the purposes</i> in accordance with Chapter 4.
Art. 1- para. 1- point 32 - Art. 108 - para. 3 - intr. part	572	3. Subject to the conditions set out in paragraph 4, retail loans may be regarded as exposures secured by a mortgage on residential property, instead of being treated as guaranteed exposures, for the purposes of Part three, Title II, Chapters 2, 3 and 4 as applicable, where in a Member State the following conditions for those retail loans have been fulfilled:	3. Subject to the conditions set out in paragraph 4, retail loans <u>to natural persons</u> may be regarded as exposures secured by a mortgage on residential property, instead of being treated as guaranteed exposures, for the purposes of Part three <u>Three</u> , Title II, Chapters 2, 3 and 4 as applicable, where in a Member State the following conditions for those retail loans have been fulfilled:	3. Subject to the conditions set out in paragraph 4, █ loans <i>to natural persons</i> may be regarded as exposures secured by a mortgage on residential property, instead of being treated as guaranteed exposures, for the purposes of Part three, Title II, Chapters 2, 3 and 4 as applicable, where in a Member State the following conditions for those █ loans <i>to natural persons</i> have been fulfilled:
Art. 1- para. 1- point 32 - Art. 108 - para. 3 - point a	573	(a) the majority of loans to natural persons for the purchase of residential properties in that Member State are not provided as mortgages in legal form;	(a) the majority of loans to natural persons for the purchase of residential properties in that Member State are not provided as mortgages in legal form;	(a) the majority of loans to natural persons for the purchase of residential properties in that Member State are not provided as mortgages in legal form;
Art. 1- para. 1- point 32 - Art. 108 -	574	(b) the majority of loans to individuals	(b) the majority of loans to <u>natural</u>	(b) the majority of loans to <i>natural persons</i>

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<i>para. 3 - point b</i>		for the purchase of residential properties in that Member State are guaranteed by a guarantor with a credit assessment by an nominated ECAI corresponding to a credit quality step of 1 or 2, that is required to repay the institution in full where the original borrower defaults;	persons individuals for the purchase of residential properties in that Member State are guaranteed by a protection provider guarantor with a credit assessment by an nominated ECAI corresponding to a credit quality step of 1 or 2, that is required to repay the institution in full where the original borrower defaults;	for the purchase of residential properties in that Member State are guaranteed by a guarantor with a credit assessment by an nominated ECAI corresponding to a credit quality step of 1 or 2, that is required to repay the institution in full where the original borrower defaults;
Art. 1- para. 1- point 32 - Art. 108 - para. 3 - point c	575	(c) the institution has the legal right to take a mortgage on the residential property in the event that the guarantor referred to in point (b) fails.	(c) the institution has the legal right to take a mortgage on the residential property in the event that the protection provider guarantor referred to in point (b) does not meet its obligations under the guarantee provided-fails or fails.	(c) the institution has the legal right to take a mortgage on the residential property in the event that the guarantor referred to in point (b) does not meet its obligations under the guarantee provided.
Art. 1- para. 1- point 32 - Art. 108 - para. 3 - subpara.2	576	Competent authorities shall inform EBA where the conditions referred in points (a), (b) and (c) are met in the national territories of their jurisdictions, and shall provide the names of guarantors eligible to that treatment which fulfil the conditions of this paragraph and paragraph 4.	Competent authorities shall inform EBA where the conditions referred in points (a), (b) and (c) are met in the national territories of their jurisdictions, and shall provide the names of protection providers guarantors eligible to that treatment which fulfil the conditions of this paragraph and paragraph 4.	Competent authorities shall inform EBA where the conditions referred in points (a), (b) and (c) are met in the national territories of their jurisdictions, and shall provide the names of guarantors eligible to that treatment which fulfil the conditions of this paragraph and paragraph 4.
Art. 1- para. 1- point 32 - Art. 108 - para. 3 - subpara.3	577	EBA shall publish the list of all such eligible guarantors on its website and update that list yearly.	EBA shall publish the list of all such eligible protection providers guarantors on its website and update that list yearly.	EBA shall publish the list of all such eligible guarantors on its website and update that list yearly.

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Art. 1- para. 1- point 32 - <i>Art. 108 - para. 4 - intr. part</i>	578	4. For the purposes of paragraph 3, loans referred to in that paragraph may be treated as exposures secured by a mortgage on residential property, instead of being treated as guaranteed exposures, where all of the following conditions are met:	4. For the purposes of paragraph 3, loans referred to in that paragraph may be treated as exposures secured by a mortgage on residential property, instead of being treated as guaranteed exposures, where all of the following conditions are met:	4. For the purposes of paragraph 3, loans referred to in that paragraph may be treated as exposures secured by a mortgage on residential property, instead of being treated as guaranteed exposures, where all of the following conditions are met:
Art. 1- para. 1- point 32 - <i>Art. 108 - para. 4 - point a</i>	579	(a) for an exposure that is treated under the Standardised Approach the exposure meets all of the requirements to be assigned to the Standardised Approach ‘exposures secured by mortgages on immovable property’ exposure class pursuant to Articles 124 and 125 with the exception that the institution granting the loan does not hold a mortgage over the residential property;	(a) for an exposure that is treated under the Standardised Approach the exposure meets all of the requirements to be assigned to the Standardised Approach ‘exposures secured by mortgages on immovable property’ exposure class pursuant to Articles 124 and 125 with the exception that the institution granting the loan does not hold a mortgage over the residential property;	(a) for an exposure that is treated under the Standardised Approach the exposure meets all of the requirements to be assigned to the Standardised Approach ‘exposures secured by mortgages on immovable property’ exposure class pursuant to Articles 124 and 125 with the exception that the institution granting the loan does not hold a mortgage over the residential property;
Art. 1- para. 1- point 32 - <i>Art. 108 - para. 4 - point b</i>	580	(b) for an exposure that is treated under the IRB Approach, the exposure meets all of the requirements to be assigned to the IRB exposure class ‘retail exposures secured by residential property’ referred to in Article 147(2), (d)(ii), with the exception that the institution granting the loan does not hold a mortgage over the property;	(b) for an exposure that is treated under the IRB Approach, the exposure meets all of the requirements to be assigned to the IRB exposure class ‘retail exposures secured by residential property’ referred to in Article 147(2), (d)(ii), with the exception that the institution granting the loan does not hold a mortgage over the property;	(b) for an exposure that is treated under the IRB Approach, the exposure meets all of the requirements to be assigned to the IRB exposure class ‘retail exposures secured by residential property’ referred to in Article 147(2), (d)(ii), with the exception that the institution granting the loan does not hold a mortgage over the property;

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Art. 1- para. 1- point 32 - <i>Art. 108 - para. 4 - point c</i>	581	(c) there is no mortgage lien on the residential property when the loan is granted and the borrower is contractually committed not to grant any mortgage lien without the consent of the institution that originally granted the loan;	(c) there is no mortgage lien on the residential property when the loan is granted and <u>for the loans granted from 1 January 2014</u> the borrower is contractually committed not to grant any mortgage lien without the consent of the institution that originally granted the loan;	(c) there is no mortgage lien on the residential property when the loan is granted and <i>for the loans granted from 1 January 2014</i> the borrower is contractually committed not to grant any mortgage lien without the consent of the institution that originally granted the loan;
Art. 1- para. 1- point 32 - <i>Art. 108 - para. 4 - point d</i>	582	(d) the guarantor is an eligible protection provider as referred to in Article 201, and the guarantor has a credit assessment by an ECAI corresponding to a credit quality step of 1 or 2;	(d) the <u>protection provider</u> guarantor is an eligible protection provider as referred to in Article 201, and the guarantor has a credit assessment by an ECAI corresponding to a credit quality step of 1 or 2;	(d) the guarantor is an eligible protection provider as referred to in Article 201, and the guarantor has a credit assessment by an ECAI corresponding to a credit quality step of 1 or 2;
Art. 1- para. 1- point 32 - <i>Art. 108 - para. 4 - point e</i>	583	(e) the guarantor is an institution or a financial sector entity subject to capital requirements at least equivalent to those applicable to institutions or insurance undertakings;	(e) the <u>protection provider</u> guarantor is an institution or a financial sector entity subject to capital requirements <u>comparable</u> at least equivalent to those applicable to institutions or insurance undertakings;	(e) the guarantor is an institution or a financial sector entity subject to capital requirements at least <i>comparable</i> to those applicable to institutions or insurance undertakings;
Art. 1- para. 1- point 32 - <i>Art. 108 - para. 4 - point f</i>	584	(f) the guarantor has established a fully-funded mutual guarantee fund or equivalent protection for insurance undertakings to absorb credit risk losses, the calibration of which is periodically reviewed by its competent authority and is subject to yearly stress testing;	(f) the <u>protection provider</u> guarantor has established a fully-funded mutual guarantee fund or equivalent protection for insurance undertakings to absorb credit risk losses, the calibration of which is periodically reviewed by its competent authority and is subject to yearly <u>periodic</u>	(f) the guarantor has established a fully-funded mutual guarantee fund or equivalent protection for insurance undertakings to absorb credit risk losses, the calibration of which is periodically reviewed by its competent authority and is subject to <i>periodic</i> stress testing, <i>at least</i>

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			stress testing, <u>at least every two years;</u>	<i>every two years;</i>
Art. 1- para. 1- point 32 - Art. 108 - para. 4 - point g	585	(g) the institution is contractually and legally allowed to take a mortgage on the residential property in the event that the guarantor fails;	(g) the institution is contractually and legally allowed to take a mortgage on the residential property in the event that the guarantor <u>protection provider does not meet its obligations under the guarantee provided</u> fails or fails;	(g) the institution is contractually and legally allowed to take a mortgage on the residential property in the event that the guarantor <i>does not meet its obligations under the guarantee provided;</i>
Art. 1- para. 1- point 32 - Art. 108 - para. 4 - point h	586	(h) the institution that decides to exercise the option provided for in paragraph 3 for a given eligible guarantor under the mechanism referred to in paragraph 3, shall do so for all its retail exposures guaranteed by that guarantor under that mechanism.;	(h) the institution that decides to exercise the option provided for in paragraph 3 for a given eligible guarantor <u>protection provider</u> under the mechanism referred to in paragraph 3, shall do so for all its retail exposures <u>to natural persons</u> guaranteed by that guarantor <u>protection provider</u> under that mechanism.';	
Art. 1- para. 1- point 32 - Art. 108 - para. 4a (new)	587			<i>4a. Institutions that exercise the option provided for in paragraph 3 for a given eligible guarantor under the mechanism referred to in that paragraph, shall do so for all its exposures to natural persons guaranteed by that guarantor under that mechanism.”;</i>
Art. 1- para. 1- point 33 - intr. part	588	(33) the following Article 110a is inserted:	(33) the following Article 110a is inserted:	(33) the following Article 110a is inserted:

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Art. 1- para. 1- point 33 - <i>Art. 110a - heading</i>	589	‘ Article 110a Monitoring of contractual arrangements that are not commitments	‘ Article 110a <i>Monitoring of contractual arrangements that are not commitments</i>	‘ <i>Article 110a</i> Monitoring of contractual arrangements that are not commitments
Art. 1- para. 1- point 33 - <i>Art. 110a - para. 1</i>	590	‘Institutions shall monitor contractual arrangements that meet all the conditions specified in Article 5, point (9), second subparagraph, points (a) to (e), and shall document to the satisfaction of their competent authorities their compliance with all those conditions.; ,	‘Institutions shall monitor contractual arrangements that meet all the conditions specified in Article 5, point (9), second subparagraph, points (a) to (e), and shall document to the satisfaction of their competent authorities their compliance with all those conditions.; ,	‘Institutions shall monitor contractual arrangements that meet all the conditions specified in Article 5, point (9), second subparagraph, points (a) to (e), and shall document to the satisfaction of their competent authorities their compliance with all those conditions.; ,
Art. 1- para. 1- point 34 - intr. part	591	(34) Article 111 is replaced by the following:	(34) Article 111 is replaced by the following:	(34) Article 111 is replaced by the following:
Art. 1- para. 1- point 34 - <i>Art. 111 - heading</i>	592	‘ Article 111 Exposure value	‘ Article 111 <i>Exposure value</i>	‘ <i>Article 111</i> Exposure value
Art. 1- para. 1- point 34 - <i>Art. 111 - para. 1</i>	593	1. The exposure value of an asset item shall be its accounting value remaining	1. The exposure value of an asset item shall be its accounting value remaining	1. The exposure value of an asset item shall be its accounting value remaining

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		after specific credit risk adjustments in accordance with Article 110, additional value adjustments in accordance with Article 34 related to the non-trading book business of the institution, amounts deducted in accordance with Article 36(1), point (m), and other own funds reductions related to the asset item have been applied.	after specific credit risk adjustments in accordance with Article 110, additional value adjustments in accordance with Article 34 related to the non-trading book business of the institution, amounts deducted in accordance with Article 36(1), point (m), and other own funds reductions related to the asset item have been applied.	after specific credit risk adjustments in accordance with Article 110, additional value adjustments in accordance with Article 34 related to the non-trading book business of the institution, amounts deducted in accordance with Article 36(1), point (m), and other own funds reductions related to the asset item have been applied.
Art. 1- para. 1- point 34 - <i>Art. 111 - para. 2 - intr. part</i>	594	2. The exposure value of an off-balance sheet item listed in Annex I shall be the following percentage of the item's nominal value after the deduction of specific credit risk adjustments in accordance with Article 110 and amounts deducted in accordance with Article 36(1), point (m):	2. The exposure value of an off-balance sheet item listed in Annex I shall be the following percentage of the item's nominal value after the deduction of specific credit risk adjustments in accordance with Article 110 and amounts deducted in accordance with Article 36(1), point (m):	2. The exposure value of an off-balance sheet item listed in Annex I shall be the following percentage of the item's nominal value after the deduction of specific credit risk adjustments in accordance with Article 110 and amounts deducted in accordance with Article 36(1), point (m):
Art. 1- para. 1- point 34 - <i>Art. 111 - para. 2 - point a</i>	595	(a) 100 % for items in bucket 1;	(a) 100 % for items in bucket 1;	(a) 100 % for items in bucket 1;
Art. 1- para. 1- point 34 - <i>Art. 111 - para. 2 - point b</i>	596	(b) 50 % for items in bucket 2;	(b) 50 % for items in bucket 2;	(b) 50 % for items in bucket 2;
Art. 1- para. 1- point 34 -	597			

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Art. 111 - para. 2 - point c		(c) 40 % for items in bucket 3;	(c) 40 % for items in bucket 3;	(c) 40 % for items in bucket 3;
Art. 1- para. 1- point 34 - Art. 111 - para. 2 - point d	598	(d) 20 % for items in bucket 4;	(d) 20 % for items in bucket 4;	(d) 20 % for items in bucket 4;
Art. 1- para. 1- point 34 - Art. 111 - para. 2 - point e	599	(e) 10 % for items in bucket 5.	(e) 10 % for items in bucket 5.	(e) 10 % for items in bucket 5.
Art. 1- para. 1- point 34 - Art. 111 - para. 3 - intr. part	600	3. The exposure value of a commitment on an off-balance sheet item as referred to in paragraph 2 shall be the lower of the following percentages of the commitment's nominal value after the deduction of specific credit risk adjustments and amounts deducted in accordance with Article 36(1), point (m):	3. The exposure value of a commitment on an off-balance sheet item as referred to in paragraph 2 shall be the lower of the following percentages of the commitment's nominal value after the deduction of specific credit risk adjustments and amounts deducted in accordance with Article 36(1), point (m):	3. The exposure value of a commitment on an off-balance sheet item as referred to in paragraph 2 shall be the lower of the following percentages of the commitment's nominal value after the deduction of specific credit risk adjustments and amounts deducted in accordance with Article 36(1), point (m):
Art. 1- para. 1- point 34 - Art. 111 - para. 3 - point a	601	(a) the percentage referred to in paragraph 2 that is applicable to the item on which the commitment is made;	(a) the percentage referred to in paragraph 2 that is applicable to the item on which the commitment is made;	(a) the percentage referred to in paragraph 2 that is applicable to the item on which the commitment is made;
Art. 1- para. 1- point 34 - Art. 111 -	602	(b) the percentage referred to in paragraph 2 that is applicable to the type	(b) the percentage referred to in paragraph 2 that is applicable to the type	(b) the percentage referred to in paragraph 2 that is applicable to the type of

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para. 3 - point b		of commitment.	of commitment.	commitment.
Art. 1- para. 1- point 34 - Art. 111 - para. 4	603	4. For contractual arrangements offered by an institution, but not yet accepted by the client, that would become commitments if accepted by the client, and contractual arrangements that would qualify as commitments but meet the conditions for not being treated as commitments, the percentage applicable to that type of contractual arrangement shall be that provided for in accordance with paragraph 2.	4. For contractual Contractual arrangements offered by an institution, but not yet accepted by the client, that would become commitments if accepted by the client, <u>shall be treated as commitments and the percentage applicable shall be the one provided for in accordance with paragraph 2. For</u> and contractual arrangements that would qualify as commitments but meet the conditions <u>specified in Article 5, point (9), second subparagraph,</u> for not being treated as commitments , the percentage applicable to that type of contractual arrangement shall be <u>0 %</u> , that provided for in accordance with paragraph 2.	4. For contractual arrangements offered by an institution, but not yet accepted by the client, that would become commitments if accepted by the client, <i>the percentage applicable shall be the one provided for in accordance with paragraph 2. For</i> contractual arrangements that meet the conditions <i>specified in Article 5, point (9), second subparagraph, the percentage applicable shall be 0%.</i>
Art. 1- para. 1- point 34 - Art. 111 - para. 5	604	5. Where an institution is using the Financial Collateral Comprehensive Method referred to in Article 223, the exposure value of securities or commodities sold, posted or lent under a repurchase transaction or under a securities or commodities lending or borrowing transaction, and of margin lending transactions shall be increased by the volatility adjustment appropriate to such securities or commodities in accordance with Articles 223 and 224.	5. Where an institution is using the Financial Collateral Comprehensive Method referred to in Article 223, the exposure value of securities or commodities sold, posted or lent under a repurchase transaction or under a securities or commodities lending or borrowing transaction, and of margin lending transactions shall be increased by the volatility adjustment appropriate to such securities or commodities in accordance with Articles 223 and 224.	5. Where an institution is using the Financial Collateral Comprehensive Method referred to in Article 223, the exposure value of securities or commodities sold, posted or lent under a repurchase transaction or under a securities or commodities lending or borrowing transaction, and of margin lending transactions shall be increased by the volatility adjustment appropriate to such securities or commodities in accordance with Articles 223 and 224.

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Art. 1- para. 1- point 34 - Art. 111 - para. 6	605	6. The exposure value of a derivative instrument listed in Annex II shall be determined in accordance with Chapter 6, taking into account the effects of contracts of novation and other netting agreements as specified in that Chapter. The exposure value of repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions may be determined in accordance with either Chapter 4 or Chapter 6.	6. The exposure value of a derivative instrument listed in Annex II shall be determined in accordance with Chapter 6, taking into account the effects of contracts of novation and other netting agreements as specified in that Chapter. The exposure value of repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions may be determined in accordance with either Chapter 4 or Chapter 6.	6. The exposure value of a derivative instrument listed in Annex II shall be determined in accordance with Chapter 6, taking into account the effects of contracts of novation and other netting agreements as specified in that Chapter. The exposure value of repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions may be determined in accordance with either Chapter 4 or Chapter 6.
Art. 1- para. 1- point 34 - Art. 111 - para. 7	606	7. Where the exposure is covered by a funded credit protection, the exposure value may be amended in accordance with Chapter 4.	7. Where the exposure is covered by a funded credit protection, the exposure value may be amended in accordance with Chapter 4.	7. Where the exposure is covered by a funded credit protection, the exposure value may be amended in accordance with Chapter 4.
Art. 1- para. 1- point 34 - Art. 111 - para. 8 - intr. part	607	8. EBA shall develop draft regulatory technical standards to specify:	8. EBA shall report, by 31 December 2026, to the Commission on develop draft regulatory technical standards to specify:	8. EBA shall develop draft regulatory technical standards to specify:
Art. 1- para. 1- point 34 - Art. 111 - para. 8 -	608	(a) the criteria that institutions shall use to assign off-balance sheet items, with the exception of items already included in	(a) the relevant criteria that could be used by institutions shall use to assign off-balance sheet items, with the exception of	(a) the criteria that institutions shall use to assign off-balance sheet items, with the exception of items already included in

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<i>point a</i>		Annex I, to the buckets 1 to 5 referred to in Annex I;	items already included in Annex I, to the buckets 1 to 5 referred to in Annex I;	Annex I, to the buckets 1 to 5 referred to in Annex I;
Art. 1- para. 1- point 34 - <i>Art. 111 - para. 8 - point b</i>	609	(b) the factors that may constrain the institutions' ability to cancel the unconditionally cancellable commitments referred to in Annex I;	(b) the factors that may constrain the institutions' ability to cancel the unconditionally cancellable commitments referred to in Annex I;	(b) the factors that may constrain the institutions' ability to cancel the unconditionally cancellable commitments referred to in Annex I;
Art. 1- para. 1- point 34 - <i>Art. 111 - para. 8 - point c</i>	610	(c) the process for notifying EBA about the institutions' classification of other off-balance sheet items carrying similar risks as those referred to in Annex I.	(c) the process <u>that could be put in place</u> for notifying EBA about the institutions' classification of other off-balance sheet items carrying similar risks as those referred to in Annex I.	(c) the process for notifying EBA about the institutions' classification of other off-balance sheet items carrying similar risks as those referred to in Annex I.
Art. 1- para. 1- point 34 - <i>Art. 111 - para. 8 - subpara. 2</i>	611	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 1 year after the entry into force of this Regulation].	<u>On the basis of that report, the Commission shall, where appropriate, submit to the European Parliament and to the Council a legislative proposal by 31 December 2028.;</u> EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 1 year after the entry into force of this Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 1 year after the entry into force of this Regulation].
Art. 1- para. 1- point 34 - <i>Art. 111 - para. 8 - subpara.3</i>	612	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in

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		referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;
Art. 1- para. 1- point 35- intr. part	613	(35) in Article 112, point (k) is replaced by the following:	(35) in Article 112 is amended as follows ; point (k) is replaced by the following:	(35) in Article 112, points (i) and (k) are replaced by the following:
	614		<u>(b) point (i) is replaced by the following:</u>	
Art. 1- para. 1- point 35- Art. 112 - point i (new)	615		<u>‘(i) exposures secured by mortgages on immovable property and ADC exposures;’;</u>	<i>‘(i) exposures secured by mortgages on immovable property and ADC exposures;’;</i>
Art. 1- para. 1- point 35 a- intr. part (new)	616		<u>(a) point (k) is replaced by the following</u> <u>:</u>	
Art. 1- para. 1- point 35 a - Art. 112 - para 1 -point k	617	‘ (k) subordinated debt exposures;; ,	‘ (k) subordinated debt exposures;; ,	‘ (k) subordinated debt exposures;; ,
Art. 1- para. 1- point 36- intr. part	618	(36) Article 113 is amended as follows :	(36) Article 113 is amended as follows :	(36) Article 113 is amended as follows :
Art. 1- para.	619			

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1- point 36 a - intr. part		(a) paragraph 1 is replaced by the following:		(a) paragraph 1 is replaced by the following:
Art. 1- para. 1- point 36 - subpoint a - <i>Art. 113 - para. 1</i>	620	<p>1. To calculate risk-weighted exposure amounts, risk weights shall be applied to all exposures, unless those exposures have been deducted from own funds, in accordance with Section 2, based on the exposure class to which those exposures are assigned and, to the extent specified in Section 2, based on the credit quality of those exposure. Credit quality may be determined by reference to the credit assessments of ECAIs or the credit assessments of export credit agencies in accordance with Section 3. With the exception of exposures assigned to the exposure classes laid down in Article 112, point (a), (b), (c) and (e), where the assessment in accordance with Article 79, point (b) of Directive 2013/36/EU reflects higher risk characteristics than those implied by the credit assessment of the nominated ECAI or export credit agency, the institution shall assign a risk weight at least one credit quality step higher than the risk weight implied by the credit assessment of the nominated ECAI or export credit agency.;</p>		<p>1. To calculate risk-weighted exposure amounts, risk weights shall be applied to all exposures, unless those exposures have been deducted from own funds, in accordance with Section 2, based on the exposure class to which those exposures are assigned and, to the extent specified in Section 2, based on the credit quality of those exposure. Credit quality may be determined by reference to the credit assessments of ECAIs or the credit assessments of export credit agencies in accordance with Section 3. With the exception of exposures assigned to the exposure classes laid down in Article 112, point (a), (b), (c) and (e), where the assessment in accordance with Article 79, point (b) of Directive 2013/36/EU reflects higher risk characteristics than those implied by the credit assessment of the nominated ECAI or export credit agency, the institution shall assign a risk weight at least one credit quality step higher than the risk weight implied by the credit assessment of the nominated ECAI or export credit agency.;</p>

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Art. 1- para. 1- point 36 - subpoint b - intr. part	621	(b) paragraph 3 is replaced by the following:	(a) paragraph 3 is replaced by the following:	(b) paragraph 3 is replaced by the following:
Art. 1- para. 1- point 36 subpoint b - <i>Art. 113 - para. 3</i>	622	‘ 3. Where an exposure is subject to credit protection, the exposure value or the applicable risk weight to that exposure, as appropriate, may be amended in accordance with this Chapter and Chapter 4.; ,	‘ 3. Where an exposure is subject to credit protection, the exposure value or the applicable risk weight to that exposure, as appropriate, may be amended in accordance with this Chapter and Chapter 4.; ,	‘ 3. Where an exposure is subject to credit protection, the exposure value or the applicable risk weight to that exposure, as appropriate, may be amended in accordance with this Chapter and Chapter 4.; ,
Art. 1- para. 1- point 36 - subpoint b (new)	623		<u>(b) paragraph 5 is replaced by the following :</u>	
Art. 1- para. 1- point 36 b (new) - <i>Art. 113 - para. 5</i>	624		<u>‘ 5. The exposure value of any item for which no risk weight is provided under Chapter 2 shall be assigned a risk weight of 100 %.’;</u>	
Art. 1- para. 1- point 36 - subpoint c (new)	625		<u>(c) the introductory sentence of paragraph 6 is replaced by the following:</u>	
Art. 1- para. 1- point 36 - subpoint c - <i>Art. 113 - para 6 - intr.</i>	626		<u>‘With the exception of exposures giving rise to Common Equity Tier 1, Additional Tier 1 or Tier 2 items, an institution may, subject to the prior</u>	

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<i>part</i>			<u>approval of the competent authorities, decide not to apply the requirements of paragraph 1 of this Article to the exposures of that institution to a counterparty which is its parent undertaking, its subsidiary, a subsidiary of its parent undertaking, or an undertaking linked to the institution by a relationship within the meaning of Article 22 (7) of Directive 2013/34/EU. Competent authorities are empowered to grant approval if the following conditions are fulfilled:’;</u>	
Art. 1- para. 1- point 36 - subpoint d (new)	627		<u>(d) in paragraph 6, point (a) is replaced by the following :</u>	
Art. 1- para. 1- point 36 - subpoint d - Art. 113 - para 6 - point a (new)	628		<u>‘(a) the counterparty is an institution, or a financial institution subject to appropriate prudential requirements;’;</u>	
Art. 1- para. 1- point 36a (new) -	629		<u>(36a) Article 115 is amended as follows :</u>	
Art. 1- para. 1- point 36a subpoint a (new)	630		<u>(a) paragraph (0) is added:</u>	

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 36a (new) - <i>Art. 115 - para 0 (new)</i>	631		<u>‘0. Exposures to regional governments or local authorities for which a credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table X, which corresponds to the credit assessment of the ECAI in accordance with Article 136.</u>	
Art. 1- para. 1- point 36a - <i>Art. 115 - table X - title (new)</i>	632		<u>Table X:</u>	
Art. 1- para. 1- point 36a - <i>Art. 115 - table X - row 1 (new)</i>	633		<u>Credit quality step 1 2 3</u> <u> 4 5 6</u>	
Art. 1- para. 1- point 36 a - <i>Art. 115 - table X - row 2 (new)</i>	634		<u>Risk weight 20% 50%</u> <u>50% 100% 100% 150%’;</u>	
Art. 1- para. 1- point 36 b - <i>intr. part (new)</i>	635		<u>(b) paragraph 1 is replaced by the following :</u>	
Art. 1- para. 1- point 36 b - <i>Art. 115 -</i>	636		<u>‘1. Exposures to regional governments or local authorities for which a credit assessment by a nominated ECAI is not</u>	

		Commission Proposal	Council Mandate	EP Mandate						
<i>para 1</i>			<u>available shall be assigned a risk weight in accordance with the credit quality step to which exposures to the central government of the jurisdiction in which regional governments or local authority is incorporated are assigned in accordance with Table Y.</u>							
Art. 1- para. 1- point 36 b - <i>Art. 115 - table Y, title (new)</i>	637		<u>Table Y:</u>							
Art. 1- para. 1- point 36 b - <i>Art. 115 - table Y, , row 1 (new)</i>	638		<u>Credit quality step to which exposures to central government are assigned</u> <table><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	1	2	3	4	5	6	
1	2	3	4	5	6					
Art. 1- para. 1- point 36 b - <i>Art. 115 - table Y, row 2</i>	639		<u>Risk weight</u> <table><tr><td>100%</td><td>100%</td><td>100%</td><td>150%</td><td>20%</td><td>50%</td></tr></table>	100%	100%	100%	150%	20%	50%	
100%	100%	100%	150%	20%	50%					
Art. 1- para. 1- point 36 b - <i>Art. 115 - para 1 - subpara. 2 (new)</i>	640		<u>Exposures to regional governments or local authorities in countries where the central government is unrated, the risk weight shall be 100 %.';</u>							
Art. 1- para. 1- point 36 - subpoint c - intr. part	641		<u>(c) in paragraph 2, the first subparagraph is replaced by the following :</u>							

		Commission Proposal	Council Mandate	EP Mandate
(new)				
Art. 1- para. 1- point 36 - subpoint c (new) - <i>Art. 115 - para 2 (new)</i>	642		<u>‘2. By way of derogation from paragraphs 0 and 1, exposures to regional governments or local authorities shall be treated as exposures to the central government in whose jurisdiction they are established where there is no difference in risk between such exposures because of the specific revenue-raising powers of the former, and the existence of specific institutional arrangements the effect of which is to reduce their risk of default.’;</u>	
Art. 1- para. 1- point 36 - subpoint d - intr. part (new)	643		<u>(d) paragraph 3 is replaced by the following:</u>	<i>(36a)Article 115(3) is replaced by the following:</i>
	644			<i>‘3. Where an exposure is subject to credit protection, the exposure value or the applicable risk weight to that exposure, as appropriate, may be amended in accordance with this Chapter and Chapter 4.</i>
Art. 1- para. 1- point 36 - subpoint d- <i>Art. 115 - para 3</i>	645		<u>‘3. Exposures to churches or religious communities constituted in the form of a legal person under public law shall, in so far as they raise taxes in accordance with legislation conferring on them the right to do so, be treated as exposures to regional governments and local</u>	<i>Exposures to churches or religious communities constituted in the form of a legal person under public law shall, in so far as they raise taxes in accordance with legislation conferring on them the right to do so, be treated as exposures to regional governments and local authorities. In this</i>

		Commission Proposal	Council Mandate	EP Mandate
			<u>authorities. In this case, paragraph 2 shall not apply.’;</u>	<i>case, paragraph 2 shall not apply.’;</i>
Art. 1- para. 1- point 36 - subpoint e - intr. part (new)	646		<u>(e) the first subparagraph of paragraph 4 is replaced by the following:</u>	
Art. 1- para. 1- point 36 - subpoint e (new) - <i>Art. 115 - para 4</i>	647		<u>‘4. By way of derogation from paragraphs 0 and 1, when competent authorities of a third country jurisdiction which applies supervisory and regulatory arrangements at least equivalent to those applied in the Union treat exposures to regional governments or local authorities as exposures to their central government and there is no difference in risk between such exposures because of the specific revenue-raising powers of regional government or local authorities and to specific institutional arrangements to reduce the risk of default, institutions may risk weight exposures to such regional governments and local authorities in the same manner.’;</u>	
Art. 1- para. 1- point 36 f - intr. part (new)	648		<u>(f) paragraph 5 is amended as follows:</u>	
Art. 1- para. 1- point 36 f- <i>Art. 115 -</i>	649		<u>‘5. By way of derogation from paragraphs 0 and 1, exposures to</u>	

		Commission Proposal	Council Mandate	EP Mandate
<i>para 5 (new)</i>			<u>regional governments or local authorities of the Member States that are not referred to in paragraphs 2 to 4 and are denominated and funded in the domestic currency of that regional government and local authority shall be assigned a risk weight of 20 %.</u> ';	
Art. 1- para. 1- point 36b - intr. part (new)	650		<u>(36b) Article 116 is amended as follows</u> :	
Art. 1- para. 1- point 36b - subpoint a	651		<u>(a) paragraph 2 is replaced by the following :</u>	
Art. 1- para. 1- subpoint 36b - point a - Art. 116 - para. 2	652		<u>'2. Exposures to public sector entities for which a credit assessment by a nominated ECAI is available shall be treated in accordance with Article 115 (0).'</u> ';	
Art. 1- para. 1- point 36b (new) - subpoint b - Art. 116 - para. 1 - intr. part	653		<u>(b) in paragraph 4, the following subparagraph is added:</u>	<i>(36b) in Article 116(4), the following subparagraph is added:</i>
Art. 1- para. 1- point 36b(new) - point b - Art.	654		<u>'EBA shall maintain a publicly available database of all public-sector entities within the Union which relevant competent authorities treat as</u>	<i>'EBA shall maintain a publicly available database of all public-sector entities within the Union which relevant competent authorities consider as having</i>

		Commission Proposal	Council Mandate	EP Mandate
116 - para. 4 - subpara. 2			<u>exposures to the central government, regional government or local authority.’;</u>	<i>no difference in risk as exposures to the central government, regional government or local authority in whose jurisdiction the public-sector entity is established.’;</i>
Art. 1- para. 1- point 36c (new) - intr. part	655		<u>(36c) in Article 117(1), the first subparagraph is replaced by the following :</u>	
Art. 1- para. 1- point 36c - Art. 117 para 1 - subpara. 1	656		<u>‘1. Exposures to multilateral development banks that are not referred to in paragraph 2 and for which a credit assessment by a nominated ECAI is available shall be risk weighted in accordance with table Z. The risk weight for exposures to multilateral development banks that are not referred to in paragraph 2 for which a credit assessment by a nominated ECAI is not available shall be 50%.</u>	
Art. 1- para. 1- point 36c (new) - Art. 117 - para. 1 - table Z, title	657		<u>Table Z:</u>	
Art. 1- para. 1- point 36c (new) - Art. 117- para. 1 - table Z, row 1	658		<u>Credit quality step</u> <u>1 2 3 4 5 6</u>	

		Commission Proposal	Council Mandate	EP Mandate
Art. 1- para. 1- point 36c (new) - Art. 117 - para. 1 - table Z, row 2	659		<u>Risk weight</u> <u>20 % 30 % 50 % 100 % 100</u> <u>150 %</u> ’;	
Art. 1- para. 1- point 37	660	(37) in Article 119, paragraphs 2 and 3 are deleted;	(37) in Article 119, paragraphs 2 and 3 are deleted;	(37) in Article 119, paragraphs 2 and 3 are deleted;
				Continues in Tables 2 to 7