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NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: Progress report on Banking Union

I. INTRODUCTION

1. The Progress Report on the Banking Union set out in the addendum covers: (i) the progress achieved under the Romanian Presidency on risk reduction and other measures outlined in the June 2016 Roadmap on the completion of the Banking Union and (ii) the outcome of discussions on the Commission proposal for the establishment of a European Deposit Insurance Scheme (EDIS). The report presents the Presidency's views on the progress achieved on measures to strengthen the Banking Union.

2. As regards **risk reduction measures**, on 23 November 2016 the Commission presented the package of legislative measures for risk reduction ('banking package'). On 16 April 2019 the European Parliament adopted its position at first reading on the Commission proposals and the Council approved the texts on 14 May. The signature of the adopted legislation took place on 20 May 2019 and will be published in the Official Journal in the course of June with entry into force 20 days after the publication.
3. In response to the call by the Council for further measures to address the problem of **non-performing loans (NPLs)** in the EU as set out in its action plan to tackle non-performing loans in Europe of July 2017, the Commission proposed in March 2018 a package of legislative and non-legislative measures to address the NPLs issues, including a draft regulation on minimum loss coverage for non performing exposures for newly originated loans that become non-performing ("NPLs prudential backstop regulation") and a draft directive on credit servicers, credit purchasers and the recovery of collateral. The directive is built of two parts: (i) development of secondary markets for sales of non-performing loans and (ii) accelerated extrajudicial collateral enforcement (AECE).
4. A political agreement on the NPLs prudential backstop regulation had been reached still under the Austrian Presidency. The final adoption by co-legislators and signature of the text took place under the Romanian Presidency. The regulation was published in the Official Journal in April and entered into force on 28 April.
5. On 27 March 2019 Coreper approved the mandate for negotiations with the European Parliament on the part of the NPLs directive on the development of secondary markets for sales of non-performing loans.
6. Work is still ongoing in a Council working party on the AECE part of the directive.

7. Concerning **EDIS**, the Romanian Presidency continued the work at a technical level building on the progress achieved by previous presidencies. The Ad Hoc Working Party on the Strengthening of the Banking Union (the "AHWP") met one time in the first semester of 2019. Main discussions on a roadmap for beginning political negotiations on EDIS have been tackled by the High Level Working Group on EDIS.

II. CONCLUSION

In light of the above, the Permanent Representatives Committee is invited to suggest the Council to endorse of the Presidency progress report as set out in the addendum to this note.
