



2021/0342(COD)

23.5.2022

*****I**

DRAFT REPORT

on the 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
(COM(2021)0664 – C9-0397/2021 – 2021/0342(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Jonás Fernández

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the 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 (COM(2021)0664 – C9-0397/2021 – 2021/0342(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2021)0664),
 - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0397/2021),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Central Bank of 24 March 2022,¹
 - having regard to the opinion of the European Economic and Social Committee of 23 March 2021,²
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A9-0000/2022),
1. Adopts its position at first reading hereinafter set out;
 2. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation

Recital 11

Text proposed by the Commission

Amendment

(11) Most EU corporates, however, do not seek external credit ratings, in

(11) Most EU corporates, however, do not seek external credit ratings, in

¹ Not yet published in the Official Journal.

² Not yet published in the Official Journal.

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 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').*** After the transition period, institutions should be able to refer to credit assessments by ECAs to calculate the capital requirements for most of their corporate exposures. ***To inform any future initiative 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.***

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 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. After the transition period, institutions should be able to refer to credit assessments by ECAs to calculate the capital requirements for most of their corporate exposures.

Or. en

Amendment 2

Proposal for a regulation Recital 11 a (new)

(11 a) The transitional regime should not apply to large corporates. Large corporates are in a good position to get a private credit rating, or they might choose to remain unrated where a rating would not lead to a lower risk weight, in which case the institution should hold more capital for the loan, in line with its risk profile.

Or. en

Amendment 3

Proposal for a regulation

Recital 15

Text proposed by the Commission

Amendment

(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***

(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. The use of the transitional arrangement should be monitored by EBA.

whether to activate the transitional arrangement should be left to individual Member States. The use of the transitional arrangement should be monitored by EBA.

Or. en

Amendment 4

Proposal for a regulation Recital 36 a (new)

Text proposed by the Commission

Amendment

(36 a) The severe, double economic shock caused by the COVID-19 pandemic and 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 regard, institutions should be encouraged, where appropriate, to extend concessions to obligors, without necessarily considering that a default has occurred. 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.

Or. en

Amendment 5

Proposal for a regulation Recital 40

Text proposed by the Commission

(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 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.***

Amendment

(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. ***ESG factors refer to environmental, social or governance factors that can have a positive or negative impact on the financial performance or solvency of an entity, sovereign or individual. Common examples of ESG factors include environmental factors such as greenhouse gas emissions, biodiversity and water use and consumption; social factors such as human rights, and labour and workforce considerations; and governance factors such as the rights and responsibilities of senior staff members and remuneration.***

Or. en

Amendment 6

**Proposal for a regulation
Recital 40 a (new)**

Text proposed by the Commission

Amendment

(40 a) 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 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.

Or. en

Amendment 7

Proposal for a regulation Recital 42 a (new)

Text proposed by the Commission

Amendment

(42 a) There has been a rapid growth in cryptoassets in recent years, and growing exposures by banks to cryptoasset exposures could lead to financial stability risks, in particular as certain types of

cryptoassets exhibit a high degree of volatility. The existing prudential rules are not designed to adequately capture the risks inherent to cryptoassets. According to the consultative document entitled “Prudential treatment of cryptoasset exposures” issued by the Bank for International Settlements on 10 September 2021, those risks could include liquidity risk, credit risk, market risk, operational risk (including fraud and cyber risks), money laundering and terrorist financing risk and legal and reputation risks. BCBS is currently working on how to reliably capture the risks deriving from exposures to cryptoassets in banks’ balance sheets. The Commission should follow up on those developments and, if appropriate, and after consulting EBA, report to the European Parliament and the Council on whether a dedicated prudential treatment should be developed for exposures to cryptoassets.

Or. en

Amendment 8

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point -a (new)

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 12

Text proposed by the Commission

Amendment

(-a) point (12) is deleted

Or. en

Amendment 9

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point h

Regulation (EU) No 575/2013
Article 4 – paragraph 1 – point 28

Text proposed by the Commission

(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;;

Amendment

(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;;

Or. en

Amendment 10

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point k

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52

Text proposed by the Commission

(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;;

Amendment

(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 strategic and reputational risk;;

Or. en

Amendment 11

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point l

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52a – introductory part

Text proposed by the Commission

(52a) ‘legal risk’ means losses, including expenses, fines, penalties or punitive damages, **caused by** events that result in legal proceedings, including the following:

Amendment

(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:

Or. en

Amendment 12

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point 1

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52b – introductory part

Text proposed by the Commission

(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:

Amendment

(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 development, implementation or use of such models, including the following:

Or. en

Amendment 13

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point 1

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52c

Text proposed by the Commission

(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**

Amendment

(52c) ‘ICT risk’ means the risk of losses or potential losses related to the use of information **technology and** communication **systems**, including, **but not limited to**, breach of confidentiality, failure

systems, unavailability *or* lack of integrity of data and systems, and *cyber risk*;

or unavailability *of systems*, *inability to change the information technology within a reasonable time and cost frame*, lack of integrity of data and systems, and *cyberattacks*;

Or. en

Amendment 14

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point 1

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52d

Text proposed by the Commission

(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;

Amendment

(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;

Or. en

Amendment 15

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point 1

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52e – introductory part

Text proposed by the Commission

(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

Amendment

(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:

environmental objectives:

Or. en

Amendment 16

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point 1

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52f

Text proposed by the Commission

(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;

Amendment

(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;

Or. en

Amendment 17

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point 1

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52g

Text proposed by the Commission

(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;

Amendment

(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;

Or. en

Amendment 18

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point l

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52h

Text proposed by the Commission

(52h) ‘social risk’ means the risk of **losses arising from** any negative financial impact on the institution stemming from the current or prospective impacts of social factors on its counterparties or invested assets;

Amendment

(52h) ‘social risk’ means the risk of any negative financial impact on the institution stemming from the current or prospective impacts of social factors on its counterparties or invested assets;

Or. en

Amendment 19

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point l

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 52i

Text proposed by the Commission

(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;

Amendment

(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;

Or. en

Amendment 20

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point m

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 54

Text proposed by the Commission

(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;

Amendment

(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 *a* one-year period;

Or. en

Amendment 21

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point m

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 55

Text proposed by the Commission

(55) ‘loss given default’ or ‘LGD’ means the *expected* ratio of the loss on an 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;

Amendment

(55) ‘loss given default’ or ‘LGD’ means the ratio of the loss on an 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 ratio of the loss on an exposure *related to a purchased receivable* due to dilution, to the amount outstanding *of the* purchased receivable;

Or. en

Amendment 22

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point m

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 56

Text proposed by the Commission

(56) ‘conversion factor’ or ‘credit conversion factor’ or ‘CCF’ means the *expected* ratio of the currently undrawn

Amendment

(56) ‘conversion factor’ or ‘credit conversion factor’ or ‘CCF’ means the ratio of the currently undrawn amount of a

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;;

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;;

Or. en

Amendment 23

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point s

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 75a

Text proposed by the Commission

(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)***;

Amendment

(75a) ‘commercial immovable property’ means any immovable property that is not residential property;

Or. en

Amendment 24

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point s

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 75b

Text proposed by the Commission

(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

Amendment

(75b) ‘income-producing real estate exposure’ ***or*** ‘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;

generated by those immovable properties securing that exposure, rather than on the capacity of the obligor to fulfil the credit obligations from other sources; *the primary source of such cash flows would be lease or rental payments, or proceeds from the sale of the residential property;*

Or. en

Amendment 25

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point s

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 75e

Text proposed by the Commission

(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;*

Amendment

(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 *immovable* property;

Or. en

Amendment 26

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point s

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 75f

Text proposed by the Commission

(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’ 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;***

Amendment

(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’ means an exposure secured by commercial immovable property;

Or. en

Amendment 27

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point s

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 75g

Text proposed by the Commission

(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;;***

Amendment

(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 residential or commercial immovable property;

Or. en

Amendment 28

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point t

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 78

Text proposed by the Commission

(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;

Amendment

(78) ‘one-year default rate’ means the ratio between the number of **obligors or facilities that have defaulted** 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 **the second subparagraph of Article 178(1)**, assigned to this grade or pool one year prior to that date of observation T;

Or. en

Amendment 29

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point v a (new)

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 139

Present text

(139) ‘securities financing transaction’ means a **repurchase transaction, a securities or commodities lending or borrowing transaction, or a margin lending transaction**;

Amendment

(va) point (139) is replaced by the following:

(139) ‘securities financing transaction’ means a **transaction such as repurchase agreement, reverse repurchase agreement, security lending and borrowing, or margin lending transaction, where the value of the transaction depends on market valuations and the transaction may be subject to margin agreements**;

Or. en

Amendment 30

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point w a (new)

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 145 – point c

Present text

(c) it is ***not subject to any obligations, or is*** subject to simplified obligations, in relation to recovery and resolution planning in accordance with Article 4 of Directive 2014/59/EU;

Amendment

(wa) in point 145, point c is replaced by the following:

(c) it is subject to simplified obligations, in relation to recovery and resolution planning in accordance with Article 4 of Directive 2014/59/EU;

Or. en

Amendment 31

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point w b (new)

Regulation (EU) No 575/2013

Article 4 – paragraph 1 – point 145 – point f

Present text

(f) ***more than*** 75 % of both the institution's consolidated total assets and liabilities, excluding in both cases the intragroup exposures, ***relate to activities with counterparties located in the European Economic Area;***

Amendment

(wb) in point (145), point (f) is replaced by the following:

(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.

Or. en

Amendment 32

Proposal for a regulation

Article 1 – paragraph 1 – point 2 – point b

Regulation (EU) No 575/2013

Article 5 – point 5

Text proposed by the Commission

(5) ‘credit exposure’ means any on-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;

Amendment

(5) ‘credit exposure’ means any on-balance sheet item and any off-balance sheet item that results, or may result, in a credit obligation;

Or. en

Amendment 33

Proposal for a regulation

Article 1 – paragraph 1 – point 2 – point b

Regulation (EU) No 575/2013

Article 5 – point 6

Text proposed by the Commission

(6) ‘facility’ means a credit exposure arising from contract ***or a set of contracts*** between an obligor and an institution;

Amendment

(6) ‘facility’ means a credit exposure arising from contract between an obligor and an institution;

Or. en

Amendment 34

Proposal for a regulation

Article 1 – paragraph 1 – point 2 – point b

Regulation (EU) No 575/2013

Article 5 – point 7

Text proposed by the Commission

(7) ‘margin of conservatism’ means an ***additive or multiplicative*** add-on incorporated in risk estimates, ***sufficiently***

Amendment

(7) ‘margin of conservatism’ means an add-on incorporated in risk estimates, to account for the expected range of

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;

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;

Or. en

Amendment 35

Proposal for a regulation

Article 1 – paragraph 1 – point 2 – point b

Regulation (EU) No 575/2013

Article 5 – point 10

Text proposed by the Commission

(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.’;

Amendment

(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 **where applicable**, at any time without prior notice to the obligor or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness.’;

Or. en

Amendment 36

Proposal for a regulation

Article 1 – paragraph 1 – point 5 a (new)

Regulation (EU) No 575/2013

Article 13 – paragraph 1 – subparagraph 2

Present text

Large subsidiaries of EU parent institutions

Amendment

(5 a) in Article 13(1), subparagraph 2 is replaced by the following:

"Large subsidiaries of EU parent

shall disclose the information specified in Articles 437, 438, 440, 442, 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.

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.”

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 37

Proposal for a regulation

Article 1 – paragraph 1 – point 6 a (new)

Regulation (EU) No 575/2013

Article 19 – paragraph 1 – introductory part

Present text

1. An institution, a financial institution **or an ancillary services undertaking** which is a subsidiary or an undertaking in which a participation is held, need not to be included in the 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:

Amendment

(6 a) Article 19(1), introductory part, is replaced by the following:

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 total amount of assets and off-balance sheet items of the undertaking concerned is less than the smaller of the following two amounts:

Or. en

Amendment 38

Proposal for a regulation

Article 1 – paragraph 1 – point 13

Regulation (EU) No 575/2013

Article 49 – paragraph 4

Text proposed by the Commission

4. The holdings in respect of which deduction is not made in accordance with

Amendment

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.

paragraph 1, **2 or 3** shall qualify as exposures and shall be risk weighted in accordance with Part Three, Title II, Chapter 2.

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 %.

Or. en

Amendment 39

Proposal for a regulation

Article 1 – paragraph 1 – point 19

Regulation (EU) No 575/2013

Article 84 – paragraph 1 – point a – point i – indent 1

Text proposed by the Commission

— 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;

Amendment

— 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***, the sum of the requirement laid down in Article 92(1), point (a) 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 Common Equity Tier 1 capital, as applicable;

Or. en

Amendment 40

Proposal for a regulation

Article 1 – paragraph 1 – point 19

Regulation (EU) No 575/2013
Article 84 – paragraph 1 – point a – point i – indent 2

Text proposed by the Commission

— 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 Common Equity Tier 1 capital, as applicable;

Amendment

— 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 Common Equity Tier 1 capital, as applicable;

Or. en

Amendment 41

Proposal for a regulation

Article 1 – paragraph 1 – point 20

Regulation (EU) No 575/2013

Article 85 – paragraph 1 – point a – point i – indent 1

Text proposed by the Commission

— 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 (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;

Amendment

— 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**, the sum of the requirement laid down in Article 92(1), point (b), 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 Tier 1 Capital, as applicable;

Or. en

Amendment 42

Proposal for a regulation

Article 1 – paragraph 1 – point 20

Regulation (EU) No 575/2013

Article 85 – paragraph 1 – point a – indent 2

Text proposed by the Commission

— 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;

Amendment

— 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;

Or. en

Amendment 43

Proposal for a regulation

Article 1 – paragraph 1 – point 20 a (new)

Regulation (EU) No 575/2013

Article 87 – paragraph 1 – point a

Present text

(a) the own funds of the subsidiary minus the lower of the following:

(i) the amount of own funds of the subsidiary required to meet the following:

— the sum of the requirement laid down in **point (c) of Article 92(1) 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

Amendment

(20 a) Article 87(1), point (a) is replaced by the following:

"(a) the own funds of the subsidiary minus the lower of the following:

(i) the amount of own funds of the subsidiary required to meet the following:

– **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, the sum of the requirement laid down in Article 92(1), **point (c)**, of this Regulation, the requirements referred to in Articles 458

2013/36/EU, the combined buffer requirement defined in **point (6) of Article 128** of that Directive, **and any additional local supervisory regulations in third countries,**

— 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 **point (a) of Article 39(2) of Directive (EU) 2019/2034, and any additional local supervisory regulations in third countries;**

(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 point (c) of Article 92(1) **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 point (6) of Article 128 of that Directive, **and any additional local supervisory own funds requirement in third countries;**

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;**

—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;**

(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 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. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0575-20230628&from=EN>)

Amendment 44

Proposal for a regulation

Article 1 – paragraph 1 – point 26

Regulation (EU) No 575/2013

Article 104 – paragraph 2 – subparagraph 1– point d

Text proposed by the Commission

(d) **financial assets or liabilities** classified unambiguously as having a trading purpose under the accounting framework applicable to the institution;

Amendment

(d) **instruments** classified unambiguously as having a trading purpose under the accounting framework applicable to the institution;

Or. en

Amendment 45

Proposal for a regulation

Article 1 – paragraph 1 – point 26

Regulation (EU) No 575/2013

Article 104 – paragraph 2 – subparagraph 1 – point i

Text proposed by the Commission

(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.

Amendment

(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.

Or. en

Amendment 46

Proposal for a regulation

Article 1 – paragraph 1 – point 26

Regulation (EU) No 575/2013

Article 104 – paragraph 2 – subparagraph 3

Text proposed by the Commission

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.**

Amendment

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. **It shall assign the embedded option to the trading book and shall leave the own liability in the non-trading book.**

Amendment 47

Proposal for a regulation

Article 1 – paragraph 1 – point 26

Regulation (EU) No 575/2013

Article 104 – paragraph 7 – introductory part

Text proposed by the Commission

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:

Amendment

7. An institution shall assign to the trading book a position in a collective investment undertaking that is ***not referred to in point (f) of paragraph 3 of this Article, that is*** held with trading intent and where the institution meets one of the following conditions:

Or. en

Amendment 48

Proposal for a regulation

Article 1 – paragraph 1 – point 30 – point c

Regulation (EU) No 575/2013

Article 106 – paragraph 5 – point a

Text proposed by the Commission

(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;***

Amendment

(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;

Or. en

Amendment 49

Proposal for a regulation

Article 1 – paragraph 1 – point 30 – point c

Regulation (EU) No 575/2013

Article 106 – paragraph 5 – point b

Text proposed by the Commission

(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;

Amendment

(b) *to calculate* 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;

Or. en

Amendment 50

Proposal for a regulation

Article 1 – paragraph 1 – point 32

Regulation (EU) No 575/2013

Article 108 – paragraph 1

Text proposed by the Commission

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 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).

Amendment

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 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).

Amendment 51**Proposal for a regulation****Article 1 – paragraph 1 – point 32**

Regulation (EU) No 575/2013

Article 108 – paragraph 2

Text proposed by the Commission

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***.

Amendment

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)***.

Amendment 52**Proposal for a regulation****Article 1 – paragraph 1 – point 32**

Regulation (EU) No 575/2013

Article 108 – paragraph 2a

Text proposed by the Commission

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 3***. In all other cases, the institution may take into account

Amendment

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 ***guarantor***, 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 purposes of Article 92(4), points (a) and (f), and expected loss (EL)***

the effect of UFCP in risk-weighted exposure amounts and *expected loss* amounts in accordance with Chapter 4.

amounts *for the purposes of the calculation referred to in Article 36(1), point (d), and Article 62, point (d)*. In all other cases, the institution may take into account the effect of UFCP in risk-weighted exposure amounts *EL* amounts *for those purposes* in accordance with Chapter 4.

Or. en

Amendment 53

Proposal for a regulation

Article 1 – paragraph 1 – point 32

Regulation (EU) No 575/2013

Article 108 – paragraph 3 – subparagraph 1 – introductory part

Text proposed by the Commission

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:

Amendment

3. Subject to the conditions set out in paragraph 4, loans *to natural persons* 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 have been fulfilled:

Or. en

Amendment 54

Proposal for a regulation

Article 1 – paragraph 1 – point 32

Regulation (EU) No 575/2013

Article 108 – paragraph 3 – subparagraph 1 – point c

Text proposed by the Commission

(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*.

Amendment

(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.

Or. en

Amendment 55

Proposal for a regulation

Article 1 – paragraph 1 – point 32

Regulation (EU) No 575/2013

Article 108 – paragraph 4 – point e

Text proposed by the Commission

(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;

Amendment

(e) the guarantor is an institution or a financial sector entity subject to capital requirements at least ***comparable*** to those applicable to institutions or insurance undertakings;

Or. en

Amendment 56

Proposal for a regulation

Article 1 – paragraph 1 – point 32

Regulation (EU) No 575/2013

Article 108 – paragraph 4 – point g

Text proposed by the Commission

(g) the institution is contractually and legally allowed to take a mortgage on the residential property in the event that the guarantor ***fails***;

Amendment

(g) the institution is contractually and legally allowed to take a mortgage on the residential property in the event that the guarantor ***does not meet its obligations under the guarantee provided***;

Or. en

Amendment 57

Proposal for a regulation

Article 1 – paragraph 1 – point 32

Regulation (EU) No 575/2013
Article 108 – paragraph 4 – point h

Text proposed by the Commission

Amendment

(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.;

deleted

Or. en

Amendment 58

Proposal for a regulation
Article 1 – paragraph 1 – point 32
Regulation (EU) No 575/2013
Article 108 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4 a. 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 retail exposures guaranteed by that guarantor under that mechanism.;

Or. en

Amendment 59

Proposal for a regulation
Article 1 – paragraph 1 – point 34
Regulation (EU) No 575/2013
Article 111 – paragraph 4

Text proposed by the Commission

Amendment

4. For contractual arrangements offered by an institution, but not yet

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.

accepted by the client, that would become commitments if accepted by the client, the percentage applicable to that type of contractual arrangement shall be that provided for in accordance with paragraph 2.

Or. en

Amendment 60

Proposal for a regulation

Article 1 – paragraph 1 – point 35 – introductory part Regulation (EU) No 575/2013
Article 112 – point k

Text proposed by the Commission

Amendment

(35) in Article 112, **point (k) is** replaced by the following:

(35) in Article 112, **points (i) and (k) are** replaced by the following:

Or. en

Amendment 61

Proposal for a regulation

Article 1 – paragraph 1 – point 35
Regulation (EU) No 575/2013
Article 112 – point i

Present text

Amendment

(i) exposures secured by mortgages on immovable property;

‘(i) exposures secured by mortgages on immovable property **and ADC exposures;**’

Or. en

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>

Amendment 62

Proposal for a regulation

Article 1 – paragraph 1 – point 36 a (new)

Regulation (EU) No 575/2013

Article 115 – paragraph 3

Present text

Amendment

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 authorities. In this case, paragraph 2 shall not apply ***and, for the purposes of Article 150(1)(a), permission to apply the Standardised Approach shall not be excluded.***

(36 a) Article 115(3) is replaced by the following

“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.

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 case, paragraph 2 shall not apply.”

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 63

Proposal for a regulation

Article 1 – paragraph 1 – point 36 b (new)

Regulation (EU) No 575/2013

Article 116 – paragraph 4 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

(36 b) in Article 116(4), the following subparagraph is added:

‘EBA shall maintain a publicly available database of all public-sector entities within the Union which relevant

competent authorities consider as having no difference in risk as exposures to the central government, regional government or local authority in whose jurisdiction the public-sector entity is established.'

Or. en

Amendment 64

Proposal for a regulation

Article 1 – paragraph 1 – point 41

Regulation (EU) No 575/2013

Article 122a – paragraph 2 – Table 6aa

Text proposed by the Commission

Amendment

Credit quality Step	1	2	3	4	5		Credit quality Step	1	2	3	4	5	6
Risk Weight	20%	50%	75%	100%	150%		Risk Weight	20%	50%	75%	100%	150%	150%

Or. en

Amendment 65

Proposal for a regulation

Article 1 – paragraph 1 – point 41

Regulation (EU) No 575/2013

Article 122a – paragraph 3 – point a

Text proposed by the Commission

Amendment

(a) where the purpose of a specialised lending exposure is to finance the acquisition of physical assets, including ships, aircraft, satellites, railcars, and fleets, and the income to be generated by those assets comes in the form of cash flows generated by the specific physical assets that have been financed and pledged or assigned to the lender **by one or several**

(a) where the purpose of a specialised lending exposure is to finance the acquisition of physical assets, including ships, aircraft, satellites, railcars, and fleets, and the income to be generated by those assets comes in the form of cash flows generated by the specific physical assets that have been financed and pledged or assigned to the lender ('object finance

third parties ('object finance exposures'), institutions shall apply *the following risk weights*:

exposures'), institutions shall apply *a risk weight of 100%*.

(i) *80 % where the exposure is deemed to be high quality when taking into account all of the following criteria:*

— *the obligor can meet its financial obligations even under severely stressed conditions due to the presence of all of the following features:*

— *adequate exposure-to-value of the exposure;*

— *conservative repayment profile of the exposure;*

— *commensurate remaining lifetime of the assets upon full pay-out of the exposure or alternatively recourse to a protection provider with high creditworthiness;*

— *low refinancing risk of the exposure by the obligor or that risk is adequately mitigated by a commensurate residual asset value or recourse to a protection provider with high creditworthiness;*

— *the obligor has contractual restrictions over its activity and funding structure;*

— *the obligor uses derivatives only for risk-mitigation purposes;*

— *material operating risks are properly managed;*

— *the contractual arrangements on the assets provide lenders with a high degree of protection including the following features:*

— *the lenders have a legally enforceable first-ranking right over the assets financed, and, where applicable, over the income that they generate;*

— *there are contractual restrictions on the ability of the obligor to change anything to the asset which would have a*

negative impact on its value;

— *where the asset is under construction, the lenders have a legally enforceable first-ranking right over the assets and the underlying construction contracts;*

— *the assets being financed meet all of the following standards to operate in a sound and effective manner:*

— *the technology and design of the asset are tested;*

— *all necessary permits and authorisations for the operation of the assets have been obtained;*

— *where the asset is under construction, the obligor has adequate safeguards on the agreed specifications, budget and completion date of the asset, including strong completion guarantees or the involvement of an experienced constructor and adequate contract provisions for liquidated damages;*

(ii) 100 % where the exposure is not deemed to be high quality as referred to in point (i);

Or. en

Amendment 66

Proposal for a regulation

Article 1 – paragraph 1 – point 41

Regulation (EU) No 575/2013

Article 122a – paragraph 3 – point c – introductory part

Text proposed by the Commission

(c) where the purpose of a specialised lending exposure is to finance a project for the development or acquisition of large, complex and expensive installations, including power plants, chemical processing plants, mines, transportation infrastructure, environment, and

Amendment

(c) where the purpose of a specialised lending exposure is to finance a ***single*** project, ***either in the form of construction of a new capital installation or refinancing of an existing installation, with or without improvements, in particular projects*** for the development or

telecommunications infrastructure, and the income to be generated by the project *is the money generated by the contracts for the output of the installation obtained from one or several parties which are not under management control of the sponsor* ('project finance exposures'), institutions shall apply the following risk weights:

acquisition of large, complex and expensive installations, including power plants, chemical processing plants, mines, transportation infrastructure, environment, and telecommunications infrastructure, and the income to be generated by the *financed project serves both as primary source of repayment and as security* for the *loan* ('project finance exposures'), institutions shall apply the following risk weights:

Or. en

Amendment 67

Proposal for a regulation

Article 1 – paragraph 1 – point 41

Regulation (EU) No 575/2013

Article 122a – paragraph 3 – point c – point ii – indent 2

Text proposed by the Commission

— the obligor has sufficient reserve funds fully funded in cash, or other financial arrangements, *with highly rated guarantors* to cover the contingency funding and working capital requirements over the lifetime of the project being financed;

Amendment

— the obligor has sufficient reserve funds fully funded in cash, or other financial arrangements to cover the contingency funding and working capital requirements over the lifetime of the project being financed;

Or. en

Amendment 68

Proposal for a regulation

Article 1 – paragraph 1 – point 41

Regulation (EU) No 575/2013

Article 122a – paragraph 3 – point c – point ii – indent 3

Text proposed by the Commission

— the obligor *generates cash flows that are predictable and cover all future loan repayments*;

Amendment

— *the income generated by the financed project is availability-based or subject to a rate-of-return regulation or take-or-pay contract; for this purpose*

"availability-based" means that, once the construction is completed, the obligor is entitled, as long as the contract conditions are fulfilled, to payments from its contractual counterparties which cover operating and maintenance costs, debt service costs and equity returns as the obligor operates the project, and these payments are not subject to swings in demand, such as traffic levels, and are adjusted typically only for lack of performance or lack of availability of the asset to the public;

Or. en

Amendment 69

Proposal for a regulation

Article 1 – paragraph 1 – point 41

Regulation (EU) No 575/2013

Article 122a – paragraph 3 – point c – point ii – indent 6

Text proposed by the Commission

— the *contractual arrangements* effectively protect the lending institution against losses resulting from the termination of the project;

Amendment

— the *main counterparty or other counterparties which meet the eligibility criteria for the main counterparty* effectively protect the lending institution against losses resulting from the termination of the project;

Or. en

Amendment 70

Proposal for a regulation

Article 1 – paragraph 1 – point 41

Regulation (EU) No 575/2013

Article 122a – paragraph 3 – point c – point ii – indent 8

Text proposed by the Commission

— *equity is pledged to* the lending institution *such that they are* able to take

Amendment

— the lending institution *is* able to take control of the obligor entity *in the*

control of the obligor entity *upon* default;

case of an event of default;

Or. en

Amendment 71

Proposal for a regulation

Article 1 – paragraph 1 – point 42

Regulation (EU) No 575/2013

Article 123 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission

(a) the exposure *is either* of the *following*:

(i) *an exposure to one or more natural persons;*

(ii) *an exposure to an SME within the meaning of Article 5, point (8), where the total amount owed to the institution, its parent undertakings and its subsidiaries, by the obligor or group of connected clients, including any exposure in default but excluding exposures secured by residential property up to the property value shall not, to the knowledge of the institution, which shall take reasonable steps to confirm the situation, exceed EUR 1 million;*

Amendment

(a) the *total exposure value aggregated across all exposures to the obligor or group of connected clients, including any exposure in default but excluding exposures secured by residential property up to the property value, does not, to the knowledge of the institution, which shall have taken reasonable steps to be informed in that regard, exceed EUR 1 million;*

Or. en

Amendment 72

Proposal for a regulation

Article 1 – paragraph 1 – point 42

Regulation (EU) No 575/2013
Article 123 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

Where any of the criteria listed in the first subparagraph are not met for an exposure to one or more natural persons, the risk weight shall be 100%.

Or. en

Amendment 73

Proposal for a regulation

Article 1 – paragraph 1 – point 43

Regulation (EU) No 575/2013

Article 123a – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

1. ***Exposures to*** natural persons assigned to any of the exposures classes laid down in point (h) or (i) of Article 112, the risk weight assigned in accordance with Chapter 2 shall be multiplied by a factor of 1,5, whereby the resulting risk weight shall not be higher than 150 %, ***where the following conditions are met.***

1. ***Where the following conditions are met for an exposure to natural person or natural persons which is*** assigned to the exposure class laid down in point (h) of Article 112 or, ***if it is secured by residential immovable property, to the exposure class laid down in point (i) of Article 112, the risk weight assigned to such exposures*** in accordance with Chapter 2 shall be multiplied by a factor of 1,5, whereby the resulting risk weight shall not be higher than 150 %:

Or. en

Amendment 74

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 2 – introductory part

Text proposed by the Commission

2. A non-ADC exposure secured by an immovable property, where all the conditions laid down in paragraph 3 are met **and**, shall be treated as follows:

Amendment

2. A non-ADC exposure secured by an immovable property, where all the conditions laid down in paragraph 3 are met, shall be treated as follows:

Or. en

Amendment 75

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 2 – point a – introductory part

Text proposed by the Commission

(a) where the exposure is secured by a residential property, the exposure **shall not qualify as an IPRE exposure and** shall be treated in accordance with Article 125(1) where the exposure meets any of the following conditions:

Amendment

(a) where the exposure is secured by a residential property, the exposure shall be treated in accordance with Article 125(1) where the exposure meets any of the following conditions:

Or. en

Amendment 76

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 2 – point a – point i

Text proposed by the Commission

(i) the immovable property securing the exposure is the obligor's primary residence, either where the immovable property as a whole constitutes a single housing unit or where the immovable property securing the exposure is a housing unit that is a separated part within an immovable property;

Amendment

(i) the **income-producing** immovable property securing the exposure is the obligor's primary residence, either where the immovable property as a whole constitutes a single housing unit or where the immovable property securing the exposure is a housing unit that is a separated part within an immovable

property;

Or. en

Amendment 77

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 2 – point a – point iii

Text proposed by the Commission

(iii) the exposure secured by residential property is to associations or cooperatives of individuals that are regulated by law and solely exist to grant their members the use of a primary residence in the property securing the loans;

Amendment

(iii) the exposure secured by ***an income-producing*** residential property is to associations or cooperatives of individuals that are regulated by law and solely exist to grant their members the use of a primary residence in the property securing the loans;

Or. en

Amendment 78

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 2 – point a – point iv

Text proposed by the Commission

(iv) the exposure is secured by residential property to public housing companies or not-for-profit associations that are regulated by law and exist to serve social purposes and to offer tenants long-term housing;

Amendment

(iv) the exposure is secured by ***an income-producing*** residential property to public housing companies or not-for-profit associations that are regulated by law and exist to serve social purposes and to offer tenants long-term housing;

Or. en

Amendment 79

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 2 – point a – point iv a (new)

Text proposed by the Commission

Amendment

(iva) the exposure is a non-IPRE exposure;

Or. en

Amendment 80

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) where the exposure is secured by residential property and the exposure does not meet any of the conditions laid down in point (a), points (i) to (iv), the exposure shall be treated in accordance with Article 125(2);

(b) where the exposure is secured by residential property and the exposure does not meet any of the conditions laid down in point (a), points (i) to (iva), the exposure shall be treated in accordance with Article 125(2);

Or. en

Amendment 81

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 3 – introductory part

Text proposed by the Commission

Amendment

3. In order to be eligible for the treatment laid down in **paragraph 2**, an exposure secured by an immovable property shall fulfil all of the following

3. In order to be eligible for the treatment laid down in **Article 125(1), point (a), or Article 126(1), point (a)**, an exposure secured by an immovable

conditions:

property shall fulfil all of the following conditions:

Or. en

Amendment 82

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) N0 575/2013

Article 124 – paragraph 3 – point a – point iii – introductory part

Text proposed by the Commission

(iii) the immovable property is residential property under construction or it is land upon which a residential property is planned to be constructed where that plan has been approved by all authorities **concerned** and where any of the following conditions is met:

Amendment

(iii) **the lending is to an individual and** the immovable property is **either** residential property under construction or it is land upon which a residential property is planned to be constructed where that plan has been **legally** approved by all **relevant** authorities, **as applicable**, and where any of the following conditions is met:

Or. en

Amendment 83

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 5 – subparagraph 1 – point b

Text proposed by the Commission

(b) the gross exposure amount shall be calculated without taking into account credit risk adjustments and other own funds reductions related to the exposure or any form of funded or unfunded credit protection, except for pledged deposits accounts with the lending institution that meet all requirements for on-balance sheet netting, either under master netting agreements in accordance with Articles 196 and 206 or under other on-balance

Amendment

(b) the gross exposure amount shall be calculated without taking into account 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 exposure or any form of funded or unfunded credit protection, except for

sheet netting agreements in accordance with Articles 195 and 205 and have been unconditionally and irrevocably pledged for the sole purposes of fulfilling the credit obligation related to the exposure secured by the immovable property;

pledged deposits accounts with the lending institution that meet all requirements for on-balance sheet netting, either under master netting agreements in accordance with Articles 196 and 206 or under other on-balance sheet netting agreements in accordance with Articles 195 and 205 and have been unconditionally and irrevocably pledged for the sole purposes of fulfilling the credit obligation related to the exposure secured by the immovable property;

Or. en

Amendment 84

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 7 – subparagraph 4

Text proposed by the Commission

For the purposes of the second subparagraph of this paragraph, the authority designated in accordance with paragraph 6 may increase the risk weights laid down in Article **125(1), point (a), or Article 126(1), point (a)**. The authority shall not increase those to more than 150 %.

Amendment

For the purposes of the second subparagraph of this paragraph, the authority designated in accordance with paragraph 6 may increase the risk weights laid down in Article **125(1), point (a), the first subparagraph of Article 125(2), Article 126(1), point (a), or the first subparagraph of Article 126(2), or impose stricter criteria than those set out in paragraph 3 of this Article for exposures to one or more property segments secured by mortgages on residential property located in one or more parts of the jurisdiction of the Member States**. The authority shall not increase those to more than 150 %.

When increasing the risk weights set out in the first subparagraph of Article 125(2) or 126(2), the designated authority shall move the whole LTV-risk weight ladder laid down in table 6aaa in Article 125(2) or in table 6c in Article 126(2) accordingly.

Amendment 85

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 8

Text proposed by the Commission

8. Where the authority designated in accordance with paragraph 6 sets higher risk weights or stricter criteria pursuant to the paragraph 2, ***second subparagraph***; institutions shall have a six-month transitional period to apply them.

Amendment

8. Where the authority designated in accordance with paragraph 6 sets higher risk weights or stricter criteria pursuant to paragraph 7, institutions shall have a six-month transitional period to apply them.

Or. en

Amendment 86

Proposal for a regulation

Article 1 – paragraph 1 – point 44

Regulation (EU) No 575/2013

Article 124 – paragraph 10 – introductory part

Text proposed by the Commission

10. The ESRB ***may***, by means of recommendations in accordance with Article 16 of Regulation (EU) No 1092/2010, and in close cooperation with EBA, give guidance to authorities designated in accordance with paragraph 6 of this Article on both of the following:

Amendment

10. The ESRB ***shall***, by means of recommendations in accordance with Article 16 of Regulation (EU) No 1092/2010, and in close cooperation with EBA, give guidance to authorities designated in accordance with paragraph 6 of this Article on both of the following:

Or. en

Amendment 87

Proposal for a regulation

Article 1 – paragraph 1 – point 45

Regulation (EU) No 575/2013
Article 125 – paragraph 1 – introductory part

Text proposed by the Commission

1. An exposure secured by a residential property that complies with any of the conditions laid down in Article 124(2), point (a), points (i) to (iv), shall be treated as follows:

Amendment

1. An exposure secured by a residential property that complies with any of the conditions laid down in Article 124(2), point (a), points (i) to (iv), shall be treated as follows:

Or. en

Amendment 88

Proposal for a regulation

Article 1 – paragraph 1 – point 45

Regulation (EU) No 575/2013

Article 125 – paragraph 1 – point b

Text proposed by the Commission

(b) the remaining part of the exposure, if any, shall be treated as an exposure that is not secured by residential property.

Amendment

(b) the remaining part of the exposure, if any, shall be treated as an exposure that is not secured by residential property, ***in the exposure class applicable to the counterparty.***

Or. en

Amendment 89

Proposal for a regulation

Article 1 – paragraph 1 – point 45

Regulation (EU) No 575/2013

Article 125 – paragraph 2 – introductory part

Text proposed by the Commission

2. An exposure secured by a residential property that does not meet any of the conditions laid down in Article 124(2), point (a), points (i) to (iv), shall be assigned the higher between the risk weight set in accordance with the

Amendment

2. An exposure secured by a residential property that does not meet any of the conditions laid down in Article 124(2), point (a), points (i) to (iv), shall be assigned the higher between the risk weight set in accordance with the

following Table 6aaa, and the risk weight set in accordance with Article 124(7):

following Table 6aaa, and the risk weight set in accordance with Article 124(7):

Or. en

Amendment 90

Proposal for a regulation

Article 1 – paragraph 1 – point 46

Regulation (EU) No 575/2013

Article 126 – paragraph 1 – point b

Text proposed by the Commission

(b) the remaining part of the exposure, if any, shall be treated as an exposure that is not secured by this immovable property.

Amendment

(b) the remaining part of the exposure, if any, shall be treated as an exposure that is not secured by this immovable property, ***in the exposure class applicable to the counterparty.***

Or. en

Amendment 91

Proposal for a regulation

Article 1 – paragraph 1 – point 47

Regulation (EU) No 575/2013

Article 126a – paragraph 2 – introductory part

Text proposed by the Commission

2. ADC exposures to residential property, however, may be risk weighted at 100 %, provided that, ***where applicable***, the institution applies sound origination and monitoring standards which meet the requirements of Articles 74 and 79 of Directive 2013/36/EU and where at least one of the following conditions is met:

Amendment

2. ADC exposures to residential property, however, may be risk weighted at 100 %, provided that, the institution applies sound origination and monitoring standards which meet the requirements of Articles 74 and 79 of Directive 2013/36/EU and where at least one of the following conditions is met:

Or. en

Amendment 92

Proposal for a regulation

Article 1 – paragraph 1 – point 48 – point a

Regulation (EU) No 575/2013

Article 127 – paragraph 1 – subparagraph 2 – introductory part

Text proposed by the Commission

For the purposes of calculating the **sum of** specific credit risk adjustments referred to in this paragraph, institutions shall include in the calculation any positive difference between, **on the one hand**, the amount owed by the obligor on **the** exposure and, **on the other hand**, the sum of:

Amendment

For the purposes of calculating the specific credit risk adjustments referred to in this paragraph, institutions shall include in the calculation any positive difference between the amount owed by the obligor on **that** exposure and the sum of:

Or. en

Amendment 93

Proposal for a regulation

Article 1 – paragraph 1 – point 48 – point a

Regulation (EU) No 575/2013

Article 127 – subparagraph 2 – point i

Text proposed by the Commission

(i) the additional own funds reduction if **the** exposure was written off fully; and

Amendment

(i) the additional own funds reduction if **that** exposure was written off fully; and

Or. en

Amendment 94

Proposal for a regulation

Article 1 – paragraph 1 – point 49

Regulation (EU) No 575/2013

Article 128 – paragraph 1 – point a

Text proposed by the Commission

(a) debt exposures which are subordinated to claims of **another creditor**;

Amendment

(a) debt exposures which are subordinated to claims of **other ordinary unsecured creditors**;

Amendment 95

Proposal for a regulation

Article 1 – paragraph 1 – point 50 a (new)

Regulation (EU) No 575/2013

Article 129 – paragraph 4

Present text

4. Covered bonds for which a credit assessment by a nominated ECAI is available shall be assigned a risk weight **according to** Table 6a which corresponds to the credit assessment of the ECAI in accordance with Article 136.

Amendment

(50 a) Article 129(4) is amended as follows:

"4. Covered bonds for which a **directly applicable** credit assessment by a nominated ECAI is available shall be assigned a risk weight **in accordance with** Table 6a which corresponds to the credit assessment of the ECAI in accordance with Article 136."

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 96

Proposal for a regulation

Article 1 – paragraph 1 – point 50 b (new)

Regulation (EU) No 575/2013

Article 129 – paragraph 5

Present text

5. Covered bonds for which a credit assessment by a nominated ECAI is not available shall be assigned a risk weight on the basis of the risk weight assigned to senior unsecured exposures to the institution which issues them. The following correspondence between risk weights shall apply:

(a) if the exposures to the institution are

Amendment

(50 b) Article 129(5) is replaced by the following:

"5. Covered bonds for which a **directly applicable** credit assessment by a nominated ECAI is not available shall be assigned a risk weight on the basis of the risk weight assigned to senior unsecured exposures to the institution which issues them. The following correspondence between risk weights shall apply:

(a) if the exposures to the institution are

assigned a risk weight of 20 %, the covered bond shall be assigned a risk weight of 10 %;

(b) if the exposures to the institution are assigned a risk weight of 50 %, the covered bond shall be assigned a risk weight of 20 %;

(c) if the exposures to the institution are assigned a risk weight of 100 %, the covered bond shall be assigned a risk weight of 50 %;

(d) if the exposures to the institution are assigned a risk weight of 150 %, the covered bond shall be assigned a risk weight of 100 %

assigned a risk weight of 20 %, the covered bond shall be assigned a risk weight of 10 %;

(aa) if the exposures to the institution are assigned a risk weight of 30 %, the covered bond shall be assigned a risk weight of 15 %;

(ab) if the exposures to the institution are assigned a risk weight of 40 %, the covered bond shall be assigned a risk weight of 20 %;

(b) if the exposures to the institution are assigned a risk weight of 50 %, the covered bond shall be assigned a risk weight of 20 %;

(ba) if the exposures to the institution are assigned a risk weight of 75 %, the covered bond shall be assigned a risk weight of 35 %;

(c) if the exposures to the institution are assigned a risk weight of 100 %, the covered bond shall be assigned a risk weight of 50 %;

(d) if the exposures to the institution are assigned a risk weight of 150 %, the covered bond shall be assigned a risk weight of 100 %"

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 97

Proposal for a regulation

Article 1 – paragraph 1 – point 51

Regulation (EU) No 575/2013

Article 131 – Table 7

Text proposed by the Commission

Amendment

(51) in Article 131, Table 7 is replaced by the following:

deleted

Table 7

[...]

Or. en

Amendment 98

Proposal for a regulation

Article 1 – paragraph 1 – point 51 a (new)

Regulation (EU) No 575/2013

Article 132c – paragraph 2 – subparagraph 1

Present text

Institutions shall calculate the exposure value of a minimum value commitment that meets the conditions set out in paragraph 3 of this Article as the discounted present value of the guaranteed amount using a **default risk free** discount factor. Institutions may reduce the exposure value of the minimum value commitment by any losses recognised with respect to the minimum value commitment under the applicable accounting standard.

Amendment

(51 a) in Article 132c(2), subparagraph 1 is replaced by the following:

"Institutions shall calculate the exposure value of a minimum value commitment that meets the conditions set out in paragraph 3 of this Article as the discounted present value of the guaranteed amount using a discount factor that is derived from a risk free rate. Institutions may reduce the exposure value of the minimum value commitment by any losses recognised with respect to the minimum value commitment under the applicable accounting standard."

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 99

Proposal for a regulation

Article 1 – paragraph 1 – point 52

Regulation (EU) No 575/2013

Article 133 – paragraph 4 – subparagraph 1 – point b

Text proposed by the Commission

(b) investments in venture capital firms or **similar** investments which are acquired in anticipation of significant short-term capital gains.

Amendment

(b) **private equity investments**, investments in venture capital firms or investments which are acquired in anticipation of significant short-term

capital gains.

Or. en

Amendment 100

Proposal for a regulation

Article 1 – paragraph 1 – point 52

Regulation (EU) No 575/2013

Article 133 – paragraph 4 – subparagraph 2

Text proposed by the Commission

By way of derogation from the first subparagraph, long-term equity investment, including investments in equities of corporate clients with which the institution has or intends to establish a long-term business relationship *as well as venture capital firms* and debt-equity swaps for corporate restructuring purposes shall be assigned a risk weight in accordance with paragraph 3 or 5, as applicable. For the purposes of this Article, a long-term equity investment is an equity investment that is held for three years or longer or incurred with the intention to be held for three years or longer as approved by the institution's senior management.

Amendment

By way of derogation from the first subparagraph, long-term equity investment, including investments in equities of corporate clients with which the institution has or intends to establish a long-term business relationship and debt-equity swaps for corporate restructuring purposes shall be assigned a risk weight in accordance with paragraph 3 or 5, as applicable. For the purposes of this Article, a long-term equity investment is an equity investment that is held for three years or longer or incurred with the intention to be held for three years or longer as approved by the institution's senior management.

Or. en

Amendment 101

Proposal for a regulation

Article 1 – paragraph 1 – point 52

Regulation (EU) No 575/2013

Article 133 – paragraph 5 – introductory part

Text proposed by the Commission

5. Institutions that have received the prior permission of the competent authorities, may assign a risk weight of 100 % to equity exposures incurred under

Amendment

5. Institutions that have received the prior permission of the competent authorities, may assign a risk weight of 100 % to equity exposures incurred under

legislative programmes to promote specified sectors of the economy that comply with all of the following conditions:

legislative programmes to promote specified sectors of the economy, ***up to the part of such equity exposures that in aggregate does not exceed 10 % of the institution's own funds***, that comply with all of the following conditions:

Or. en

Amendment 102

Proposal for a regulation

Article 1 – paragraph 1 – point 52

Regulation (EU) No 575/2013

Article 133 – paragraph 5 – point a

Text proposed by the Commission

(a) the legislative programs provide significant subsidies, including ***in the form of guarantees*** by multilateral development banks, public development credit institutions as defined Article 429a(2) or international organisations, for the investment to the institution;

Amendment

(a) the legislative programs provide significant subsidies ***or guarantees***, including by multilateral development banks, public development credit institutions as defined ***in*** Article 429a(2) or international organisations, for the investment to the institution;

Or. en

Amendment 103

Proposal for a regulation

Article 1 – paragraph 1 – point 52

Regulation (EU) No 575/2013

Article 133 – paragraph 5 – point ba (new)

Text proposed by the Commission

Amendment

(ba) legislative programmes or guarantees involve restrictions on the equity investment, such as limitations on the size and types of businesses in which the institution is investing, on allowable amounts of ownership interests, on the geographical location and on other pertinent factors that limit the potential of

the investment for the investing institution;

Or. en

Amendment 104

Proposal for a regulation

Article 1 – paragraph 1 – point 52

Regulation (EU) No 575/2013

Article 133 – paragraph 5 – point c

Text proposed by the Commission

Amendment

(c) such equity exposures in aggregate do not exceed 10 % of the institutions own funds.

deleted

Or. en

Amendment 105

Proposal for a regulation

Article 1 – paragraph 1 – point 53 – point a a (new)

Regulation (EU) No 575/2013

Article 134 – paragraph 6

Present text

Amendment

6. Where an institution provides credit protection for a number of exposures subject to the condition that the n th default among the exposures shall trigger payment and that this credit event shall terminate the contract, the risk weights of the exposures included in the basket will be aggregated, excluding $n-1$ exposures, up to a maximum of 1250 % and multiplied by the nominal amount of the protection provided by the credit derivative to obtain the risk weighted exposure amount. The $n-1$ exposures to be excluded from the aggregation shall be determined

(a a) paragraph 6 is replaced by the following:

"6. Risk-weighted exposure amounts shall be calculated for first-to-default credit derivatives. For that purpose, the risk-weights of the underlying assets included in the basket shall be aggregated up to a maximum of 1250 % and multiplied by the nominal amount of the protection provided by the credit derivative to obtain the risk-weighted exposure amount for the exposure related to that derivative.

on the basis that they shall include those exposures each of which produces a lower risk weighted exposure amount than the risk-weighted exposure amount of any of the exposures included in the aggregation.

For second-to-default credit derivatives, the treatment shall be identical, except that in aggregating the risk-weights, the underlying asset with the lowest risk-weighted exposure amount shall be excluded from the calculation. Such a treatment shall also apply for nth-to-default credit derivatives, for which the n-1 assets with the lowest risk-weighted exposure amounts shall be excluded from the calculation.’;

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0575-20230628&from=EN>)

Amendment 106

Proposal for a regulation

Article 1 – paragraph 1 – point 56

Regulation (EU) No 575/2013

Article 139 – paragraph 2 – point a – point i

Text proposed by the Commission

(i) is not a specialised lending exposure;

Amendment

(i) is not a specialised lending exposure ***or an exposure in the form of a covered bond;***

Or. en

Amendment 107

Proposal for a regulation

Article 1 – paragraph 1 – point 56

Regulation (EU) No 575/2013

Article 139 – paragraph 2 – point b – introductory part

Text proposed by the Commission

(b) the credit assessment produces a lower risk weight and the exposure concerned:

Amendment

(b) the credit assessment produces a lower risk weight ***than would be the case when the exposure is treated as unrated*** and the exposure concerned:

Or. en

Amendment 108

Proposal for a regulation

Article 1 – paragraph 1 – point 56

Regulation (EU) No 575/2013

Article 139 – paragraph 2 – point b – point i

Text proposed by the Commission

(i) is not a specialised lending exposure;

Amendment

(i) is not a specialised lending exposure ***or an exposure in the form of a covered bond***;

Or. en

Amendment 109

Proposal for a regulation

Article 1 – paragraph 1 – point 58 – point a

Regulation (EU) No 575/2013

Article 142 – paragraph 1 – point 1c

Text proposed by the Commission

(1c) ‘corporate exposure’ means any exposure assigned to the exposure classes referred to in Article 147(2), points (c)(i), (c)(ii) and (c)(iii);

Amendment

(1c) ‘corporate exposure’ means any exposure assigned to ***any of*** the exposure classes referred to in Article 147(2), points (c)(i), (c)(ii) and (c)(iii);

Or. en

Amendment 110

Proposal for a regulation

Article 1 – paragraph 1 – point 58 – point a

Regulation (EU) No 575/2013

Article 142 – paragraph 1 – point 1e

Text proposed by the Commission

(1e) ‘retail exposure’ means any exposure assigned to the exposure classes referred to in Article 147(2), points (d)(i), (d)(ii), (d)(iii) and (d)(iv);;

Amendment

(1e) ‘retail exposure’ means any exposure assigned to **any of** the exposure classes referred to in Article 147(2), points (d)(i), (d)(ii), (d)(iii) and (d)(iv);;

Or. en

Amendment 111

Proposal for a regulation

Article 1 – paragraph 1 – point 58 – point b

Regulation (EU) No 575/2013

Article 142 – paragraph 1 – point 2

Text proposed by the Commission

(2) ‘type of exposures’ means a group of homogeneously managed exposures **within an exposure class**, which may be limited to a single entity or a single sub-set of entities within a group provided that the same type of exposures is managed differently in other entities of the group;;

Amendment

(2) ‘type of exposures’ means a group of homogeneously managed exposures, which may be limited to a single entity or a single sub-set of entities within a group provided that the same type of exposures is managed differently in other entities of the group;;

Or. en

Amendment 112

Proposal for a regulation

Article 1 – paragraph 1 – point 61 – point a

Regulation (EU) No 575/2013

Article 147 – paragraph 2 – point c – introductory part

Text proposed by the Commission

(c) exposures to corporates, **which**

Amendment

(c) exposures to corporates shall be

shall be ***divided into*** the following exposure classes:

assigned to the following exposure classes:

Or. en

Amendment 113

Proposal for a regulation

Article 1 – paragraph 1 – point 61 – point a

Regulation (EU) No 575/2013

Article 147 – paragraph 2 – point d – introductory part

Text proposed by the Commission

(d) retail exposures, ***which*** shall be ***divided into*** the following exposure classes:

Amendment

(d) retail exposures, shall be ***assigned to*** the following exposure classes:

Or. en

Amendment 114

Proposal for a regulation

Article 1 – paragraph 1 – point 61 – point e – point i

Regulation (EU) No 575/2013

Article 147 – paragraph 5 – point a – point ii

Text proposed by the Commission

(ii) exposures to an SME within the meaning of Article 5, point (8), provided in that case that the total amount owed to the institution and parent undertakings and its subsidiaries, including any exposure in default, by the obligor client or group of connected clients, but excluding exposures secured by residential property up to the property value does not, to the knowledge of the institution, ***exceed EUR 1 million***, which shall take reasonable steps to verify the amount of that exposure;

Amendment

(ii) exposures to an SME within the meaning of Article 5, point (8), provided in that case that the total amount owed to the institution and parent undertakings and its subsidiaries, including any exposure in default, by the obligor client or group of connected clients, but excluding exposures secured by residential property up to the property value does not, to the knowledge of the institution, which shall take reasonable steps to verify the amount of that exposure, ***exceed EUR 1 million***;

Or. en

Amendment 115

Proposal for a regulation

Article 1 – paragraph 1 – point 61 – point e – point iii

Regulation (EU) No 575/2013

Article 147 – paragraph 5a – subparagraph 1 – introductory part

Text proposed by the Commission

Amendment

5a. Retail exposures belonging to a type of exposures meeting all the following conditions **may** be assigned to the QRRE exposure class:

5a. Retail exposures belonging to a type of exposures meeting all the following conditions **shall** be assigned to the QRRE exposure class:

Or. en

Amendment 116

Proposal for a regulation

Article 1 – paragraph 1 – point 61 – point e – point iii

Regulation (EU) No 575/2013

Article 147 – paragraph 5a – subparagraph 1 – point a

Text proposed by the Commission

Amendment

(a) the exposures of that type of exposures are to **individuals**;

(a) the exposures of that type of exposures are to **one or more natural persons**;

Or. en

Amendment 117

Proposal for a regulation

Article 1 – paragraph 1 – point 61 – point e – point iii

Regulation (EU) No 575/2013

Article 147 – paragraph 5a – subparagraph 1 – point e

Text proposed by the Commission

Amendment

(e) the treatment as **a** qualifying revolving retail **exposure** is consistent with the underlying risk characteristics of **the** type of exposures **to which it belongs**.

(e) the treatment **of exposures assigned to that type of exposures** as qualifying revolving retail **exposures** is consistent with the underlying risk characteristics of **that** type of exposures.

Amendment 118

Proposal for a regulation

Article 1 – paragraph 1 – point 61 – point g

Regulation (EU) No 575/2013

Article 147 – paragraph 8 – point b

Text proposed by the Commission

(b) the determination of the IPRE category, in particular providing which ADC exposures and exposures secured by immovable property, may or shall be categorised as IPRE, where those exposures do **no** materially depend on cash flows generated by the property for their repayment.

Amendment

(b) the determination of the IPRE category, in particular providing which ADC exposures and exposures secured by immovable property, may or shall be categorised as IPRE, where those exposures do **not** materially depend on cash flows generated by the property for their repayment.

Or. en

Amendment 119

Proposal for a regulation

Article 1 – paragraph 1 – point 61 – point h

Regulation (EU) No 575/2013

Article 147 – paragraph 11 – subparagraph 1

Text proposed by the Commission

11. EBA shall develop draft regulatory technical standards specifying further the classes referred to in paragraph 2 where necessary **and the conditions and criteria for assigning exposures to those classes.**

Amendment

11. EBA shall develop draft regulatory technical standards specifying further the **exposure** classes referred to in paragraph 2 where necessary.

Or. en

Amendment 120

Proposal for a regulation

Article 1 – paragraph 1 – point 62 – point a

Text proposed by the Commission

1. An institution that is permitted to apply the IRB Approach in accordance with Article 107(1), shall, together with any parent undertaking and its subsidiaries, implement the IRB Approach for at least one of the exposure classes referred to in points (a), (a1)(i), (a1)(ii), (b), (c)(i), (c)(ii), (c)(iii), (d)(i), (d)(ii), (d)(iii), (d)(iv), (e1), **(f)** and (g) of Article 147(2). Once an institution **implements** the IRB Approach for **one of those** exposure **classes**, it shall do so for all the exposures within that exposure class, unless it has received the permission of the competent authorities to use the Standardised Approach permanently in accordance with Article 150.

Amendment

1. An institution that is permitted to apply the IRB Approach in accordance with Article 107(1), shall, together with any parent undertaking and its subsidiaries, implement the IRB Approach for at least one of the exposure classes referred to in points (a), (a1)(i), (a1)(ii), (b), (c)(i), (c)(ii), (c)(iii), (d)(i), (d)(ii), (d)(iii), (d)(iv), (e1), and (g) of Article 147(2). Once an institution **has implemented** the IRB Approach for **a certain** exposure **class**, it shall do so for all the exposures within that exposure class, unless it has received the permission of the competent authorities to use the Standardised Approach permanently in accordance with Article 150.

Or. en

Amendment 121

Proposal for a regulation

Article 1 – paragraph 1 – point 62 – point a

Regulation (EU) No 575/2013

Article 148 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Subject to the prior permission of the competent authorities, implementation of the IRB Approach may be carried out sequentially across the different types of exposures within the same **exposure class and within the same** business unit, **and** across different business units in the same group, or for the use of own estimates of LGDs or IRB-CCFs.

Amendment

Subject to the prior permission of the competent authorities, implementation of the IRB Approach **within a certain exposure class** may be carried out sequentially across the different types of exposures within the same business unit, across different business units in the same group, or for the use of own estimates of LGDs or **the use of** IRB-CCFs.

Or. en

Amendment 122

Proposal for a regulation

Article 1 – paragraph 1 – point 62 – point a

Regulation (EU) No 575/2013

Article 148 – paragraph 2

Text proposed by the Commission

2. Competent authorities shall determine the time period over which an institution and any parent undertaking and its subsidiaries shall be required to implement the IRB Approach for all exposures within *one* exposure class across different business units in the same group or for the use of own estimates of LGDs or *IRB-CCFs*. That time period shall be one that competent authorities consider to be appropriate on the basis of the nature and scale of the activities of the institution concerned, or any parent undertaking and its subsidiaries, and the number and nature of rating systems to be implemented.;

Amendment

2. Competent authorities shall determine the time period over which an institution and any parent undertaking and its subsidiaries shall be required to implement the IRB Approach for all exposures within *a certain* exposure class *across different types of exposures within the same business unit*, across different business units in the same group or for the use of own estimates of LGDs or *the use of IRB-CCF, as applicable*. That time period shall be one that competent authorities consider to be appropriate on the basis of the nature and scale of the activities of the institution concerned, or any parent undertaking and its subsidiaries, and the number and nature of rating systems to be implemented.;

Or. en

Amendment 123

Proposal for a regulation

Article 1 – paragraph 1 – point 62 – point a (new)

Regulation (EU) No 575/2013

Article 148 – paragraph 3

Present text

3. Institutions shall carry out implementation of the IRB Approach in accordance with conditions determined by the competent authorities. The competent authority shall design those conditions such that they ensure that the flexibility under

Amendment

(a a) paragraph 3 is replaced by the following:

"3. Institutions shall carry out implementation of the IRB Approach in accordance with conditions determined by the competent authorities. The competent authority shall design those conditions such that they ensure that the flexibility under

paragraph 1 is not used selectively for the purposes of achieving reduced own funds requirements in respect of those **exposure classes** or business units that are yet to be included in the IRB Approach or in the use of own estimates of LGDs **and conversion factors**.

paragraph 1 is not used selectively for the purposes of achieving reduced own funds requirements in respect of those **types of exposures** or business units that are yet to be included in the IRB Approach or in the use of own estimates of LGDs **or the use of IRB-CCF**.”

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 124

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 1 – point b

Text proposed by the Commission

Amendment

(b) exposures assigned to exposure classes for which institutions have decided not to implement the IRB Approach for the calculation of the risk-weighted exposure amounts and expected loss amounts;

deleted

Or. en

Amendment 125

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) exposures for which institutions have not received the prior permission of the competent authorities to use the IRB Approach for the calculation of the risk-weighted exposure amounts and expected loss amounts.

(c) exposures assigned to exposure classes or belonging to types of exposures within an exposure class for which institutions have not received the prior permission of the competent authorities to use the IRB Approach for the calculation of the risk-weighted exposure amounts and

expected loss amounts.

Or. en

Amendment 126

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 2

Text proposed by the Commission

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts and expected loss amounts for a given exposure class may, subject to the competent authority's prior permission, apply the Standardised Approach for some types of exposures within **that** exposure **class** where those types of exposures are immaterial in terms of size and perceived risk profile.

Amendment

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts and expected loss amounts for a given exposure class may, subject to the competent authority's prior permission, **after the implementation of the IRB Approach for given exposure classes**, apply the Standardised Approach for some types of exposures within **those** exposure **classes** where those types of exposures are immaterial in terms of size and perceived risk profile.

Or. en

Amendment 127

Proposal for a regulation

Article 1 – paragraph 1 – point 63 – point a

Regulation (EU) No 575/2013

Article 150 – paragraph 1 – subparagraph 3

Text proposed by the Commission

An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts for only some types of exposures within an exposure class, shall apply the Standardised Approach for the remaining types of exposures within that exposure class.;

Amendment

deleted

Amendment 128

Proposal for a regulation

Article 1 – paragraph 1 – point 64 – point b

Regulation (EU) No 575/2013

Article 151 – paragraph 8 – subparagraph 1 – point c

Text proposed by the Commission

(c) exposures to large corporates.

Amendment

(c) exposures to large corporates ***not assigned to the exposure class referred to in Article 147(2), point (c)(ii).***

Or. en

Amendment 129

Proposal for a regulation

Article 1 – paragraph 1 – point 64 – point b

Regulation (EU) No 575/2013

Article 151 – paragraph 8 – subparagraph 2

Text proposed by the Commission

For exposures belonging to the exposure classes referred to in Article 147(2), points (a), (a1) and (c), except for the exposures referred to in the first subparagraph of this paragraph, institutions shall apply the LGD values set out in Article 161(1), and the SA-CCF in accordance with Article 166, paragraphs 8, 8a and 8b, unless they have been permitted to use their own estimates of LGDs and CCFs for those exposures in accordance with paragraph 9 of this Article.

Amendment

For exposures belonging to the exposure classes referred to in Article 147(2), points (a) ***and*** (a1), and ***exposures belonging to the corporate exposure class***, except for the exposures referred to in the first subparagraph of this paragraph, institutions shall apply the LGD values set out in Article 161(1), and the SA-CCF in accordance with Article 166, paragraphs 8, 8a and 8b, unless they have been permitted to use their own estimates of LGDs and CCFs for those exposures in accordance with paragraph 9 of this Article.

Or. en

Amendment 130

Proposal for a regulation

Article 1 – paragraph 1 – point 64 – point c

Regulation (EU) No 575/2013

Article 151 – paragraph 13 – subparagraph 1

Text proposed by the Commission

13. EBA shall develop draft regulatory technical standards to specify the treatment applicable to exposures ***belonging to the exposure class ‘corporates purchased receivables’*** referred to in Article 147(2), ***point (c)(iii) and the exposure class ‘retail purchased receivables’*** referred to in Article 147(2), ***point (d)(iii)***, for the purposes of calculating risk-weighted exposure amounts for the default risk and for the dilution risk of those exposures, including for the recognition of credit risk mitigation techniques.

Amendment

13. EBA shall develop draft regulatory technical standards to ***further*** specify the treatment ***set out in this Chapter that is*** applicable to exposures ***in the form of*** purchased receivables referred to in Article 153 ***and*** Article 154 for the purposes of calculating risk-weighted exposure amounts for the default risk and for the dilution risk of those exposures, including for the recognition of credit risk mitigation techniques.

Or. en

Amendment 131

Proposal for a regulation

Article 1 – paragraph 1 – point 65

Regulation (EU) No 575/2013

Article 152 – paragraph 4 – subparagraph 1 – introductory part

Text proposed by the Commission

4. Institutions that apply the look-through approach in accordance with paragraphs 2 and 3 of this Article and that do not use the methods set out in this Chapter or in Chapter 5 as applicable for all or parts of the underlying exposures of the CIU, shall calculate risk-weighted exposure amounts and expected loss amounts in accordance with the following principles:

Amendment

4. Institutions that apply the look-through approach in accordance with paragraphs 2 and 3 of this Article and that do not use the methods set out in this Chapter or in Chapter 5 as applicable for all or parts of the underlying exposures of the CIU, shall calculate risk-weighted exposure amounts and expected loss amounts ***for those parts of the underlying exposures*** in accordance with the following principles:

Or. en

Amendment 132

Proposal for a regulation

Article 1 – paragraph 1 – point 66 – point a

Regulation (EU) No 575/2013

Article 153 – paragraph 1 – point iii – last subparagraph

Text proposed by the Commission

M = the maturity and shall be expressed in years and **calculated** in accordance with Article 162.?’;

Amendment

M = the maturity and shall be expressed in years and **determined** in accordance with Article 162.?’;

Or. en

Amendment 133

Proposal for a regulation

Article 1 – paragraph 1 – point 67 – point c

Regulation (EU) No 575/2013

Article 154 – paragraph 3 – subparagraph 2

Text proposed by the Commission

The risk-weight **applicable pursuant to paragraph 1, point (ii), to** an exposure partly secured by residential property shall **also apply to** the unsecured portion of the underlying exposure.;

Amendment

The risk-weight **calculated for** an exposure partly secured by residential property **pursuant to paragraph 1, point (ii), taking into account a coefficient of correlation R as set out in the first subparagraph of this paragraph,** shall **be applied to both the secured and** the unsecured portion of the underlying exposure.;

Or. en

Amendment 134

Proposal for a regulation

Article 1 – paragraph 1 – point 69

Regulation (EU) No 575/2013

Article 157 – paragraph 6 – subparagraph 1 – point a

Text proposed by the Commission

(a) the methodology for the calculation of risk-weighted exposure amount for dilution risk of purchased receivables, including recognition of **CRM techniques** in accordance with Article 160(4), and the conditions for the use of own estimates and fall-back parameters;

Amendment

(a) the methodology for the calculation of risk-weighted exposure amount for dilution risk of purchased receivables, including recognition of **credit risk mitigation** in accordance with Article 160(4), and the conditions for the use of own estimates and fall-back parameters;

Or. en

Amendment 135

Proposal for a regulation

Article 1 – paragraph 1 – point 69

Regulation (EU) No 575/2013

Article 157 – paragraph 6 – subparagraph 1 – point b

Text proposed by the Commission

(b) the assessment of the immateriality criterion for **the type** of exposures referred to in paragraph 5;

Amendment

(b) the assessment of the immateriality criterion for **types** of exposures referred to in paragraph 5;

Or. en

Amendment 136

Proposal for a regulation

Article 1 – paragraph 1 – point 71

Regulation (EU) No 575/2013

Article 159 – paragraph 3

Text proposed by the Commission

For the purposes of the calculation referred to in the first **subparagraph**, institutions shall treat discounts **or premiums** determined in accordance with Article 166(1) on balance sheet exposures purchased when in default in the same manner as specific credit risk adjustments. Discounts **or premiums** on balance sheet

Amendment

For the purposes of the calculation referred to in the first **paragraph**, institutions shall treat discounts determined in accordance with Article 166(1) on balance sheet exposures purchased when in default in the same manner as specific credit risk adjustments. Discounts on balance sheet exposures purchased when not in default

exposures purchased when not in default shall not be allowed to be included in the calculation of the IRB shortfall or IRB excess. Specific credit risk adjustments on exposures in default shall not be used to cover expected loss amounts on other exposures. Expected loss amounts for securitised exposures and general and specific credit risk adjustments related to those exposures shall not be included in the calculation of the IRB shortfall or IRB excess.’;

shall not be allowed to be included in the calculation of the IRB shortfall or IRB excess. Specific credit risk adjustments on exposures in default shall not be used to cover expected loss amounts on other exposures. Expected loss amounts for securitised exposures and general and specific credit risk adjustments related to those exposures shall not be included in the calculation of the IRB shortfall or IRB excess.’;

Or. en

Amendment 137

Proposal for a regulation

Article 1 – paragraph 1 – point 73 – point a

Regulation (EU) No 575/2013

Article 160 – paragraph 1

Text proposed by the Commission

1. For exposures assigned to the exposure class ‘exposures to institutions’ referred to in Article 147(2), point (b), or ‘exposures to corporates’ referred to in Article 147(2), point (c), for the sole purposes of calculating risk weighted **exposures** and expected **losses** amounts of those exposures, in particular for the purposes of Article 153, Article 157, Article 158(1), Article 158(5) and Article 158(10), the PD **values** used in the input of the risk weights and expected loss formulas shall not be less than the following value: 0,05 % (‘PD input floor’).;

Amendment

1. For exposures assigned to the exposure class ‘exposures to institutions’ referred to in Article 147(2), point (b), or ‘exposures to corporates’ referred to in Article 147(2), point (c), for the sole purposes of calculating risk weighted **exposure amounts** and expected **loss** amounts of those exposures, in particular for the purposes of Article 153, Article 157, Article 158(1), Article 158(5) and Article 158(10), the PD **for each exposure that is** used in the input of the risk weights and expected loss formulas shall not be less than the following value: 0,05 % (‘PD input floor’).;

Or. en

Amendment 138

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point a – point i

Regulation (EU) No 575/2013

Article 161 – paragraph 1 – point a

Text proposed by the Commission

(a) senior exposures without FCP to central governments and central banks and financial sector entities: 45 %;’;

Amendment

(a) senior exposures without **eligible** FCP to central governments and central banks and financial sector entities: 45 %;’;

Or. en

Amendment 139

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point a – point ii

Regulation (EU) No 575/2013

Article 161 – paragraph 1 – point aa

Text proposed by the Commission

(aa) senior exposures without FCP, to corporates which are not financial sector entities: 40 %;’;

Amendment

(aa) senior exposures without **eligible** FCP to corporates which are not financial sector entities: 40 %;’;

Or. en

Amendment 140

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point b

Regulation (EU) No 575/2013

Article 161 – paragraph 3

Text proposed by the Commission

3. For an exposure covered by an unfunded credit protection, an institution using own LGD estimates pursuant to Article 143 for both the **original** exposure and for direct comparable exposures to the protection provider may recognise the

Amendment

3. For an exposure covered by an unfunded credit protection, an institution using own LGD estimates pursuant to Article 143 for both the exposure **covered by an unfunded credit protection** and for direct comparable exposures to the

unfunded credit protection in the LGD in accordance with Article 183.

protection provider may recognise the unfunded credit protection in the LGD in accordance with Article 183.

Or. en

Amendment 141

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point b

Regulation (EU) No 575/2013

Article 161 – paragraph 4 – introductory part

Text proposed by the Commission

4. For exposures assigned to the exposure class '*corporates* exposure class' referred to in Article 147(2), point (c), for the sole purpose of calculating *risk weighted exposures* and expected *losses* amounts of those exposures, and in particular for the purposes of Article 153(1), point (iii), Article 157, Article 158, paragraphs 1, 5 and 10, where own LGD estimates are used, the LGD *values used in* input of the risk weight and *expect* loss formulas shall not be less than the following LGD input floor values, and calculated in accordance with paragraph 5:

Amendment

4. For exposures assigned to the exposure class "*corporate* exposure class", for the sole purpose of calculating *risk-weighted exposure amounts* and expected *loss* amounts of those exposures, and in particular for the purposes of Article 153(1), point (iii), Article 157, Article 158, paragraphs 1, 5 and 10, where own LGD estimates are used, the LGD *for each exposure used as an* input of the risk weight and *expected* loss formulas shall not be less than the following LGD input floor values, and calculated in accordance with paragraph 5:

Or. en

Amendment 142

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point c

Regulation (EU) No 575/2013

Article 161 – paragraph 5 – subparagraph 1

Text proposed by the Commission

5. For the purposes of paragraph 4, the LGD input floors in Table 2a in that paragraph for exposures fully secured with FCP shall apply when the value of the

Amendment

5. For the purposes of paragraph 4, the LGD input floors in Table 2a in that paragraph for exposures fully secured with FCP shall apply when the value of the

FCP, after the application of the volatility adjustments H_c and H_{fx} concerned in accordance with Article 230, is equal to or exceeds the value of the underlying exposure. In addition, those values shall be applicable for FCP eligible pursuant to this Chapter.

FCP, after the application of the volatility adjustments H_c and H_{fx} concerned in accordance with Article 230, is equal to or exceeds the **exposure** value of the underlying exposure. In addition, those values shall be applicable for FCP eligible pursuant to this Chapter. ***In that case, the type of FCP "Other physical collateral" in Table 2aaa of Article 230 shall be understood as "Other physical and other eligible collateral".***

Or. en

Amendment 143

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point c

Regulation (EU) No 575/2013

Article 161 – paragraph 5 – subparagraph 2 – definitions

Text proposed by the Commission

$LGD_{U-floor}$ and $LGD_{S-floor}$ are the relevant floor values of Table **I**;

Amendment

$LGD_{U-floor}$ and $LGD_{S-floor}$ are the relevant floor values of Table **2a**;

Or. en

Amendment 144

Proposal for a regulation

Article 1 – paragraph 1 – point 74 – point c

Regulation (EU) No 575/2013

Article 161 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5 a. To the extent that an institution recognises FCP under the IRB Approach, the institution may recognise the FCP in the calculation of the LGD input floor for secured exposures. Otherwise, the LGD input floor for unsecured exposures shall apply.

Amendment 145**Proposal for a regulation****Article 1 – paragraph 1 – point 74 – point c**

Regulation (EU) No 575/2013

Article 161 – paragraph 6

Text proposed by the Commission

6. Where an institution that uses own LGD estimates for a given type of corporate unsecured exposures is not able to take into account the effect of the FCP securing one of the exposures of that type of exposures in the own LGD estimates, the institution shall be permitted to apply the formula set out in Article 230, with the exception that the LGD_U term in that formula shall be the institution's own LGD estimate. In that case, the FCP shall be eligible in accordance with Chapter 4 and the institution's own LGD estimate used as LGD_U term shall be calculated based on underlying losses data excluding any recoveries arising from that FCP.;

Amendment

6. Where an institution that uses own LGD estimates for a given type of corporate unsecured exposures is not able to take into account the effect of the FCP securing one of the exposures of that type of exposures in the own LGD estimates ***due to the lack of data on recoveries for that FCP***, the institution shall be permitted to apply the formula set out in Article 230, with the exception that the LGD_U term in that formula shall be the institution's own LGD estimate ***for unsecured exposures***. In that case, the FCP shall be eligible in accordance with Chapter 4 and the institution's own LGD estimate used as LGD_U term shall be calculated based on underlying losses data excluding any recoveries arising from that FCP.;

Or. en

Amendment 146**Proposal for a regulation****Article 1 – paragraph 1 – point 75 – point a**

Regulation (EU) No 575/2013

Article 162 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Alternatively, as part of the permission referred to in Article 143, the competent authorities may decide on whether ***the*** institution shall use the maturity value M

Amendment

Alternatively, as part of the permission referred to in Article 143, the competent authorities may decide on whether ***all*** institution shall use the maturity value M

as set out in paragraph 2 for all those exposures *of* for a subset of those exposures.;

as set out in paragraph 2 for all those exposures *or* for a subset of those exposures.;

Or. en

Amendment 147

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point b – point ii

Regulation (EU) No 575/2013

Article 162 – paragraph 2 – point db

Text proposed by the Commission

(db) for a master netting agreement including more than one transaction types corresponding to points (c), (d) or (da), M shall be the weighted average remaining maturity of the transactions where M shall be at least the longest holding period (expressed in years) to such transactions as provided in Article 224(2) (either 10 days or 20 days, depending on the cases). The notional amount of each transaction shall be used for weighting the maturity;

Amendment

(db) for a master netting agreement including more than one *of the* transaction types corresponding to points (c), (d) or (da), M shall be the weighted average remaining maturity of the transactions where M shall be at least the longest holding period (expressed in years) *applicable* to such transactions as provided in Article 224(2) (either 10 days or 20 days, depending on the cases). The notional amount of each transaction shall be used for weighting the maturity;

Or. en

Amendment 148

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point b – point iv

Regulation (EU) No 575/2013

Article 162 – paragraph 2 – point i

Text proposed by the Commission

(i) for institutions using the approaches referred to in Article 382a(1), points (a) or (b), to calculate own fund requirement for CVA risks of transactions with a given counterparty, M shall be no greater than 1 in the formula laid out in

Amendment

(i) for institutions using the approaches referred to in Article 382a(1), points (a) or (b), to calculate own fund requirement for CVA risks of transactions with a given counterparty, M shall be no greater than 1 in the formula laid out in

Article 153(1) for the purposes of calculating the *risk weighted* exposure amounts for counterparty risk for the same transactions, as referred to in Article 92(4), points (a) or (f), as applicable;;

Article 153(1), **point (iii)**, for the purposes of calculating the *risk-weighted* exposure amounts for counterparty risk for the same transactions, as referred to in Article 92(4), points (a) or (f), as applicable;;

Or. en

Amendment 149

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point b – point v

Regulation (EU) No 575/2013

Article 162 – paragraph 2 – point j

Text proposed by the Commission

(j) For revolving exposures, M shall be determined using the maximum contractual termination date of the facility. Institutions shall not use the repayment date of the current drawing if this date is not the maximum termination date of the facility.;

Amendment

(j) For revolving exposures, M shall be determined using the maximum contractual termination date of the facility. Institutions shall not use the repayment date of the current drawing if this date is not the maximum **contractual** termination date of the facility.;

Or. en

Amendment 150

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point c – point ii – indent 1

Regulation (EU) No 575/2013

Article 162 – paragraph 3 – subparagraph 2 – point b

Text proposed by the Commission

(b) self-liquidating short-term trade finance transactions connected to the exchange of goods or services, **including corporate purchased receivables, with a residual maturity of up to 1 year** as referred to in Article 4(1), point (80);;

Amendment

(b) self-liquidating short-term trade finance transactions connected to the exchange of goods or services as referred to in Article 4(1), point (80), **and corporate purchased receivables, provided that the respective exposures have a residual maturity of up to one year;**

Or. en

Amendment 151

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point c – point ii – indent 2

Regulation (EU) No 575/2013

Article 162 – paragraph 3 – subparagraph 2 – point e

Text proposed by the Commission

(e) issued as well as confirmed letters of credit that are short term that is **with** a maturity below 1 year, and are self-liquidating.;

Amendment

(e) issued as well as confirmed letters of credit that are short term, **namely they have** a maturity below one year, and are self-liquidating.;

Or. en

Amendment 152

Proposal for a regulation

Article 1 – paragraph 1 – point 75 – point d

Regulation (EU) No 575/2013

Article 162 – paragraph 4

Text proposed by the Commission

4. For exposures to corporates established in the Union which are not large corporates, institutions **may choose to set** for all **such** exposures **M** as set out in paragraph 1 instead of applying paragraph 2.;

Amendment

4. For exposures to corporates established in the Union which are not large corporates **as defined in Article 142(1), point (5a), competent authorities shall decide on whether all** institutions **shall set M** for all **of those** exposures as set out in paragraph 1 instead of applying paragraph 2.;

Or. en

Amendment 153

Proposal for a regulation

Article 1 – paragraph 1 – point 76 – point a

Regulation (EU) No 575/2013

Article 163 – paragraph 1 – introductory part

Text proposed by the Commission

1. For the sole purposes of calculating **risk weighted exposures** and expected **losses** amounts of those exposures, and in particular for the purposes of Article 154, Article 157 and Article 158, paragraphs 1, 5 and 10, the PD **values** used in the input of the risk weight and expected loss formulas shall not be less than the following:

Amendment

1. For the sole purposes of calculating **risk-weighted exposure amounts** and expected **loss** amounts of those exposures, and in particular for the purposes of Article 154, Article 157 and Article 158, paragraphs 1, 5 and 10, the PD **for each retail exposure that is** used in the input of the risk weight and expected loss formulas shall not be less than the **one-year PD associated with the internal borrower grade to which the retail exposure is assigned and the** following:

Or. en

Amendment 154

Proposal for a regulation

Article 1 – paragraph 1 – point 77 – point c

Regulation (EU) No 575/2013

Article 164 – paragraph 4 - introductory part

Text proposed by the Commission

4. For the sole purpose of calculating **risk weighted exposures** and expected **losses** amounts for retail exposures, and in particular pursuant to Article 154(1), **Articles 157**, Article 158, paragraphs 1 and 10, the LGD **used in** input of the risk weight and expected loss formulas shall not be less than the LGD input floor values laid down in Table 2aa and in accordance with **paragraphs 4a and 4b**:

Amendment

4. For the sole purpose of calculating **risk-weighted exposure amounts** and expected **loss** amounts for retail exposures, and in particular pursuant to Article 154(1), **point (ii), Article 157 and** Article 158(1), **(5)** and (10), the LGD **for each exposure used as an** input of the risk weight and expected loss formulas shall not be less than the LGD input floor values laid down in Table 2aa and in accordance with **paragraph 4a**:

Or. en

Amendment 155

Proposal for a regulation

Article 1 – paragraph 1 – point 77 – point d

Regulation (EU) No 575/2013
Article 164 – paragraph 4a – point b

Text proposed by the Commission

(b) except for retail exposures secured by residential property, the LGD input floors in paragraph 4, Table 2aa shall be applicable to exposures fully secured with FCP where the value of the FCP, after the application of the relevant volatility adjustments in accordance with Article 230, is equal to or exceeds the value of the underlying exposure;

Amendment

(b) except for retail exposures secured by residential property, the LGD input floors in paragraph 4, Table 2aa shall be applicable to exposures fully secured with FCP where the value of the FCP, after the application of the relevant volatility adjustments in accordance with Article 230, is equal to or exceeds the **exposure** value of the underlying exposure;

Or. en

Amendment 156

Proposal for a regulation

Article 1 – paragraph 1 – point 77 – point d

Regulation (EU) No 575/2013

Article 164 – paragraph 4a – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

For the purposes of point (b), the type of FCP "Other physical collateral" in Table 2aaa of Article 230 shall be understood as "Other physical and other eligible collateral".

Or. en

Amendment 157

Proposal for a regulation

Article 1 – paragraph 1 – point 77 – point d

Regulation (EU) No 575/2013

Article 164 – paragraph 4b

Text proposed by the Commission

Amendment

4b. Where an institution is not able to recognise the effects of the FCP securing

deleted

one of the exposures of that type of exposures in the own LGD estimates, the institution shall be permitted to apply the formula set out in Article 230, with the exception that the LGDU term in that formula shall be the institution's own LGD estimate. In that case, the FCP shall be eligible in accordance with Chapter 4 and the institution own LGD estimate used as LGDU term shall be calculated based on underlying losses data excluding any recoveries arising from that FCP.;

Or. en

Amendment 158

Proposal for a regulation

Article 1 – paragraph 1 – point 79 – point a

Regulation (EU) No 575/2013

Article 166 – paragraph 8 – subparagraph 2

Text proposed by the Commission

Where the drawn balances of revolving facilities have been securitised, institutions shall ensure that they continue to hold the required amount of own funds against the undrawn balances associated with the securitisation.

Amendment

Where **only** the drawn balances of revolving facilities have been securitised, institutions shall ensure that they continue to hold the required amount of own funds against the undrawn balances associated with the securitisation.

Or. en

Amendment 159

Proposal for a regulation

Article 1 – paragraph 1 – point 79 – point a

Regulation (EU) No 575/2013

Article 166 – paragraph 8 – subparagraph 3

Text proposed by the Commission

An institution that **does not** use IRB-CCF, shall calculate the exposure value as the **committed but undrawn** amount multiplied

Amendment

An institution that **has not received permission to** use IRB-CCF **for an off-balance sheet item**, shall calculate the

by the SA-CCF concerned.

exposure value as the amount *specified in paragraph 8a* multiplied by the SA-CCF concerned.

Or. en

Amendment 160

Proposal for a regulation

Article 1 – paragraph 1 – point 79 – point a

Regulation (EU) No 575/2013

Article 166 – paragraph 8 – subparagraph 4

Text proposed by the Commission

An institution that **does not use** IRB-CCF, shall calculate the exposure value for undrawn commitments as the undrawn amount multiplied by an IRB-CCF.;

Amendment

An institution that **uses** IRB-CCF, shall calculate the exposure value for undrawn commitments as the undrawn amount multiplied by an IRB-CCF.;

Or. en

Amendment 161

Proposal for a regulation

Article 1 – paragraph 1 – point 79 – point b

Regulation (EU) No 575/2013

Article 166 – paragraph 8a

Text proposed by the Commission

8a. For an exposure for which **the IRB-CCF is not used**, the applicable CCF shall be the SA-CCF as provided under Chapter 2 for the same types of items as laid down in Article 111. The amount to which the SA-CCF shall be applied shall be the lower of the value of the **unused** committed credit line, and the value that reflects any possible constraining of the availability of the facility, including the existence of an upper limit on the potential lending amount which is related to an obligor's reported cash flow. Where a facility is constrained in that way, the institution shall have

Amendment

8a. For an exposure for which **an institution has not received permission to use IRB-CCF**, the applicable CCF shall be the SA-CCF as provided under Chapter 2 for the same types of items as laid down in Article 111. The amount to which the SA-CCF shall be applied shall be the lower of the value of the **undrawn** committed credit line, and the value that reflects any possible constraining of the availability of the facility, including the existence of an upper limit on the potential lending amount which is related to an obligor's reported cash flow. Where a facility is constrained

sufficient line monitoring and management procedures to support the existence of that constraining.

in that way, the institution shall have sufficient line monitoring and management procedures to support the existence of that constraining.

Or. en

Amendment 162

Proposal for a regulation

Article 1 – paragraph 1 – point 79 – point b

Regulation (EU) No 575/2013

Article 166 – paragraph 8c – subparagraph 1 – introductory part

Text proposed by the Commission

8c. For the sole purposes of calculating **risk weighted exposures** and expected **losses** amounts of exposures arising from revolving commitments **where IRB-CCF are used**, in particular pursuant to Article 153(1), Article 157, Article 158 paragraph 1, 5 and 10, the exposure value used as input in the **risk weighted** exposure amount and expect loss formulas shall not be less than the sum of:

Amendment

8c. **Where IRB-CCF are used**, for the sole purpose of calculating **risk-weighted exposure amounts** and expected **loss** amounts of exposures arising from revolving commitments **other than exposures assigned to the exposure class in accordance with Article 147(2), point (a)**, in particular pursuant to Article 153(1), Article 157, Article 158(1), (5) and (10), the exposure value **for each exposure** used as input in the **risk-weighted** exposure amount and expect loss formulas shall not be less than the sum of:

Or. en

Amendment 163

Proposal for a regulation

Article 1 – paragraph 1 – point 82

Regulation (EU) No 575/2013

Article 170 – paragraph 4 – point b

Text proposed by the Commission

(b) transaction risk characteristics, including product and funded credit protection, recognised unfunded credit protection, loan to value measures,

Amendment

(b) transaction risk characteristics, including product and funded credit protection, recognised unfunded credit protection, loan to value measures,

seasoning and seniority. Institutions shall explicitly address cases where several exposures benefit from the same *collateral*. ***For each pool where the institution estimates PD and LGD, the institution shall analyse the representativeness of the age of the facilities in terms of time since origination for PD and time since the date of default for LGD, in the data used to derive the estimates of the institution's actual facilities;***

seasoning and seniority. Institutions shall explicitly address cases where several exposures benefit from the same ***funded or unfunded credit protection.***;

Or. en

Amendment 164

Proposal for a regulation

Article 1 – paragraph 1 – point 83

Regulation (EU) No 575/2013

Article 171 – paragraph 3

Text proposed by the Commission

3. Rating systems shall be designed in such a way that idiosyncratic or industry-specific changes are a driver of migrations from one grade to another. In addition, business cycles effects shall be taken into account as a driver for migrations of obligors and facilities from one grade or pool to another.;

Amendment

3. ***Although the time horizon used in PD estimation is one year, institutions shall use a longer time horizon in assigning ratings. A borrower rating must represent the institution's assessment of the borrower's ability and willingness to contractually perform despite adverse economic conditions or the occurrence of unexpected events.*** Rating systems shall be designed in such a way that idiosyncratic or industry-specific changes are a driver of migrations from one grade to another. In addition, business cycles effects shall be taken into account as a driver for migrations of obligors and facilities from one grade or pool to another.;

Or. en

Amendment 165

Proposal for a regulation

Article 1 – paragraph 1 – point 84 – point c

Regulation (EU) No 575/2013

Article 172 – paragraph 1 – subparagraph 2

Text proposed by the Commission

For the purposes of point (d), an institution shall have appropriate policies for the treatment of individual obligor clients and groups of connected clients. Those policies shall contain a process for the identification of specific wrong way risk for each legal entity to which the institution is exposed. Transactions with counterparties where specific wrong way risk has been identified shall be treated differently when calculating their exposure value;;

Amendment

For the purposes of point (d), an institution shall have appropriate policies for the treatment of individual obligor clients and groups of connected clients. Those policies shall contain a process for the identification of specific wrong way risk for each legal entity to which the institution is exposed. ***For the purposes of Chapter 6,*** transactions with counterparties where specific wrong way risk has been identified shall be treated differently when calculating their exposure value. ***For the purposes of Chapter 3, transactions with counterparties where specific wrong way risk has been identified shall be treated differently when calculating their loss given default.***

Or. en

Amendment 166

Proposal for a regulation

Article 1 – paragraph 1 – point 86 – point a

Regulation (EU) No 575/2013

Article 174 – introductory part

Text proposed by the Commission

Institutions ***shall use*** statistical other mathematical methods (‘models’) to assign exposures to obligors or ***facilities*** grades or pools, ***for which*** the following requirements shall be met:’;

Amendment

If an institutions ***uses*** statistical ***or*** other mathematical methods (‘models’) to assign exposures to obligors or ***facility*** grades or pools, the following requirements shall be met:’;

Or. en

Amendment 167

Proposal for a regulation

Article 1 – paragraph 1 – point 87 – point b

Regulation (EU) No 575/2013

Article 176 – paragraph 3

Text proposed by the Commission

3. For exposures for which this Chapter allows the **calculation** of own estimates of LGDs or IRB-CCFs but for which institutions do not use own estimates of LGDs or **IRB-CCFs**, institutions shall collect and store data on comparisons between realised LGDs and the values as set out in Article 161(1), and between realised CCFs and SA-CCFs as set out in Article 166(8a).;

Amendment

3. For exposures for which this Chapter allows the **use** of own estimates of LGDs or **the use of** IRB-CCFs but for which institutions do not use own estimates of LGDs or **IRB-CCF**, institutions shall collect and store data on comparisons between realised LGDs and the values as set out in Article 161(1), and between realised CCFs and SA-CCFs as set out in Article 166(8a).;

Or. en

Amendment 168

Proposal for a regulation

Article 1 – paragraph 1 – point 89 – point b

Regulation (EU) No 575/2013

Article 178 – paragraph 1 – point b

Text proposed by the Commission

(b) the obligor is more than 90 days past due on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries.;

Amendment

(b) the obligor is more than 90 **consecutive** days past due on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries.;

Or. en

Amendment 169

Proposal for a regulation

Article 1 – paragraph 1 – point 89 – point c a (new)

Regulation (EU) No 575/2013

Article 178 – paragraph 7

Present text

Amendment

7. EBA shall issue guidelines on the application of this Article. Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010.

(ca) paragraph 7 is replaced by the following:

"7. EBA shall issue guidelines on the application of this Article **and, in particular, to specify what constitutes a material ‘diminished financial obligation’ in case of distressed restructuring for the purposes of point (d) of paragraph 3.** Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010."

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02013R0575-20230628&from=EN>)

Amendment 170

Proposal for a regulation

Article 1 – paragraph 1 – point 90 – point a – point iv

Regulation (EU) No 575/2013

Article 180 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

‘For the purposes of point (h), where the available observation period spans a longer period for any source, and this data is relevant, this longer period shall be used. The data shall **include a** representative **mix of good and bad years** relevant for the type of exposures. Subject to the permission of competent authorities, institutions which have not received the permission of the competent authority pursuant to Article 143 to use own estimates of LGDs or **conversion factors** may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a period of five years.’;

‘For the purposes of point (h), where the available observation period spans a longer period for any source, and this data is relevant, this longer period shall be used. The data shall **be** representative **of the likely range of variability of default rates** relevant for the type of exposures. Subject to the permission of competent authorities, institutions which have not received the permission of the competent authority pursuant to Article 143 to use own estimates of LGDs or **to use IRB-CCF** may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a period of five years.’;

Amendment 171**Proposal for a regulation****Article 1 – paragraph 1 – point 90 – point b – point iii**

Regulation (EU) No 575/2013

Article 180 – paragraph 2 – subparagraph 3

Text proposed by the Commission

For the purposes of point (e), where the available observation spans a longer period for any source, and where those data are relevant, such longer period shall be used. The data shall **contain a** representative **mix of good and bad years** of the **economic cycle** relevant for the type of exposures. The PD shall be based on the observed historical average one-year default rate. Subject to the permission of the competent authorities, institutions may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a period of five years.;

Amendment

For the purposes of point (e), where the available observation spans a longer period for any source, and where those data are relevant, such longer period shall be used. The data shall **be** representative of the **likely range of variability of default rates** relevant for the type of exposures. The PD **for each rating grade** shall be based on the observed historical average one-year default rate **that is a simple average based on the number of obligors (count weighted), or based on the number of facilities only where the definition of default is applied at individual credit facility level pursuant to Article 178(1), second subparagraph, and other approaches, including exposure-weighted averages, shall not be permitted.** Subject to the permission of the competent authorities, institutions may use, when they implement the IRB Approach, relevant data covering a period of two years. The period to be covered shall increase by one year each year until relevant data cover a period of five years.;

Amendment 172**Proposal for a regulation****Article 1 – paragraph 1 – point 92 – point a – point i**

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) institutions' IRB-CCF shall reflect the possibility of additional drawings by the obligor up to the time a default event is triggered. ***The IRB-CCF shall incorporate a larger margin of conservatism where a stronger positive correlation can reasonably be expected between the default frequency and the magnitude of conversion factor;***

(c) institutions' IRB-CCF shall reflect the possibility of additional drawings by the obligor up to the time a default event is triggered.;

Or. en

Amendment 173

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point ii

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – subparagraph 1 – point g

Text proposed by the Commission

Amendment

(g) institutions' IRB-CCF shall be ***developed*** using a 12-month fixed-horizon approach. ***For that purpose, for each observation in the reference data set, default outcomes shall be linked to relevant obligor and facility characteristics at a fixed reference date defined as 12 months prior to default day;***

(g) institutions' IRB-CCF shall be ***estimated*** using a 12-month fixed-horizon approach;

Or. en

Amendment 174

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point iii

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – subparagraph 3

Text proposed by the Commission

Amendment

For the purposes of point (g), ***for each***

For the purposes of point (g), ***each*** default

observation in the reference data set, default *outcomes* shall be linked to relevant obligor and facility characteristics at *a* fixed reference date *which shall be set* as 12 months prior to default *day*.

shall be linked to relevant obligor and facility characteristics at *the* fixed reference date *defined* as 12 months prior to *the date of* default.

Or. en

Amendment 175

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point iii

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – subparagraph 4 – introductory part

Text proposed by the Commission

For the purposes of point (h), IRB-CCF applied to particular exposures shall not be based on data that comingle the effects of disparate characteristics or data from exposures that exhibit different risk characteristics. IRB-CCF shall be based on appropriately homogenous segments. For that purpose, the following practices shall not be allowed:

Amendment

For the purposes of point (h), IRB-CCF applied to particular exposures shall not be based on data that comingle the effects of disparate characteristics or data from exposures that exhibit *materially* different risk characteristics. IRB-CCF shall be based on appropriately homogenous segments. For that purpose, the following practices shall not be allowed *or would request a detailed scrutiny and justification*:

Or. en

Amendment 176

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point iii

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – subparagraph 4 – point a

Text proposed by the Commission

(a) SME/mid-market underlying data being applied to *larger* corporate obligors;

Amendment

(a) SME/mid-market underlying data being applied to *large* corporate obligors;

Or. en

Amendment 177

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point iii

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – subparagraph 4 – point d

Text proposed by the Commission

(d) data that have been affected by changes in the obligors' mix of borrowing and other credit-related products over the observation period unless those data have been effectively by removing the effects of the changes in the product mix.

Amendment

(d) data that have been affected by changes in the obligors' mix of borrowing and other credit-related products over the observation period unless those data have been effectively **adjusted** by removing the effects of the changes in the product mix.

Or. en

Amendment 178

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a – point iii

Regulation (EU) No 575/2013

Article 182 – paragraph 1 – subparagraph 5 – point a

Text proposed by the Commission

(a) setting floors **to** CCF or exposure values **observations**

Amendment

(a) setting floors **or caps to realised** CCF or **realised** exposure values

Or. en

Amendment 179

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a a (new)

Regulation (EU) No 575/2013

Article 182 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

(a a) the following paragraph 1a is inserted:

‘1a. Institutions shall ensure that their CCF estimates are effectively quarantined from the potential effects of region of instability caused by a facility being close to being fully drawn at reference date.’

Or. en

Amendment 180

Proposal for a regulation

Article 1 – paragraph 1 – point 92 – point a b (new)

Regulation (EU) No 575/2013

Article 182 – paragraph 1b (new)

Text proposed by the Commission

Amendment

(a b) the following paragraph 1b is inserted:

‘1b. Reference data must not be capped at the principal amount outstanding of a facility or the available facility limit. Accrued interest, other due payments and drawings in excess of facility limits must be included in the reference data.’

Or. en

Amendment 181

Proposal for a regulation

Article 1 – paragraph 1 – point 93 – point b – point iii

Regulation (EU) No 575/2013

Article 183 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

For the purposes of point (d), an ‘unconditional guarantee’ means a guarantee where the credit protection contract does not contain any clause the fulfilment of which is outside the direct control of the lending institution and, that could prevent the guarantor from being obliged to pay out in a timely manner in

the event that the original obligor fails to make any payments due. A clause in the credit protection contract providing that a faulty due diligence or fraud by the lending institution cancels or diminishes the extent of the guarantee offered by the guarantor shall not disqualify that guarantee from being considered as unconditional. Any credit protection contract which can, in the event of fraud of the obligor, be cancelled or of which the extent of credit protection can be diminished, shall not be considered as unconditional.

Guarantees where the payment by the guarantor is subject to the lending institution first having to pursue the obligor and that only cover losses remaining after the institutions has completed the workout process shall be considered as unconditional.

Guarantees where the payment by the guarantor is subject to the lending institution first having to pursue the obligor and that only cover losses remaining after the institutions has completed the workout process shall be considered as unconditional.

Or. en

Amendment 182

Proposal for a regulation

Article 1 – paragraph 1 – point 93 – point d

Regulation (EU) No 575/2013

Article 183 – paragraph 4

Text proposed by the Commission

4. Where institutions recognise unfunded credit protection by the PD/LGD modelling approach, the covered portion of the underlying exposure shall not be assigned a risk weight which would be lower than the protection-provider-RW-floor. For that purpose, the protection-provider-RW-floor shall be calculated using the same PD, the same LGD and the same risk weight function as the ones used applicable to comparable direct exposure to the protection provider as referred to in Article 236a.;

Amendment

4. Where institutions recognise unfunded credit protection by the PD/LGD modelling approach, ***they should reflect the risk-reducing effect of the unfunded credit protection for a given type of exposures through an adjustment of either the PD or the LGD estimate and*** the covered portion of the underlying exposure shall not be assigned a risk weight which would be lower than the protection-provider-RW-floor. For that purpose, the protection-provider-RW-floor shall be calculated using the same PD, the same

LGD and the same risk weight function as the ones used applicable to comparable direct exposure to the protection provider as referred to in Article 236a.;

Or. en

Amendment 183

Proposal for a regulation

Article 1 – paragraph 1 – point 95

Regulation (EU) No 575/2013

Article 192 – point 5

Text proposed by the Commission

(5) ‘substitution of risk weight approach under SA’ means the substitution, *in accordance with Article 235*, of the risk weight of the underlying exposure with the risk weight applicable under the Standardised Approach to a comparable direct exposure to the protection provider;

Amendment

(5) ‘substitution of risk weight approach under SA’ means the substitution of the risk weight of the underlying exposure with the risk weight applicable under the Standardised Approach to a comparable direct exposure to the protection provider *in accordance with Article 235, when the guaranteed exposure is treated under the Standardised Approach and comparable direct exposures to the protection provider are treated under the Standardised Approach or IRB Approach*;

Or. en

Amendment 184

Proposal for a regulation

Article 1 – paragraph 1 – point 95

Regulation (EU) No 575/2013

Article 192 – point 6

Text proposed by the Commission

(6) ‘substitution of risk weight approach under IRB’ means the substitution, *in accordance with Article 235a*, of the risk weight of the underlying

Amendment

(6) ‘substitution of risk weight approach under IRB’ means the substitution of the risk weight of the underlying exposure with the risk weight

exposure with the risk weight applicable under the Standardised Approach to a comparable direct exposure to the protection provider;

applicable under the Standardised Approach to a comparable direct exposure to the protection provider *in accordance with Article 235a, when the guaranteed exposure is treated under the IRB Approach and comparable direct exposures to the protection provider are treated under the Standardised Approach;*

Or. en

Amendment 185

Proposal for a regulation

Article 1 – paragraph 1 – point 98 – point a

Regulation (EU) No 575/2013

Article 197 – paragraph 1 – point b – point ii – introductory part

Text proposed by the Commission

(ii) the debt securities have a credit assessment carried out by an ECAI or export credit agency that:

Amendment

(ii) the debt securities have a credit assessment carried out by an ECAI or export credit agency that *satisfy all of the following conditions:*

Or. en

Amendment 186

Proposal for a regulation

Article 1 – paragraph 1 – point 98 – point a

Regulation (EU) No 575/2013

Article 197 – paragraph 1 – point b – point ii – indent 1

Text proposed by the Commission

— has been recognised as being eligible for the purposes of Chapter 2;

Amendment

— *the ECAI or export credit agency* has been recognised as being eligible for the purposes of Chapter 2;

Or. en

Amendment 187

Proposal for a regulation

Article 1 – paragraph 1 – point 98 – point a

Regulation (EU) No 575/2013

Article 197 – paragraph 1 – point b – point ii – indent 2

Text proposed by the Commission

— has been determined by EBA to be associated with credit quality step 1, 2, 3 or 4 under the rules for the risk weighting of exposures to central governments and central banks under Chapter 2;

Amendment

— ***the credit assessment*** has been determined by EBA to be associated with credit quality step 1, 2, 3 or 4 under the rules for the risk weighting of exposures to central governments and central banks under Chapter 2;

Or. en

Amendment 188

Proposal for a regulation

Article 1 – paragraph 1 – point 98 – point a

Regulation (EU) No 575/2013

Article 197 – paragraph 1 – point c – point ii – introductory part

Text proposed by the Commission

(ii) those debt securities have a credit assessment carried out by an ECAI that:

Amendment

(ii) those debt securities have a credit assessment carried out by an ECAI that ***satisfies all of the following conditions:***

Or. en

Amendment 189

Proposal for a regulation

Article 1 – paragraph 1 – point 98 – point a

Regulation (EU) No 575/2013

Article 197 – paragraph 1 – point c – point ii – indent 1

Text proposed by the Commission

— has been recognised as being eligible for the purposes of Chapter 2;

Amendment

— ***the ECAI*** has been recognised as being eligible for the purposes of Chapter 2;

Amendment 190

Proposal for a regulation

Article 1 – paragraph 1 – point 98 – point a

Regulation (EU) No 575/2013

Article 197 – paragraph 1 – point c – point ii – indent 2

Text proposed by the Commission

— has been determined by EBA to be associated with credit quality step 1, 2 or 3 under the rules for the risk weighting of exposures to *corporates* under Chapter 2;

Amendment

— *the credit assessment* has been determined by EBA to be associated with credit quality step 1, 2 or 3 under the rules for the risk weighting of exposures to *institutions* under Chapter 2;

Or. en

Amendment 191

Proposal for a regulation

Article 1 – paragraph 1 – point 98 – point a

Regulation (EU) No 575/2013

Article 197 – paragraph 1 – point d – point ii – indent 2

Text proposed by the Commission

— the *ECAI* has been determined by EBA to be associated with credit quality step 1, 2 or 3 under the rules for the risk weighting of exposures to *institutions* under Chapter 2;

Amendment

— the *credit assessment* has been determined by EBA to be associated with credit quality step 1, 2 or 3 under the rules for the risk weighting of exposures to *corporates* under Chapter 2;

Or. en

Amendment 192

Proposal for a regulation

Article 1 – paragraph 1 – point 98 – point a

Regulation (EU) No 575/2013

Article 197 – paragraph 1 – point e – point ii

Text proposed by the Commission

(ii) the *ECAI* has been determined by EBA to be associated with credit quality step 1, 2 or 3 under the rules for the risk weighting of short-term exposures under Chapter 2;;

Amendment

(ii) the *credit assessment* has been determined by EBA to be associated with credit quality step 1, 2 or 3 under the rules for the risk weighting of short-term exposures under Chapter 2;;

Or. en

Amendment 193

Proposal for a regulation

Article 1 – paragraph 1 – point 100 – point a – point iii

Regulation (EU) No 575/2013

Article 201 – paragraph 1 – point g

Text proposed by the Commission

(g) where the credit protection is not provided to a securitisation exposure, other undertakings, that have a credit assessment by *an* ECAI, including parent undertakings, subsidiaries or affiliated entities of the obligor where those parent undertakings, subsidiaries or affiliated entities *have* a lower risk weight than *that of* the obligor;;

Amendment

(g) where the credit protection is not provided to a securitisation exposure, other undertakings, that have a credit assessment by *a nominated* ECAI, including parent undertakings, subsidiaries or affiliated entities of the obligor where *a direct exposure to* those parent undertakings, subsidiaries or affiliated entities *has* a lower risk weight than *the exposure to* the obligor;

Or. en

Amendment 194

Proposal for a regulation

Article 1 – paragraph 1 – point 100 – point a – point iv

Regulation (EU) No 575/2013

Article 201 – paragraph 1 – point ga

Text proposed by the Commission

(ga) where the credit protection is provided to a securitisation exposure, other undertakings, that have a credit assessment

Amendment

(ga) where the credit protection is provided to a securitisation exposure, other undertakings, that have a credit assessment

by **an** ECAI of credit quality step 1, 2 or 3 and that had a credit assessment of credit quality step 1 or 2 at the time the credit protection was provided, including parent undertakings, subsidiaries and affiliated entities of the obligor where those parent undertakings, subsidiaries or affiliated **entities have** a lower risk weight than that of the **obligor**;

by **a nominated** ECAI of credit quality step 1, 2 or 3 and that had a credit assessment of credit quality step 1 or 2 at the time the credit protection was provided, including parent undertakings, subsidiaries and affiliated entities of the obligor where **a direct exposure to** those parent undertakings, subsidiaries or affiliated **entities has** a lower risk weight than that of the **securitisation exposure**;

Or. en

Amendment 195

Proposal for a regulation

Article 1 – paragraph 1 – point 100 – point b

Regulation (EU) No 575/2013

Article 201 – paragraph 2

Text proposed by the Commission

2. In addition to the protection providers listed in paragraph 1, corporate entities that are internally rated by the institution in accordance with Chapter 3, Section 6, shall be eligible protection providers of unfunded credit protection where the institution **treats** those corporate entities **under the IRB Approach**.;

Amendment

2. In addition to the protection providers listed in paragraph 1, corporate entities that are internally rated by the institution in accordance with Chapter 3, Section 6, shall be eligible protection providers of unfunded credit protection where the institution **uses the IRB approach for exposures to** those corporate entities.;

Or. en

Amendment 196

Proposal for a regulation

Article 1 – paragraph 1 – point 102

Regulation (EU) No 575/2013

Article 204 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Risk-weighted exposures amounts shall be calculated for first-to-default credit

Amendment

deleted

derivatives. For that purpose, the risk-weights of the underlying assets included in the basket shall be aggregated up to a maximum of 1250 % and multiplied by the nominal amount of the protection provided by the credit derivative to obtain the risk-weighted exposure amount for the exposure related to that derivative.

Or. en

Amendment 197

Proposal for a regulation

Article 1 – paragraph 1 – point 102

Regulation (EU) No 575/2013

Article 204 – paragraph 3 – subparagraph 3

Text proposed by the Commission

Amendment

For second-to-default credit derivatives, the treatment shall be identical, except that in aggregating the risk-weights, the underlying asset with the lowest risk-weighted exposure amount shall be excluded from the calculation. Such a treatment shall also apply for nth-to-default credit derivatives, for which the n-1 assets with the lowest risk-weighted exposure amounts shall be excluded from the calculation.;

deleted

Or. en

Amendment 198

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point a – point i

Regulation (EU) No 575/2013

Article 208 – paragraph 3 – point b – third and fourth sentence

Text proposed by the Commission

Amendment

The value *of the* property shall not exceed the *average value measured for that*

The *property* value *used for an exposure secured by an immovable* property shall

property *or for a comparable property over the last three years in case of commercial* immovable property, *and over the last six years in case of residential property*. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

not exceed the property *value of this* immovable property *measured when the institution entered that exposure*. Modifications made to the property that improve the energy efficiency of the building or housing unit shall be considered as unequivocally increasing its value.;

Or. en

Amendment 199

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – introductory part

Text proposed by the Commission

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may carry out the *valuation and revaluation* of the property value by means of advanced statistical or other mathematical methods ('models'), developed independently from the credit decision process, subject to the fulfilment of the following conditions:

Amendment

3a. In accordance with paragraph 3 and subject to the approval of the competent authorities, institutions may carry out the *monitoring* of the property value *and the identification of immovable property in need of revaluation* by means of advanced statistical or other mathematical methods ('models'), developed independently from the credit decision process, subject to the fulfilment of the following conditions:

Or. en

Amendment 200

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – point a

Text proposed by the Commission

(a) the institutions set out, in their policies and procedures, the criteria for

Amendment

(a) the institutions set out, in their policies and procedures, the criteria for

using models to *value, revalue and* monitor the values of collateral. Those policies and procedures shall account for such models' proven track record, property-specific variables considered, the use of minimum available and accurate information, and the models' uncertainty;

using models to monitor the values of collateral *and to identify immovable property in need of revaluation*. Those policies and procedures shall account for such models' proven track record, property-specific variables considered, the use of minimum available and accurate information, and the models' uncertainty;

Or. en

Amendment 201

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – point c

Text proposed by the Commission

(c) the institutions are ultimately responsible for the appropriateness and performance of the models, the valuer referred to in paragraph 3, point (b), is responsible for the valuation *that is made* using the models and the institutions understand the methodology, input data and assumptions of the models used;

Amendment

(c) the institutions are ultimately responsible for the appropriateness and performance of the models, the valuer referred to in paragraph 3, point (b), is responsible for the valuation *of immovable property for which the need for revaluation has been identified* using the models and the institutions understand the methodology, input data and assumptions of the models used;

Or. en

Amendment 202

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b

Regulation (EU) No 575/2013

Article 208 – paragraph 3a – point e

Text proposed by the Commission

(e) the institutions have in place adequate IT processes, systems and capabilities and have sufficient and

Amendment

(e) the institutions have in place adequate IT processes, systems and capabilities and have sufficient and

accurate data for any model-based
valuation or revaluation of collateral;

accurate data for any model-based
*monitoring of the value of immovable
property collateral and identification of
immovable properties in need of
revaluation;*

Or. en

Amendment 203

Proposal for a regulation

Article 1 – paragraph 1 – point 103 – point b a (new)

Regulation (EU) No 575/2013

Article 208 – paragraph 3b (new)

Text proposed by the Commission

Amendment

***(b a) the following paragraph 3b is
inserted:***

***3b. The valuation criteria set out in
Article 229(1) shall be taken into account
for the purpose of monitoring and
revaluation of the property value as set
out in this Article.***

Or. en

Amendment 204

Proposal for a regulation

Article 1 – paragraph 1 – point 105

Regulation (EU) No 575/2013

Article 213 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

For the purposes of point (c), a clause in the credit protection contract providing that faulty due diligence or fraud by the lending institution cancels or diminishes the extent of the credit protection offered by the guarantor, shall not disqualify that credit protection from being eligible. ***Any credit protection contract which can, in the event of fraud of the obligor, be cancelled***

For the purposes of point (c), a clause in the credit protection contract providing that faulty due diligence or fraud by the lending institution ***or by the debtor*** cancels or diminishes the extent of the credit protection offered by the guarantor, shall not disqualify that credit protection from being eligible.

or of which the extent of credit protection can be diminished, shall be considered to not meet those requirements.

Or. en

Amendment 205

Proposal for a regulation

Article 1 – paragraph 1 – point 123 – point b

Regulation (EU) No 575/2013

Article 235 – paragraph 1 – subparagraph 5

Text proposed by the Commission

g = the risk weight *of exposures* to the protection provider as specified in Chapter 2.

Amendment

g = the risk weight *applicable for a direct exposure* to the protection provider as specified in Chapter 2.

Or. en

Amendment 206

Proposal for a regulation

Article 1 – paragraph 1 – point 124

Regulation (EU) No 575/2013

Article 235a – paragraph 1 – subparagraph 4

Text proposed by the Commission

r = the risk weight *of exposures to the obligor* as specified in Chapter 3;

Amendment

r = the risk weight as specified in Chapter 3 *by using the PD of the obligor and the LGD of the exposure to the obligor without taking into account the unfunded credit protection;*

Or. en

Amendment 207

Proposal for a regulation

Article 1 – paragraph 1 – point 124

Regulation (EU) No 575/2013
Article 235a – paragraph 1 – subparagraph 5

Text proposed by the Commission

g = the risk weight **of exposures** to the protection provider as specified in Chapter 2.

Amendment

g = the risk weight **applicable for a direct exposure** to the protection provider as specified in Chapter 2.

Or. en

Amendment 208

Proposal for a regulation

Article 1 – paragraph 1 – point 125 – point a

Regulation (EU) No 575/2013

Article 236 – title

Text proposed by the Commission

Calculating risk-weighted exposure amounts and expected loss amounts under the substitution approach when the guaranteed exposure is treated under the IRB Approach **and** a comparable direct exposure to the protection provider is treated under the IRB Approach’;

Amendment

Calculating risk-weighted exposure amounts and expected loss amounts under the substitution approach when the guaranteed exposure is treated under the IRB Approach **without the use of own estimates of LGD and** a comparable direct exposure to the protection provider is treated under the IRB Approach

Or. en

Amendment 209

Proposal for a regulation

Article 1 – paragraph 1 – point 125 – point b

Regulation (EU) No 575/2013

Article 236 – paragraph 1

Text proposed by the Commission

1. For an exposure with unfunded credit protection to which an institution applies the IRB Approach referred to in Chapter 3, but without using its own estimates of loss given default (LGD), and

Amendment

1. For an exposure with unfunded credit protection to which an institution applies the IRB Approach referred to in Chapter 3, but without using its own estimates of loss given default (LGD), and

where comparable direct exposures to the protection provider are treated under the IRB Approach set out in Chapter 3, institutions shall determine the covered portion of the exposure as the lower of the exposure value E and the adjusted value of the unfunded credit protection G_A ;

where comparable direct exposures to the protection provider are treated under the IRB Approach set out in Chapter 3, institutions shall determine the covered portion of the exposure as the lower of the exposure value E and the adjusted value of the unfunded credit protection G_A ***calculated in accordance with Article 235a(1)***.

Or. en

Amendment 210

Proposal for a regulation

Article 1 – paragraph 1 – point 125 – point c

Regulation (EU) No 575/2013

Article 236 – paragraph 1a

Text proposed by the Commission

1a. An institution that applies to comparable direct exposures to the protection provider the IRB Approach using own estimates of PD shall calculate the risk-weighted exposure amount and the expected loss amount for the covered portion of the exposure value by using the PD of the protection provider and the LGD applicable for a comparable direct exposure to the protection provider as referred to in Article 161(1), in accordance with paragraph 1b. For subordinated exposures and non-subordinated unfunded credit protection, the LGD to be applied by institutions to the covered portion of the exposure value is the LGD associated with senior claims and ***that*** may account for any ***collateralisation of the underlying exposure*** in accordance with this Chapter.

Amendment

1a. An institution that applies to comparable direct exposures to the protection provider the IRB Approach using own estimates of PD shall calculate the risk-weighted exposure amount and the expected loss amount for the covered portion of the exposure value by using the PD ***but without using own estimates of LGD*** of the protection provider and the LGD applicable for a comparable direct exposure to the protection provider as referred to in Article 161(1), in accordance with paragraph 1b. For subordinated exposures and non-subordinated unfunded credit protection, the LGD to be applied by institutions to the covered portion of the exposure value is the LGD associated with senior claims and may account for any ***funded credit protection securing the unfunded credit protection commitment*** in accordance with this Chapter.

Or. en

Amendment 211

Proposal for a regulation

Article 1 – paragraph 1 – point 126

Regulation (EU) No 575/2013

Article 236a – paragraph 1

Text proposed by the Commission

1. For an exposure with unfunded credit protection to which an institution applies the IRB Approach referred to in Chapter 3 using its own estimates of loss given default (LGD) and where comparable direct exposures to the protection provider are treated under the IRB Approach referred to in Chapter 3, institutions shall determine the covered portion of the exposure as the lower of the exposure value E and the adjusted value of the unfunded credit protection G_A . The risk-weighted exposure amount and the expected loss amount for the covered portion of the exposure value shall be calculated by using the PD, the LGD and the same risk weight function as the ones used for a comparable direct exposure to the protection provider, and shall, where applicable, use the maturity M related to the underlying exposure, calculated in accordance with Article 162.

Amendment

1. For an exposure with unfunded credit protection to which an institution applies the IRB Approach referred to in Chapter 3 using its own estimates of loss given default (LGD) and where comparable direct exposures to the protection provider are treated under the IRB Approach referred to in Chapter 3 ***without the use of own estimates of LGD***, institutions shall determine the covered portion of the exposure as the lower of the exposure value E and the adjusted value of the unfunded credit protection G_A ***calculated in accordance with Article 235a(1)***. The risk-weighted exposure amount and the expected loss amount for the covered portion of the exposure value shall be calculated by using the PD, the LGD and the same risk weight function as the ones used for a comparable direct exposure to the protection provider, and shall, where applicable, use the maturity M related to the underlying exposure, calculated in accordance with Article 162.

Or. en

Amendment 212

Proposal for a regulation

Article 1 – paragraph 1 – point 130a (new)

Regulation (EU) No 575/2013

Article 291 – paragraph 5 – point f

Present text

Amendment

(131 a) in Article 291(5), point (f) is replaced by the following:

(f) to the extent that this uses existing market risk calculations for own funds requirements for **incremental default and migration** risk as set out in Title IV, Chapter 5, Section 4 that already contain an LGD assumption, the LGD in the formula used shall be **100 %**.

"(f) to the extent that this uses existing market risk calculations for own funds requirements for default risk as set out in Title IV, Chapter 1a, Section 4 **or 5 or for default risk using an internal default risk model as set out in Title IV, Chapter 1b, Section 3** that already contain an LGD assumption, the LGD in the formula used shall be **100%**."

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 213

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 2 – subparagraph 3

Text proposed by the Commission

IC = the interest component, which is the institution's interest income from all financial assets and other interest income, including finance income from financial and income from operating leases and profits from leased assets, minus the institution's interest expenses from all financial liabilities and other interest expenses, including interest expense from financial and operating leases, depreciation and impairment of, and losses from, operating leased assets, calculated as the annual average of the absolute values of the **difference** over the previous three financial years;

Amendment

IC = the interest component, which is the institution's interest income from all financial assets and other interest income, including finance income from financial **leases** and income from operating leases and profits from leased assets, minus the institution's interest expenses from all financial liabilities and other interest expenses, including interest expense from financial and operating leases, depreciation and impairment of, and losses from, operating leased assets, calculated as the annual average of the absolute values of the **differences** over the previous three financial years;

Or. en

Amendment 214

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Text proposed by the Commission

OE = the other **operation** expenses, which is the annual average over the previous three financial years of the institution's expenses and losses from ordinary banking operations not included in other items of the business indicator but of similar nature, and from operational risk events;

Amendment

OE = the other **operating** expenses, which is the annual average over the previous three financial years of the institution's expenses and losses from ordinary banking operations not included in other items of the business indicator but of similar nature, and from operational risk events;

Or. en

Amendment 215

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 5 – point e

Text proposed by the Commission

(e) expenses of premises and fixed assets, except where those expenses result from operational **loss** events;

Amendment

(e) expenses of premises and fixed assets, except where those expenses result from operational **risk** events;

Or. en

Amendment 216

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 5 – point g

Text proposed by the Commission

(g) provisions and reversal of provisions, except where those provisions relate to operational **loss** events;

Amendment

(g) provisions and reversal of provisions, except where those provisions relate to operational **risk** events;

Or. en

Amendment 217

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 314 – paragraph 7 – subparagraph 2

Text proposed by the Commission

EBA shall submit those draft *regulatory* technical standards to the Commission by [OP please insert the date = **24** months after entry into force of this Regulation].

Amendment

EBA shall submit those draft *implementing* technical standards to the Commission by [**18** months after entry into force of this Regulation].

Or. en

Amendment 218

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 317 – paragraph 7

Text proposed by the Commission

7. An institution shall upon request from the competent authority be able to map its historical internal loss data to the type *of events*.

Amendment

7. An institution shall upon request from the competent authority be able to map its historical internal loss data to the *event* type.

Or. en

Amendment 219

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 317 – paragraph 9 – subparagraph 1

Text proposed by the Commission

9. For the purposes of paragraph **6** of this Article, EBA is mandated to develop draft regulatory technical standards

Amendment

9. For the purposes of paragraph **7** of this Article, EBA is mandated to develop draft regulatory technical standards

establishing a risk taxonomy on operational risk and a methodology to classify, based on that risk taxonomy on operational risk, the loss events included in the loss data set.

establishing a risk taxonomy on operational risk and a methodology to classify, based on that risk taxonomy on operational risk, the loss events included in the loss data set.

Or. en

Amendment 220

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 317 – paragraph 10 – subparagraph 1

Text proposed by the Commission

10. For the purposes of paragraph 7, EBA shall develop guidelines explaining the technical elements necessary to ensure the soundness, robustness and performance of governance arrangements to maintain the loss data set, with a particular focus on IT systems and infrastructures.

Amendment

10. For the purposes of paragraph 8, EBA shall develop guidelines explaining the technical elements necessary to ensure the soundness, robustness and performance of governance arrangements to maintain the loss data set, with a particular focus on IT systems and infrastructures.

Or. en

Amendment 221

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 318 – paragraph 2 – point a – point i

Text proposed by the Commission

(i) where the operational risk event relates to market risk, the costs to unwind market positions in the **recovered** loss amount of the operational risk items;

Amendment

(i) where the operational risk event relates to market risk, the costs to unwind market positions in the **recorded** loss amount of the operational risk items;

Or. en

Amendment 222

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 320 – paragraph 1 – point a

Text proposed by the Commission

(a) the institution can demonstrate to the satisfaction of the competent authority that the operational risk event at the origin of those operational risk losses will not occur again;

Amendment

(a) the institution can demonstrate to the satisfaction of the competent authority that ***the cause of*** the operational risk event at the origin of those operational risk losses will not occur again;

Or. en

Amendment 223

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 322 – title

Text proposed by the Commission

Review of the comprehensiveness, accuracy and quality of the loss data

Amendment

Comprehensiveness, accuracy and quality of the loss data

Or. en

Amendment 224

Proposal for a regulation

Article 1 – paragraph 1 – point 131

Regulation (EU) No 575/2013

Article 322 – paragraph 1

Text proposed by the Commission

1. Institutions shall have in place the organisation and processes to ***review*** the comprehensiveness, accuracy and quality of the loss data independently.

Amendment

1. Institutions shall have in place the organisation and processes to ***ensure*** the comprehensiveness, accuracy and quality of the loss data ***and to review it*** independently.

Amendment 225**Proposal for a regulation****Article 1 – paragraph 1 – point 132 – point a**

Regulation (EU) No 575/2013

Article 325 – paragraph 1 – subparagraph 2

Text proposed by the Commission

By way of derogation from the first subparagraph, an institution shall not calculate an own funds requirements for foreign exchange risk for trading book positions and non-trading book positions that are subject to foreign exchange risk where those positions are deducted from the institution's own funds.

Amendment

By way of derogation from the first subparagraph, an institution shall not calculate an own funds requirements for foreign exchange risk for trading book positions and non-trading book positions that are subject to foreign exchange risk where those positions are deducted from the institution's own funds. ***Institutions shall document the use of the provision set out in this paragraph, including its impact, and make the information available upon request of their competent authority.***

Amendment 226**Proposal for a regulation****Article 1 – paragraph 1 – point 132 – point a**

Regulation (EU) No 575/2013

Article 325 – paragraph 4

Text proposed by the Commission

4. An institution may use a combination of the alternative standardised ***approaches*** referred to in paragraph 1, point (a), and the alternative internal model approach referred to in paragraph 1, point (b), on a permanent basis within a group. The institution shall not use either of those approaches in combination with the simplified standardised approach referred

Amendment

4. An institution may use a combination of the alternative standardised ***approach*** referred to in paragraph 1, point (a), and the alternative internal model approach referred to in paragraph 1, point (b), on a permanent basis within a group. The institution shall not use either of those approaches in combination with the simplified standardised approach referred

to in paragraph 1, point (c).

to in paragraph 1, point (c).

Or. en

Amendment 227

Proposal for a regulation

Article 1 – paragraph 1 – point 133 – point e a (new)

Regulation (EU) No 575/2013

Article 325a – paragraph 8

Present text

8. An institution that is eligible for the treatment set out in Article 94 shall be exempted from the reporting requirement set out in Article 430b.

Amendment

**(e a) paragraph 8 is deleted
deleted**

Or. en

Amendment 228

Proposal for a regulation

Article 1 – paragraph 1 – point 135 – point c

Regulation (EU) No 575/2013

Article 325c – paragraph 4 – subparagraph 1

Text proposed by the Commission

4. Institutions shall independently review the alternative standardised approach they use for the purposes of this Chapter to the satisfaction of the competent authorities, either as part of their regular internal auditing process, or by mandating a third-party undertaking to conduct that review.

Amendment

4. Institutions shall independently review the alternative standardised approach they use for the purposes of this Chapter to the satisfaction of the competent authorities, either as part of their regular internal auditing process, or by mandating a third-party undertaking to conduct that review. ***The outcome of such a review shall be reported to the appropriate management bodies.***

Or. en

Amendment 229

Proposal for a regulation

Article 1 – paragraph 1 – point 135 – point c

Regulation (EU) No 575/2013

Article 325c – paragraph 5 – subparagraph 2

Text proposed by the Commission

An institution shall conduct the review referred to in the first subparagraph **at least once a year**, or on a **less** frequent basis **upon the approval of** the competent **authorities**;

Amendment

An institution shall conduct the review referred to in the first subparagraph **once every two years** or on a **more** frequent basis **up to once every year where** the competent **authority considers that the size and complexity of the institution justifies a more frequent review.**"

Or. en

Amendment 230

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point a

Regulation (EU) No 575/2013

Article 325j – paragraph 1 – subparagraph 2

Text proposed by the Commission

For the purposes of the calculation referred to in point (i), the institution shall consider the position in the CIU as a single unrated equity position allocated to the bucket “Unrated” in Article 325y(1), Table 2.

Amendment

deleted

Or. en

Amendment 231

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point b

Regulation (EU) No 575/2013

Article 325j – paragraph 1a – point a

Text proposed by the Commission

(a) apply the own funds requirements for the default risk set out in Section 5 and the residual risk add-on set out in Section 4 to a position in a CIU, where the mandate of that CIU allows it to invest in exposures that shall be subject to those own funds requirements;

Amendment

(a) apply the own funds requirements for the default risk set out in Section 5 and the residual risk add-on set out in Section 4 to a position in a CIU, where the mandate of that CIU allows it to invest in exposures that shall be subject to those own funds requirements; ***when using the calculation approach referred to in in paragraph 1, point (b)(i), the institution shall consider the position in the CIU as a single unrated equity position allocated to the bucket "Unrated" in Article 325y(1), Table 2;***

Or. en

Amendment 232

Proposal for a regulation

Article 1 – paragraph 1 – point 136 – point c

Regulation (EU) No 575/2013

Article 325j – paragraph 4 – subparagraph 1

Text proposed by the Commission

4. For the purposes of paragraph 1, point (b)(ii), an institution shall determine the calculation of the own funds requirements for market risk by determining the hypothetical portfolio that would attract the highest own funds requirements in accordance with Article 325c(2), point (a), based on the CIU's mandate or relevant law, taking into account the leverage to the maximum extent, where applicable.

Amendment

4. For the purposes of paragraph 1, point (b)(ii), an institution shall determine the calculation of the own funds requirements for market risk by determining the hypothetical portfolio ***of the CIU*** that would attract the highest own funds requirements in accordance with Article 325c(2), point (a), based on the CIU's mandate or relevant law, taking into account the leverage to the maximum extent, where applicable.

Or. en

Amendment 233

Proposal for a regulation

Article 1 – paragraph 1 – point 138 a (new)

Regulation (EU) No 575/2013

Article 325s a (new)

Text proposed by the Commission

Amendment

(138a) the following Article 325sa is inserted:

‘Article 325sa

Intra-bucket correlation for the reference credit spread risk

1. The cross-bucket correlations for reference credit spread delta risk and reference credit spread vega risk shall be the same as the cross-bucket correlation for counterparty credit spread delta risk, set out in Article 383q, Table 4.

2. By derogation from paragraph 1, the cross-bucket correlation values calculated in paragraph 1 shall be divided by 2 for buckets 1 to 8 and 11 to 17.’

Or. en

Amendment 234

Proposal for a regulation

Article 1 – paragraph 1 – point 150 – point b a (new)

Regulation (EU) No 575/2013

Article 325ax – paragraph 6

Present text

Amendment

6. For general interest rate, credit spread and commodity curvature risk factors, the curvature risk weight shall be the parallel shift of all the vertices for each curve on the basis of the highest prescribed delta risk weight referred to in Subsection 1 for the relevant ***risk class***.

(ba) paragraph 6 is replaced by the following:

"6. For general interest rate, credit spread and commodity curvature risk factors, the curvature risk weight shall be the parallel shift of all the vertices for each curve on the basis of the highest prescribed delta risk weight referred to in Subsection 1 for the relevant **bucket**."

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 235

Proposal for a regulation

Article 1 – paragraph 1 – point 152

Regulation (EU) No 575/2013

Article 325ba – paragraph 3

Text proposed by the Commission

$ASA_{\text{non-aima}}$ = the own funds requirements for market risk as calculated under the alternative standardised approach referred to in Article 325(1), point (a), for the portfolio of trading book positions and non-trading book positions generating foreign exchange or commodity risks for which the institution ***used the same*** approach to calculate the own funds requirements for market risk;

Amendment

$ASA_{\text{non-aima}}$ = the own funds requirements for market risk as calculated under the alternative standardised approach referred to in Article 325(1), point (a), for the portfolio of trading book positions and non-trading book positions generating foreign exchange or commodity risks for which the institution ***uses the alternative standardized*** approach to calculate the own funds requirements for market risk;

Amendment 236

Proposal for a regulation

Article 1 – paragraph 1 – point 154 – point d

Regulation (EU) No 575/2013

Article 325be – paragraph 3 – subparagraph 1

Text proposed by the Commission

3. EBA shall develop draft regulatory technical standards to specify the criteria to assess the modellability of risk factors in accordance with paragraph 1, including where market data ***referred to in paragraph 2b*** are used, and the frequency of that assessment.

Amendment

3. EBA shall develop draft regulatory technical standards to specify the criteria to assess the modellability of risk factors in accordance with paragraph 1, including where market data ***provided by third-party vendors*** are used, and the frequency of that assessment.

Amendment 237

Proposal for a regulation

Article 1 – paragraph 1 – point 157 – point a

Regulation (EU) No 575/2013

Article 325bh – paragraph 1 – point i – introductory part

Text proposed by the Commission

(i) for positions in CIUs, institutions shall look through the underlying positions of the CIUs at least on a weekly basis to calculate their own funds requirements in accordance with this Chapter; institutions that do not have adequate data inputs or information to calculate the own fund requirement for market risk of a CIU position in accordance with the look-through approach may rely on a third party to obtain those data inputs or information, provided that all the following conditions are met:

Amendment

(i) for positions in CIUs, institutions shall look through the underlying positions of the CIUs at least on a weekly basis to calculate their own funds requirements in accordance with this Chapter; ***if an institution looks through less regularly than daily, it shall identify, measure and monitor any risk occurring from its less than daily look through and avoid any significant risk underestimation;*** institutions that do not have adequate data inputs or information to calculate the own fund requirement for market risk of a CIU position in accordance with the look-through approach may rely on a third party to obtain those data inputs or information, provided that all the following conditions are met.:

Or. en

Amendment 238

Proposal for a regulation

Article 1 – paragraph 1 – point 163

Regulation (EU) No 575/2013

Article 361 – point c

Text proposed by the Commission

(163) in Article 361, point (c) ***and the last paragraph are*** deleted;

Amendment

(163) in Article 361, point (c) ***is*** deleted;

Or. en

Amendment 239

Proposal for a regulation

Article 1 – paragraph 1 – point 163 a (new)

Regulation (EU) No 575/2013

Article 361 – paragraph 2

Present text

Institutions shall notify the use they make of this Article to their competent authorities ***together with evidence of their efforts to implement an internal model for the purpose of calculating the own funds requirement for commodities risk.***

Amendment

(163 a) in Article 361, paragraph 2 is replaced by the following:

‘Institutions shall notify the use they make of this Article to their competent authorities.’;

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 240

Proposal for a regulation

Article 1 – paragraph 1 – point 166 – point c

Regulation (EU) No 575/2013

Article 382 – paragraph 6 – subparagraph 1

Text proposed by the Commission

6. EBA shall develop draft regulatory technical standards to specify the conditions and the criteria that ***the competent authorities*** shall use to assess whether the CVA risk exposures arising from fair-valued securities financing transactions are material, as well as the frequency of that assessment.

Amendment

6. EBA shall develop draft regulatory technical standards to specify the conditions and the criteria that ***institutions*** shall use to assess whether the CVA risk exposures arising from fair-valued securities financing transactions are material, as well as the frequency of that assessment.

Or. en

Amendment 241

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Text proposed by the Commission

Amendment

1. A regulatory CVA model used for the calculation of the own funds requirements for CVA risk in accordance with Article **384** shall be conceptually sound, shall be implemented with integrity, and shall comply with all of the following requirements:

1. A regulatory CVA model used for the calculation of the own funds requirements for CVA risk in accordance with Article **383** shall be conceptually sound, shall be implemented with integrity, and shall comply with all of the following requirements:

Or. en

Amendment 242

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383a – paragraph 1 – subparagraph 1 – point b

Text proposed by the Commission

Amendment

(b) the institution estimates the counterparty's probabilities of default referred to in point (a) from the counterparty's credit spreads and **market-convention** loss-given-default for that counterparty.

(b) the institution estimates the counterparty's probabilities of default referred to in point (a) from the counterparty's credit spreads and **market-consensus expected** loss-given-default for that counterparty.

Or. en

Amendment 243

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383a – paragraph 1 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) the expected loss-given-default referred to in point (a) shall be the same as the **market-convention** loss-given-default

(c) the expected loss-given-default referred to in point (a) shall be the same as the **market-consensus expected** loss-given-

referred to in point (b), unless the institution can justify that the seniority of the portfolio of transactions with that counterparty differs from the seniority of senior unsecured bonds issued by that counterparty;

default referred to in point (b), unless the institution can justify that the seniority of the portfolio of transactions with that counterparty differs from the seniority of senior unsecured bonds issued by that counterparty;

Or. en

Amendment 244

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383a – paragraph 1 – subparagraph 1 – point e – point i

Text proposed by the Commission

(i) the institution determines the **relevant** margin period of risk relevant for that netting set in accordance with the requirements set out in Article 285, paragraphs 2 and 5, and reflects that margin period in the calculation of the simulated discounted future exposure;

Amendment

(i) the institution determines the margin period of risk relevant for that netting set in accordance with the requirements set out in Article 285, paragraphs 2 and 5, and reflects that margin period in the calculation of the simulated discounted future exposure;

Or. en

Amendment 245

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383a – paragraph 1 – subparagraph 5

Text proposed by the Commission

For the purposes of point **(f)**(iii), where the institution has already established such unit for using the internal model method referred to in Article 283, the institution shall not be required to establish an additional collateral management unit where that institution demonstrates to its competent authorities that such unit

Amendment

For the purposes of point **(e)**(iii), where the institution has already established such unit for using the internal model method referred to in Article 283, the institution shall not be required to establish an additional collateral management unit where that institution demonstrates to its competent authorities that such unit

complies with the requirements set out in Article 287 for all the collateral recognised for calculating the own funds requirements for CVA risks using the standardised approach.

complies with the requirements set out in Article 287 for all the collateral recognised for calculating the own funds requirements for CVA risks using the standardised approach.

Or. en

Amendment 246

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383a – paragraph 2 – subparagraph 1 – point i

Text proposed by the Commission

(i) the current and historical market data inputs used in the model used by the institution for calculating the simulated discounted future exposure referred to in paragraph 1, point (a), shall be acquired independently of *the lines of* business. They shall be fed into the model used by the institution for calculating the simulated discounted future exposure referred to in paragraph 1, point (a), in a timely and complete fashion, and maintained in a secure database subject to formal and periodic audit. An institution shall have a well-developed data integrity process to handle inappropriate data observations. In the case where the model relies on proxy market data, an institution shall design internal policies to identify suitable proxies and shall demonstrate empirically on an ongoing basis that the proxies provide a conservative representation of the underlying risk;

Amendment

(i) the current and historical market data inputs used in the model used by the institution for calculating the simulated discounted future exposure referred to in paragraph 1, point (a), shall be acquired independently of business *lines*. They shall be fed into the model used by the institution for calculating the simulated discounted future exposure referred to in paragraph 1, point (a), in a timely and complete fashion, and maintained in a secure database subject to formal and periodic audit. An institution shall have a well-developed data integrity process to handle inappropriate data observations. In the case where the model relies on proxy market data, an institution shall design internal policies to identify suitable proxies and shall demonstrate empirically on an ongoing basis that the proxies provide a conservative representation of the underlying risk;

Or. en

Amendment 247

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383b – paragraph 2 – subparagraph 3 – point a

Text proposed by the Commission

(a) those alternative definitions are used for internal risk management purposes and for the reporting of profits **and** losses to senior management by an independent risk control unit within the institution;

Amendment

(a) those alternative definitions are used for internal risk management purposes and for the reporting of profits **or** losses to senior management by an independent risk control unit within the institution;

Or. en

Amendment 248

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383b – paragraph 4 – subparagraph 1

Text proposed by the Commission

4. An institution may introduce additional risk classes to the ones referred to in Article 383(2) that correspond to qualified index instruments. For the purposes of delta risks, an index instrument shall be considered to be qualified where it meets the conditions set out in Article 325i(3). For vega risks, all index instruments shall be considered qualified.

Amendment

4. An institution may introduce additional risk classes to the ones referred to in Article 383(2) that correspond to qualified index instruments. For the purposes of delta risks, an index instrument shall be considered to be qualified where it meets the conditions set out in Article 325i. For vega risks, all index instruments shall be considered qualified.

Or. en

Amendment 249

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383e – paragraph 2

Text proposed by the Commission

Amendment

2. The interest rate delta risk factor applicable to inflation-rate sensitive instruments in the CVA portfolio shall be the relevant inflation rates per currency and per each of the following maturities: 1 year, 2 years, 5 years, 10 years and 30 years.

deleted

Or. en

Amendment 250

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383e – paragraph 2a (new)

Text proposed by the Commission

Amendment

2a . The counterparty credit spread risk class is not subject to vega risk own funds requirements.

Or. en

Amendment 251

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383k – paragraph 5

Text proposed by the Commission

Amendment

5. The risk weights to be applied to sensitivities to interest rate vega risk factors and to inflation rate risk factors for all currencies shall be 100%.

5. The risk weights to be applied to sensitivities to interest rate vega risk factors and to inflation rate **vega** risk factors for all currencies shall be 100%.

Or. en

Amendment 252

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383n

Text proposed by the Commission

A uniform correlation parameter equal to 60% shall apply *to* the aggregation of sensitivities to delta *and* vega foreign exchange risk *factors*.

Amendment

*1. A uniform correlation parameter equal to 60% shall apply **for** the aggregation of sensitivities to delta **foreign exchange risk factor across buckets**.*

*2. A uniform correlation parameter equal to 60% shall apply **for** the aggregation of sensitivities to vega foreign exchange risk factor across buckets.*

Or. en

Amendment 253

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383o – paragraph 1 – Table 3 – line 6

Text proposed by the Commission

[...]

6	Consumer goods and services, transportation and storage, administrative and support service activities	30%
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[...]

Amendment

[...]

6	Consumer goods and services, transportation and storage, administrative and support service activities	3,0%
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[...]

Or. en

Amendment 254

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383p – paragraph 1 – subparagraph 3

Text proposed by the Commission

$\rho_{KL}^{(name)}$ = shall be equal to 1 where the two names of sensitivities k and l are identical, otherwise it shall be equal to 50%;

Amendment

$\rho_{KL}^{(name)}$ = shall be equal to 1 where the two names of sensitivities k and l are identical, **90% if the two names are distinct, but legally related and** otherwise it shall be equal to 50%;

Or. en

Amendment 255

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383p – paragraph 2 – subparagraph 3

Text proposed by the Commission

$\rho_{kl}^{(name)}$ = shall be equal to 1 where the two names of sensitivities k and l are identical and the two indices are of the same series, otherwise it shall be equal to 80%;

Amendment

$\rho_{kl}^{(name)}$ = shall be equal to 1 where the two names of sensitivities k and l are identical and the two indices are of the same series, **90% if the two indices are the same, but of distinct series, and** otherwise it shall be equal to 80%;

Or. en

Amendment 256

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383q – Table 4 – lines 4 and 5

Text proposed by the Commission

Amendment

In Article 383(q), Table 4 is amended as follows:

Bu ck et	1, 2, 3, 11 and 12	4 and 13	5 and 14	6 and 15	7 and 16	8 an d 17	9 an d 18	10 an d 19
1, 2, 3, 11 an d 12	100%	10%	20%	25%	20%	15 %	0 %	45 %
4 an d 13		100 %	5%	15%	20%	5 %	0 %	45 %
5 an d 14			100 %	25%	25%	5 %	0 %	45 %
6 an d 15				100 %	83%	5 %	0 %	45 %

[...]

Bu ck et	1, 2, 3, 11 and 12	4 and 13	5 and 14	6 and 15	7 and 16	8 an d 17	9 an d 18	10 an d 19
1, 2, 3, 11 an d 12	100%	10%	20%	25%	20%	15 %	0 %	45 %
4 an d 13		100 %	5%	15%	20%	5 %	0 %	45 %
5 an d 14			100 %	20%	25%	5 %	0 %	45 %
6 an d 15				100 %	25%	5 %	0 %	45 %

[...]

Or. en

Amendment 257

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383r – paragraph 1a (new)

Text proposed by the Commission

Amendment

1a. Risk weights for reference credit spread volatilities shall be set to 100%.

Or. en

Amendment 258

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383s – paragraph 1 – subparagraph 3

Text proposed by the Commission

$\rho_{KL}^{(name)}$ shall be equal to 1 where the two names of sensitivities k and l are identical, otherwise it shall be equal to 50%

Amendment

$\rho_{KL}^{(name)}$ shall be equal to 1 where the two names of sensitivities k and l are identical, **90% if the two names are distinct, but legally related and** otherwise it shall be equal to 50%;

Or. en

Amendment 259

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383s – paragraph 2 – subparagraph 3

Text proposed by the Commission

$\rho_{kl}^{(name)}$ shall be equal to 1 where the two names of sensitivities k and l are identical and the two indices are of the same series, otherwise it shall be equal to 80%;

Amendment

$\rho_{kl}^{(name)}$ shall be equal to 1 where the two names of sensitivities k and l are identical and the two indices are of the same series, **90% if the two indices are the same, but of distinct series, and** otherwise it shall be equal to 80%;

Or. en

Amendment 260

Proposal for a regulation

Article 1 – paragraph 1 – point 169

Regulation (EU) No 575/2013

Article 383u – point c

Text proposed by the Commission

(c) 45%, where one of the buckets is

Amendment

(c) 45%, where one of the buckets is

bucket 12 **and** 13 of Article 383t(1), Table 6, and the other bucket falls between buckets 1 **and** 10 of Article 383t(1), Table 6;

bucket 12 **or** 13 of Article 383t(1), Table 6, and the other bucket falls between buckets 1 **to** 10 of Article 383t(1), Table 6;

Or. en

Amendment 261

Proposal for a regulation

Article 1 – paragraph 1 – point 170

Regulation (EU) No 575/2013

Article 384 – paragraph 2 – subparagraph 25

Text proposed by the Commission

M_h^{SN} = the maturity of a single-name instrument recognised as an eligible hedge;

Amendment

M_h^{SN} = the **residual** maturity of a single-name instrument recognised as an eligible hedge;

Or. en

Amendment 262

Proposal for a regulation

Article 1 – paragraph 1 – point 170

Regulation (EU) No 575/2013

Article 384 – paragraph 2 – subparagraph 29

Text proposed by the Commission

M_i^{ind} = the maturity of one or more positions in the same index instrument recognised as an eligible hedge. In the case of more than one positions in the same index instrument, M_i^{ind} shall be the notional-weighted maturity of all those positions;

Amendment

M_i^{ind} = the **residual** maturity of one or more positions in the same index instrument recognised as an eligible hedge. In the case of more than one positions in the same index instrument, M_i^{ind} shall be the notional-weighted maturity of all those positions;

Or. en

Amendment 263

Proposal for a regulation

Article 1 – paragraph 1 – point 170

Regulation (EU) No 575/2013

Article 384 – paragraph 2 – point (b) – Table 1 – line 2

Text proposed by the Commission

Sector of counterparty	Credit quality	
	Credit quality step 1 to 3	Credit quality step 4 to 6 and not rated
Central government, including central banks, multilateral development banks <i>of a third country</i> , and international organisations referred to in Articles 117(2) or Article 118	0,5 %	3,0 %

Amendment

Sector of counterparty	Credit quality	
	Credit quality step 1 to 3	Credit quality step 4 to 6 and not rated
Central government, including central banks, multilateral development banks and international organisations referred to in Articles 117(2) or Article 118	0,5 %	2,0 %

Or. en

Amendment 264

Proposal for a regulation

Article 1 – paragraph 1 – point 170

Regulation (EU) No 575/2013

Article 385 – paragraph 1

Text proposed by the Commission

1. An institution that meets all the conditions set out in Article 273a(2) may calculate the own funds requirements for CVA risk as the risk-weighted exposure amounts for counterparty risk for non-trading book and trading book positions respectively, referred to in Article 92(3), points (a) and (f), divided by 12,5.

Amendment

1. An institution that meets all the conditions set out in Article 273a(2), **or has been permitted by its competent authorities in accordance with Article 273a(4) to apply the approach set out in Article 282**, may calculate the own funds requirements for CVA risk as the risk-weighted exposure amounts for counterparty risk for non-trading book and trading book positions respectively, referred to in Article 92(4), points (a) and (f), divided by 12,5.

Or. en

Amendment 265

Proposal for a regulation

Article 1 – paragraph 1 – point 171 – point a – point i

Regulation (EU) No 575/2013

Article 402 – paragraph 1 – introductory part

Text proposed by the Commission

For the calculation of exposure values for the purposes of Article 395, institutions may, except where prohibited by applicable national law, reduce the value of an exposure or any part of an exposure that is secured by residential property in accordance with Article 125(1) by the pledged amount of the property value, but by not more than 55 % of the property value, provided that all the following conditions are met:

Amendment

For the calculation of exposure values for the purposes of Article 395, institutions may, except where prohibited by applicable national law, reduce the value of an exposure or any part of an exposure that is secured by residential **immovable** property in accordance with Article 125(1) by the pledged amount of the property value, but by not more than 55 % of the property value, provided that all the following conditions are met:

Or. en

Amendment 266

Proposal for a regulation

Article 1 – paragraph 1 – point 171 – point b – point i

Regulation (EU) No 575/2013
Article 402 – paragraph 2 – introductory part

Text proposed by the Commission

For the calculation of exposure values for the purposes of Article 395, institutions may, except where prohibited by applicable national law, reduce the value of an exposure or any part of an exposure that is secured by commercial property in accordance with Article 126(1) by the pledged amount of the property value, but by not more than 55 % of the property value, provided that all the following conditions are met:

Amendment

For the calculation of exposure values for the purposes of Article 395, institutions may, except where prohibited by applicable national law, reduce the value of an exposure or any part of an exposure that is secured by commercial **immovable** property in accordance with Article 126(1) by the pledged amount of the property value, but by not more than 55 % of the property value, provided that all the following conditions are met:

Or. en

Amendment 267

Proposal for a regulation

Article 1 – paragraph 1 – point 171 – point b – point ii

Regulation (EU) No 575/2013

Article 402 – paragraph 2 – point a

Text proposed by the Commission

(a) the competent authorities of the Member States have not set a risk weight higher than 60 % for exposures or parts of exposures secured by **residential** property in accordance with Article 124(7);;

Amendment

(a) the competent authorities of the Member States have not set a risk weight higher than 60 % for exposures or parts of exposures secured by **commercial immovable** property in accordance with Article 124(7);

Or. en

Amendment 268

Proposal for a regulation

Article 1 – paragraph 1 – point 173 – point d

Regulation (EU) No 575/2013

Article 429c – paragraph 6 – subparagraph 1

Text proposed by the Commission

By way of derogation from paragraph 1 of this Article, institutions may use the method set out in Part Three, Title II, Chapter 6, Section 4 or 5 to determine the exposure value of derivative contracts listed in Annex II, **points 1 and 2**, but only where they also use that method for determining the exposure value of those contracts for the purposes of meeting the own funds requirements set out in Article 92(1), points (a), (b) and (c).

Amendment

By way of derogation from paragraph 1 of this Article, institutions may use the method set out in Part Three, Title II, Chapter 6, Section 4 or 5 to determine the exposure value of derivative contracts listed in Annex II **and credit derivatives**, but only where they also use that method for determining the exposure value of those contracts for the purposes of meeting the own funds requirements set out in Article 92(1), points (a), (b) and (c).

Or. en

Amendment 269

Proposal for a regulation

Article 1 – paragraph 1 – point 178 a (new)

Regulation (EU) No 575/2013

Article 433a – paragraph 1 – point b – point xv (new)

Text proposed by the Commission

Amendment

(178 a) in Article 433a(1), point (b), the following point is added :

(xv) Article 449a

Or. en

Amendment 270

Proposal for a regulation

Article 1 – paragraph 1 – point 180 – point c (new)

Regulation (EU) No 575/2013

Article 433b – paragraph 1 – point a – point v (new)

Text proposed by the Commission

Amendment

(c) the following point (v) is added:

(v) Article 449a

Amendment 271

Proposal for a regulation

Article 1 – paragraph 1 – point 181 – point ba (new)

Directive 2013/36/EU

Article 433c – paragraph 2 – point h (new)

Text proposed by the Commission

Amendment

(ba) the following point (h) is added:

(h) the information referred to in Article 449a on a semi-annual basis

Amendment 272

Proposal for a regulation

Article 1 – paragraph 1 – point 182

Regulation (EU) No 575/2013

Article 434 – paragraph 2

Text proposed by the Commission

Amendment

2. **Large** institutions **and** other **institutions that are not large institutions** or small and non-complex institutions shall submit to EBA the disclosures referred to in Article 433a and Article 433c respectively, but not later than on the date of the publication of financial statements or financial reports for the corresponding period or as soon as possible thereafter. If disclosure is required to be made for a period when an institution does not prepare any financial report, the institution shall submit to EBA the information on disclosures as soon as practicable.

2. Institutions other **than** small and non-complex institutions shall submit to EBA the disclosures referred to in Article 433a and Article 433c respectively **in electronic format**, but not later than on the date of the publication of financial statements or financial reports for the corresponding period **or as soon as possible thereafter. If the financial reports are published before the submission of supervisory reporting according to Article 430 for the same period, disclosures can be submitted on the same date as supervisory reporting** or as soon as possible thereafter. If disclosure is required to be made for a period when an institution does not prepare any financial report, the institution shall submit to EBA the information on disclosures as soon as

practicable.

Or. en

Amendment 273

Proposal for a regulation

Article 1 – paragraph 1 – point 183 – point a

Regulation (EU) No 575/2013

Article 434a – paragraph 1

Text proposed by the Commission

EBA shall develop draft implementing technical standards to specify uniform disclosure formats, the associated instructions, information on the resubmission policy and IT solutions for disclosures required under Titles II and III.;

Amendment

EBA shall develop draft implementing technical standards to specify uniform **reporting and** disclosure formats, the associated instructions, information on the resubmission policy and IT solutions for disclosures required under Titles II and III. ***EBA shall ensure that disclosures in accordance with this Regulation do not exceed reporting in accordance with Part Seven A.***;

Or. en

Amendment 274

Proposal for a regulation

Article 1 – paragraph 1 – point 184 – point b

Regulation (EU) No 575/2013

Article 438 – point d

Text proposed by the Commission

(d) the total risk exposure amounts as calculated in accordance with Article 92(3) and the corresponding own funds requirements as determined in accordance with Article 92(2), to be broken down by the different risk **or exposure** categories **and sub-categories**, as applicable, set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure

Amendment

(d) the total risk exposure amounts as calculated in accordance with Article 92(3) and the corresponding own funds requirements as determined in accordance with Article 92(2), to be broken down by the different risk categories **or risk exposure class**, as applicable, set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure

amounts that results from applying capital floors and not deducting items from own funds;;

amounts that results from applying capital floors and not deducting items from own funds;;

Or. en

Amendment 275

Proposal for a regulation

Article 1 – paragraph 1 – point 184 – point c a (new)

Regulation (EU) No 575/2013

Article 438 – point e

Present text

(e) the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2).

Amendment

(ca) point (e) is replaced by the following:

‘(e) the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 133(3) to (6) and Article 495a(3).’;

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN>)

Amendment 276

Proposal for a regulation

Article 1 – paragraph 1 – point 187

Regulation (EU) No 575/2013

Article 446 – paragraph 1 – point b

Text proposed by the Commission

(b) their own funds requirement for operational risk;

Amendment

deleted

Or. en

Amendment 277

Proposal for a regulation

Article 1 – paragraph 1 – point 187

Regulation (EU) No 575/2013

Article 446 – paragraph 1 – point d

Text proposed by the Commission

(d) the business indicator, calculated in accordance with Article 314(1), and the amounts of each of the business indicator **sub-items** for each of the three years relevant for the calculation of the business indicator;

Amendment

(d) the business indicator, calculated in accordance with Article 314(1), and the amounts of each of the business indicator **components and their sub-components** for each of the three years relevant for the calculation of the business indicator;

Or. en

Amendment 278

Proposal for a regulation

Article 1 – paragraph 1 – point 187

Regulation (EU) No 575/2013

Article 446 – paragraph 2 – point b

Text proposed by the Commission

(b) the number and amounts of operational risk losses that were excluded from the calculation of the annual operational risk loss in accordance with Article 320(1), and the corresponding justifications for that exclusion.;

Amendment

(b) the number and amounts of operational risk losses that were excluded from the calculation of the annual operational risk loss in accordance with Article 320(1), **for each of the last ten years**, and the corresponding justifications for that exclusion.;

Or. en

Amendment 279

Proposal for a regulation

Article 1 – paragraph 1 – point 189

Regulation (EU) No 575/2013

Article 449a – paragraph 1

Text proposed by the Commission

Institutions shall disclose information on ESG risks, **including** physical risks and transition risks.

Amendment

Institutions shall disclose information on ESG risks, **with a distinction between environmental, social and governance risks, and between** physical risks and transition risks **for environmental risks**.

Or. en

Amendment 280

Proposal for a regulation

Article 1 – paragraph 1 – point 189

Regulation (EU) No 575/2013

Article 449a – paragraph 3

Text proposed by the Commission

EBA shall develop draft implementing technical standards specifying uniform disclosure formats for ESG risks, as laid down in Article 434a, ensuring that they are consistent with and uphold the principle of proportionality.⁷ For small and non-complex institutions, the formats shall not require disclosure of information beyond the information required to be reported to competent authorities in accordance with Article 430(1), point (h).;

Amendment

EBA shall develop draft implementing technical standards specifying uniform disclosure formats for ESG risks, as laid down in Article 434a, ensuring that they are consistent with and uphold the principle of proportionality **and that they avoid any duplication of existing legislative disclosure requirements**. For small and non-complex institutions, the formats shall not require disclosure of information beyond the information required to be reported to competent authorities in accordance with Article 430(1), point (h).;

Or. en

Amendment 281

Proposal for a regulation

Article 1 – paragraph 1 – point 192 – point a

Regulation (EU) No 575/2013

Article 458 – paragraph 6

Text proposed by the Commission

6. Where Member States recognise the measures set in accordance with this Article, they shall notify the ESRB. The ESRB shall forward such notifications without delay to the Council, the Commission, the EBA, **the ESRB** and the Member State authorised to apply the measures.

Amendment

6. Where Member States recognise the measures set in accordance with this Article, they shall notify the ESRB. The ESRB shall forward such notifications without delay to the Council, the Commission, the EBA, and the Member State authorised to apply the measures.

Or. en

Amendment 282

Proposal for a regulation

Article 1 – paragraph 1 – point 192 – point b

Regulation (EU) No 575/2013

Article 458 – paragraph 9

Text proposed by the Commission

9. Before the expiry of the authorisation issued in accordance with paragraphs 2 and 4, the Member State concerned shall, in consultation with the ESRB, **and** the EBA and the Commission, review the situation and may adopt, in accordance with the procedure referred to in paragraphs 2 and 4, a new decision for the extension of the period of application of national measures for up to two additional years each time.

Amendment

9. Before the expiry of the authorisation issued in accordance with paragraphs 2 and 4, the Member State concerned shall, in consultation with the ESRB, the EBA and the Commission, review the situation and may adopt, in accordance with the procedure referred to in paragraphs 2 and 4, a new decision for the extension of the period of application of national measures for up to two additional years each time.

Or. en

Amendment 283

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Regulation (EU) No 575/2013

Article 461a – paragraph 1

Text proposed by the Commission

‘The Commission shall monitor the implementation of the international standards on own funds requirements for market risk in third countries. **Where significant** differences between the Union implementation and third countries’ implementation of those international standards **are observed, including as regards** the impact of the rules in terms of own funds requirements and **as regards** their entry into application, **the Commission shall be empowered to adopt a delegated act in accordance with Article 462 to amend this Regulation by:**

- (a) applying, where necessary to deliver a level playing field, a multiplier equal to or greater than 0 and lower than 1 to the institutions’ own funds requirements for market risk, calculated for specific risk classes and specific risk factors using one of the approaches referred to in Article 325(1), and laid out in:**
- (i) Articles 325c to 325ay, specifying the alternative standardised approach;**
- (ii) Articles 325az to 325bp, specifying the alternative internal model approach;**
- (iii) Articles 326 to 361, specifying the simplified standardised approach, to offset those observed differences between the third countries rules and Union law;**
- (b) postponing by two years the date from which institutions shall apply the own funds requirements for market risk set out in Part Three, Title IV, or any of the approaches to calculate the own funds requirements for market risk referred to in Article 325(1).;**

Amendment

‘The Commission shall monitor the implementation of the international standards on own funds requirements for market risk in third countries, **including** differences between the Union implementation and third countries’ implementation of those international standards, the impact of the rules in terms of own funds requirements and their entry into application.

Or. en

Amendment 284

Proposal for a regulation

Article 1 – paragraph 1 – point 193

Regulation (EU) No 575/2013

Article 461a – paragraph 1a (new)

Text proposed by the Commission

Amendment

If relevant differences are observed, the Commission shall issue a report. On the basis of that report and taking into account the related internationally agreed standards developed by the BCBS, the Commission shall, where appropriate, submit to the European Parliament and to the Council a legislative proposal by 31 December 2031.

Or. en

Amendment 285

Proposal for a regulation

Article 1 – paragraph 1 – point 195 – point a

Regulation (EU) No 575/2013

Article 462 – paragraph 2

Text proposed by the Commission

Amendment

2. The power to adopt delegated acts referred to in Articles 244(6) and 245(6), in Articles 456 to 460 and in **Articles 461a and 461b** shall be conferred on the Commission for an indeterminate period of time from 28 June 2013.

2. The power to adopt delegated acts referred to in Articles 244(6) and 245(6), in Articles 456 to 460 and in **Article 461a** shall be conferred on the Commission for an indeterminate period of time from 28 June 2013.

Or. en

Amendment 286

Proposal for a regulation

Article 1 – paragraph 1 – point 195 – point a

Regulation (EU) No 575/2013

Article 462 – paragraph 3

Text proposed by the Commission

3. The delegation of power referred to in Articles 244(6) and 245(6), in Articles 456 to 460 and in Article 461a **and 461b** may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of the delegated acts already in force.

Amendment

3. The delegation of power referred to in Articles 244(6) and 245(6), in Articles 456 to 460 and in Article 461a may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of the delegated acts already in force.

Or. en

Amendment 287

Proposal for a regulation

Article 1 – paragraph 1 – point 195 – point b

Regulation (EU) No 575/2013

Article 462 – paragraph 6

Text proposed by the Commission

6. A delegated act adopted pursuant to Articles 244(6) and 245(6), Articles 456 to 460 and **Articles** 461a **and 461b** shall enter into force only if no objection has been expressed by the European Parliament or the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council.;

Amendment

6. A delegated act adopted pursuant to Articles 244(6) and 245(6), Articles 456 to 460 and **Article** 461a shall enter into force only if no objection has been expressed by the European Parliament or the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council.;

Or. en

Amendment 288

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 3 – subparagraph 1

Text proposed by the Commission

3. By way of derogation from Article 92(5)(a), point (i), parent institutions, parent financial holding companies or parent mixed financial holding companies, stand-alone institutions in the EU or stand-alone subsidiary institutions in Member States may, until 31 December 2032, assign a risk weight of 65 % to exposures to corporates for which no credit assessment by a nominated ECAI is available provided that that entity estimates the PD of those exposures, calculated in accordance with Part Three, Title II, Chapter 3, is no higher than 0,5 %.

Amendment

3. By way of derogation from Article 92(5)(a), point (i), parent institutions, parent financial holding companies or parent mixed financial holding companies, stand-alone institutions in the EU or stand-alone subsidiary institutions in Member States may, until 31 December 2032, assign a risk weight of 65 % to exposures to corporates for which no credit assessment by a nominated ECAI is available provided that that entity estimates the PD of those exposures, calculated in accordance with Part Three, Title II, Chapter 3, is no higher than 0,5 % **and, provided that the annual sales of that corporate does not exceed EUR 500 million.**

Or. en

Amendment 289

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 3 – subparagraph 2

Text proposed by the Commission

EBA shall monitor the use of the transitional treatment laid down in the first subparagraph and the availability of credit assessments by nominated ECAIs for exposures to corporates. EBA shall report its findings to the Commission by 31 December 2028.

Amendment

deleted

Or. en

Amendment 290

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 3 – subparagraph 3

Text proposed by the Commission

Amendment

On the basis of that report and taking due account of the related internationally agreed standards developed by the BCBS, the Commission shall, where appropriate, submit to the European Parliament and to the Council a legislative proposal by 31 December 2031.

deleted

Or. en

Amendment 291

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 4 – subparagraph 2

Text proposed by the Commission

Amendment

The Commission may, having taken into account the EBA report referred to in Article 514, adopt a delegated act in accordance with Article 462 to permanently modify the value of alpha, where appropriate.

deleted

Or. en

Amendment 292

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 5 – subparagraph 1 – introductory part

Text proposed by the Commission

5. By way of derogation from Article 92(5)(a), point (i), **Member States** may, allow parent institutions, parent financial holding companies or parent mixed financial holding companies, stand-alone institutions in the EU or stand-alone subsidiary institutions in Member States to assign the following risk weights provided that all the conditions in the second subparagraph are met.

Amendment

5. By way of derogation from Article 92(5)(a), point (i), **competent authorities** may, allow parent institutions, parent financial holding companies or parent mixed financial holding companies, stand-alone institutions in the EU or stand-alone subsidiary institutions in Member States to assign the following risk weights provided that all the conditions in the second subparagraph are met:

Or. en

Amendment 293

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 5 – subparagraph 2 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the qualifying exposures are energy efficient, with an energy performance certificate of A+ or A in line with Directive 2010/31/EU;

Or. en

Amendment 294

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 5 – subparagraph 2 – point d

Text proposed by the Commission

Amendment

(d) the competent authority has verified that the conditions in points (a), (b) and (c) are met.

(d) the competent authority has verified that the conditions in points (a), (b), **(ba)** and (c) are met.

Amendment 295

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 5 – subparagraph 4

Text proposed by the Commission

When *Member States exercise* that discretion, they shall notify EBA and substantiate their decision. Competent authorities shall notify the details of all the verifications referred to in the first subparagraph, point (c), to EBA.

Amendment

When *the competent authority exercises* that discretion, they shall notify EBA and substantiate their decision. Competent authorities shall notify the details of all the verifications referred to in the second subparagraph, point (d), to EBA.

Or. en

Amendment 296

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 5 – subparagraph 5

Text proposed by the Commission

EBA shall monitor the use of the transitional treatment in the first subparagraph and report to the Commission by 31 December 2028 on the appropriateness of the associated risk weights.

Amendment

deleted

Or. en

Amendment 297

Proposal for a regulation

Article 1 – paragraph 1 – point 196

Regulation (EU) No 575/2013

Article 465 – paragraph 5 – subparagraph 6

Text proposed by the Commission

Amendment

On the basis of that report and taking due account of the related internationally agreed standards developed by the BCBS, the Commission shall, where appropriate, submit to the European Parliament and to the Council a legislative proposal by 31 December 2031.;

deleted

Or. en

Amendment 298

Proposal for a regulation

Article 1 – paragraph 1 – point 197

Regulation (EU) No 575/2013

Article 494d – introductory part

Text proposed by the Commission

Amendment

By way of derogation from Article 149, paragraphs 1, 2 and 3, an institution may from 1 January 2025 until 31 December 2027, revert to the Standardised Approach for one or more of the exposure classes provided for in Article 147(2), where all the following conditions are met:

By way of derogation from Article 149, paragraphs 1 and 3, an institution may from 1 January 2025 until 31 December 2027, revert to the Standardised Approach for one or more of the exposure classes provided for in Article 147(2), where all the following conditions are met:

Or. en

Amendment 299

Proposal for a regulation

Article 1 – paragraph 1 – point 198

Regulation (EU) No 575/2013

Article 495 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

1. By way of derogation from Article 107(1), ***second subparagraph***, institutions that have received the permission to apply the Internal Ratings Based Approach to

1. By way of derogation from Article 107(1), institutions that have received the permission to apply the Internal Ratings Based Approach to calculate the risk

calculate the risk weighted exposure amount for equity exposures shall, until 31 December 2029, calculate the risk weighted exposure amount for each equity exposure for which they have received the permission to apply the Internal Ratings Based Approach as the higher of the following:

weighted exposure amount for equity exposures shall, until 31 December 2029 **and without prejudice to Article 495a(3)**, calculate the risk weighted exposure amount for each equity exposure for which they have received the permission to apply the Internal Ratings Based Approach as the higher of the following:

Or. en

Amendment 300

Proposal for a regulation

Article 1 – paragraph 1 – point 198

Regulation (EU) No 575/2013

Article 495 – paragraph 2

Text proposed by the Commission

Amendment

2. *Instead of applying the treatment laid down in paragraph 1, institutions that have received the permission to apply the Internal Ratings Based Approach to calculate the risk weighted exposure amount for equity exposures may choose to apply the treatment set out in Article 133 and the transitional arrangements in Article 495a to all of their equity exposures at any time until 31 December 2029.*

deleted

For the purposes of this paragraph, the conditions to revert to the use of less sophisticated approaches laid down in Article 149 shall not apply.

Or. en

Amendment 301

Proposal for a regulation

Article 1 – paragraph 1 – point 198

Regulation (EU) No 575/2013

Article 495 – paragraph 3

Text proposed by the Commission

3. Institutions applying the treatment laid down in paragraph 1 shall calculate EL in accordance with Article 158, paragraphs 7, 8 or 9, as applicable, as those paragraphs stood on **1 January 2021**.

Amendment

3. Institutions applying the treatment laid down in paragraph 1 shall calculate EL in accordance with Article 158, paragraphs 7, 8 or 9, as applicable, as those paragraphs stood on ... ***[day before the date of entry into force of this amending Regulation]***.

Expected loss amounts calculated in accordance with Article 158(7), (8) or (9), as applicable, as those paragraphs stood on ... [day before the date of entry into force of this amending Regulation] shall be deducted from Common Equity Tier 1 items under Article 36(1), point (d).

Or. en

Amendment 302

Proposal for a regulation

Article 1 – paragraph 1 – point 199

Regulation (EU) No 575/2013

Article 495a – paragraph 1 – introductory part

Text proposed by the Commission

1. By way of derogation from the treatment laid down in Article 133(3), equity exposures shall be assigned the following risk-weights:

Amendment

1. By way of derogation from the treatment laid down in Article 133(3), equity exposures shall be assigned the ***higher of the risk weight applicable on ... [one day before the date of entry into force of this amending Regulation] and the*** following risk-weights:

Or. en

Amendment 303

Proposal for a regulation

Article 1 – paragraph 1 – point 199

Regulation (EU) No 575/2013

Article 495a – paragraph 2 – introductory part

Text proposed by the Commission

2. By way of derogation from the treatment laid down in Article 133(4), equity exposures shall be assigned the following risk-weights:

Amendment

2. By way of derogation from the treatment laid down in Article 133(4), equity exposures shall be assigned the ***higher of the risk weight applicable on ... [one day before the date of entry into force of this amending Regulation] and the*** following risk-weights:

Or. en

Amendment 304

Proposal for a regulation

Article 1 – paragraph 1 – point 199

Regulation (EU) No 575/2013

Article 495a – paragraph 3

Text proposed by the Commission

3. ***By way of derogation from Article 133, institutions may continue to assign the same risk weight that was applicable as of [OP please insert the date = one day before the date of entry into force of this amending Regulation] to equity exposures to entities of which they have been a shareholder at [adoption date] for six consecutive years and over which they exercise significant influence in the meaning of Directive 2013/34/EU, or the accounting standards to which an institution is subject under Regulation (EC) No 1606/2002, or a similar relationship between any natural or legal person and an undertaking.***

Amendment

deleted

Or. en

Amendment 305

Proposal for a regulation

Article 1 – paragraph 1 – point 199

Text proposed by the Commission

Amendment

2. EBA shall prepare a report on the appropriate calibration of risk parameters applicable to specialised lending exposures under the IRB Approach, and in particular on own estimates of LGD and LGD input floors. EBA shall in particular include in its report data on average numbers of defaults and realised losses observed in the Union for different samples of institutions with different business and risk profiles. **deleted**

EBA shall submit the report on its findings to the European Parliament, to the Council, and to the Commission, by 31 December 2025.

On the basis of that report, the Commission shall be empowered to amend this Regulation by adopting a delegated act, where appropriate, in accordance with Article 462, to amend the treatment applicable to specialised lending exposures under Part Three, Title II.’;

Or. en

Amendment 306

Proposal for a regulation

Article 1 – paragraph 1 – point 199

Regulation (EU) No 575/2013

Article 495c – paragraph 2

Text proposed by the Commission

Amendment

2. EBA shall prepare a report on the appropriate calibrations of risk parameters associated with leasing exposures under the IRB Approach, and in particular on the LGD_s and H_c provided for in Article 230. EBA shall in **deleted**

particular include in its report data on average numbers of defaults and realised losses observed in the Union for exposures associated with different types of leased properties and different types of institutions practicing leasing activities.

EBA shall submit the report on its finding to the European Parliament, to the Council, and to the Commission, by 30 June 2026.

On the basis of that report, the Commission shall be empowered to amend this Regulation by adopting a delegated act, where appropriate, in accordance with Article 462, to amend the treatment applicable to exposures arising from leasing under Part Three, Title II.’;

Or. en

Amendment 307

Proposal for a regulation

Article 1 – paragraph 1 – point 199

Regulation (EU) No 575/2013

Article 495d – paragraph 2

Text proposed by the Commission

Amendment

2. *EBA shall prepare a report to assess whether the derogation referred to in paragraph 1, point (a), should be extended beyond 31 December 2032 and, where necessary, the conditions under which that derogation should be maintained.*

deleted

EBA shall submit the report on its finding to the European Parliament, to the Council, and to the Commission, by 31 December 2028.

On the basis of that report and taking due account of the related internationally agreed standards developed by the BCBS, the Commission shall, where appropriate, submit to the European Parliament and to

the Council a legislative proposal by 31 December 2031.’;

Or. en

Amendment 308

Proposal for a regulation

Article 1 – paragraph 1 – point 199 a (new)

Regulation (EU) No 575/2013

Article 501 – paragraph 1

Present Text

Amendment

E is either of the following:*

(a) the total amount owed to the institution, its subsidiaries, its parent undertakings and other subsidiaries of those parent undertakings, including any exposure in default, but excluding claims or contingent claims secured on residential property collateral, by the SME or the group of connected clients of the SME;

(b) where the total amount referred to in point (a) is equal to 0, the amount of claims or contingent claims against the SME or the group of connected clients of the SME that are secured on residential property collateral and that are excluded from the calculation of the total amount referred to in that point.

(199a) in Article 501(1), the definitions is amended as follows:

E is*

the total amount owed to the institution, its subsidiaries, its parent undertakings and other subsidiaries of those parent undertakings, including any exposure in default, but excluding claims or contingent claims secured on residential property collateral, by the SME or the group of connected clients of the SME;

If $E^ = 0$, then $RWEA^* = 0,7619 RWEA$*

Or. en

Amendment 309

Proposal for a regulation

Article 1 – paragraph 1 – point 201 – point b

Regulation (EU) No 575/2013

Article 501a – paragraph 1 – point f

Text proposed by the Commission

Amendment

(f) the refinancing risk ***of the exposure by the obligor*** is low or adequately mitigated, taking into account any subsidies, grants or funding provided by one or more of the entities listed in paragraph 2, points (b)(i) and (b)(ii);

(f) the ***obligor's*** refinancing risk is low or adequately mitigated, taking into account any subsidies, grants or funding provided by one or more of the entities listed in paragraph 2, points (b)(i) and (b)(ii);

Or. en

Amendment 310

Proposal for a regulation

Article 1 – paragraph 1 – point 201 – point b a (new)

Regulation (EU) No 575/2013

Article 501a – paragraph 1 – point o

Present text

Amendment

(o) the obligor has carried out ***an*** assessment ***whether*** the assets being financed contribute to ***the following*** environmental objectives:

- (i) climate change mitigation;***
- (ii) climate change adaptation;***
- (iii) sustainable use and protection of water and marine resources;***
- (iv) transition to a circular economy, waste prevention and recycling;***
- (v) pollution prevention and control;***
- (vi) protection of healthy ecosystems.***

(b a) point (o) is replaced by the following:

‘(o) the obligor has carried out ***a positive*** assessment ***that*** the assets being financed contribute to ***one or more*** environmental objectives ***set out in Article 9 of Regulation (EU) 2020/852.***’

Or. en

(<http://www.at4am.ep.parl.union.eu/at4am/ameditor.html?documentID=35461&locale=en#stv!Cnt=1&langISO=en&crCnt=1&crID0=125046>)

Amendment 311

Proposal for a regulation

Article 1 – paragraph 1 – point 202

Regulation (EU) No 575/2013

Article 501c – paragraph 2

Text proposed by the Commission

EBA shall submit a report on its findings to the European Parliament, to the Council and to the Commission by 28 June 2023.;

Amendment

EBA shall submit a report on its findings to the European Parliament, to the Council and to the Commission by 28 June 2023.

On the basis of that report, the Commission shall, where appropriate, submit a legislative proposal to the European Parliament and to the Council.

Or. en

Amendment 312

Proposal for a regulation

Article 1 – paragraph 1 – point 203

Regulation (EU) No 575/2013

Article 506 – paragraph 1

Text proposed by the Commission

By 31 December 2026, EBA shall report to the Commission on the eligibility and use of policy insurance as credit risk mitigation techniques and on the appropriateness of the associated risk parameters referred to in Part Three, Title II, Chapter 3 and 4.

Amendment

By 31 December 2026, EBA, ***in cooperation with EIOPA***, shall report to the Commission on the eligibility and use of policy insurance as credit risk mitigation techniques and on the appropriateness of the associated risk parameters referred to in Part Three, Title II, Chapter 3 and 4.

Or. en