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European Union

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### **INFORMATION NOTE**

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From: General Secretariat of the Council

To: Delegations

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Subject: Basel III finalisation (CRR 3) - Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor, and amending Regulation (EU) No 806/2014

- Initial positions of the three Institutions prior to commencement of trilogues

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

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (Text with EEA relevance) 2021/0342(COD)**

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

**PART 2 (from line 661 to line 1169)**

		<b>Commission Proposal</b>	<b>Council Mandate</b>	<b>EP Mandate</b>
Art. 1- para. 1- point 38- intr. part	661 615	(38) in Article 120, paragraphs 1 and 2 are replaced by the following:	(38) in Article 120, paragraphs 1 and 2 are replaced by the following:	(38) in Article 120, paragraphs 1 and 2 are replaced by the following:
Art. 1- para. 1- point 38 - <i>Art. 120 - para 1</i>	662 616	‘1. Exposures for which a credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 3 which corresponds to the credit assessment of the ECAI in accordance with Article 136.	‘1. Exposures for which a credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 3 which corresponds to the credit assessment of the ECAI in accordance with Article 136.	‘1. Exposures for which a credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 3 which corresponds to the credit assessment of the ECAI in accordance with Article 136.
Art. 1 - para. 1 - point 38 <i>Art. 120, para. 1 - table 3 - title</i>	663 476	Table 3	<i>Table 3</i>	<i>Table 3</i>
Art. 1, para. 1, point 38 <i>Art. 120 - para. 1 - table 3 - row 1</i>	664 477	Credit quality step 1 2 3 4 5 6	Credit quality step 1 2 3 4 5 6	Credit quality step 1 2 3 4 5 6

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 38 <i>Art. 120 - para 1, table 3, row 2</i>	665 478	Risk weight 20 % 30 % 50 % 100 % 100 % 150 %	Risk weight 20 % 30 % 50 % 100 % 100 % 150 %	Risk weight 20 % 30 % 50 % 100 % 100 % % 150 %
Art. 1, para. 1, point (38), <i>Art. 120, para. 2</i>	666 479	2. Exposures with an original maturity of three months or less for which a credit assessment by a nominated ECAI is available and exposures which arise from the movement of goods across national borders with an original maturity of six months or less and for which a credit assessment by a nominated ECAI is available, shall be assigned a risk weight in accordance with Table 4 which corresponds to the credit assessment of the ECAI in accordance with Article 136.	2. Exposures with <del>an original</del> <b>an original</b> maturity of three months or less for which a credit assessment by a nominated ECAI is available and exposures which arise from the movement of goods across national borders with <del>an original</del> <b>an original</b> maturity of six months or less and for which a credit assessment by a nominated ECAI is available, shall be assigned a risk weight in accordance with Table 4 which corresponds to the credit assessment of the ECAI in accordance with Article 136.	2. Exposures with an original maturity of three months or less for which a credit assessment by a nominated ECAI is available and exposures which arise from the movement of goods across national borders with an original maturity of six months or less and for which a credit assessment by a nominated ECAI is available, shall be assigned a risk weight in accordance with Table 4 which corresponds to the credit assessment of the ECAI in accordance with Article 136.
Art. 1 - para. 1 - point 38, <i>Art. 120 - para. 2 - table 4 - title</i>	667 480	Table 4	<i>Table 4</i>	<i>Table 4</i>
Art. 1 - para.1 - point 38 <i>Art. 120 -para. 2 - table 4 - row 1</i>	668 481	Credit quality step 1 2 3 4 5 6	Credit quality step 1 2 3 4 5 6	Credit quality step 1 2 3 4 5 6

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para.1 - point 38 <i>Art. 120 -para. 2 - table 4 - row 2</i>	669 482	Risk weight 20 % 20 % 20 % 50 % 50 % 150 %	Risk weight 20 % 20 % 20 % 50 % 50 % 150 %	Risk weight 20 % 20 % 20 % 50 % 50 % 150 %
Art. 1 - para. 1 , point 39, intr. part	670 483	(39) Article 121 is replaced by the following:	(39) Article 121 is replaced by the following:	(39) Article 121 is replaced by the following:
Art. 1 - para. 1 - point 39 <i>Art 121 - title</i>	671 484	Article 121 Exposures to unrated institutions	Article 121 Exposures to unrated institutions	Article 121 Exposures to unrated institutions
Art. 1 - para. 1 -point 39 <i>Art. 121 - para. 1 - intr. part</i>	672 485	1. Exposures to institutions for which a credit assessment by a nominated ECAI is not available shall be assigned to one of the following grades:	1. Exposures to institutions for which a credit assessment by a nominated ECAI is not available shall be assigned to one of the following grades:	1. Exposures to institutions for which a credit assessment by a nominated ECAI is not available shall be assigned to one of the following grades:
Art. 1, para. 1, point 39 <i>Art 121 - para. 1 - point a - intr. part</i>	673 486	(a) where all of the following conditions are met, exposures to institutions shall be assigned to Grade A:	(a) where all of the following conditions are met, exposures to institutions shall be assigned to Grade A:	(a) where all of the following conditions are met, exposures to institutions shall be assigned to Grade A:
Art. 1 - para.1 - point 39 <i>Art 121 - para. 1 - point a - subpoint i</i>	674 487	(i) the institution has adequate capacity to meet its financial commitments, including repayments of principal and interest, in a timely manner, for the projected life of the assets or exposures and irrespective of the economic cycles and business conditions;	(i) the institution has adequate capacity to meet its financial commitments, including repayments of principal and interest, in a timely manner, for the projected life of the assets or exposures and irrespective of the economic cycles and business conditions;	(i) the institution has adequate capacity to meet its financial commitments, including repayments of principal and interest, in a timely manner, for the projected life of the assets or exposures and irrespective of the economic cycles and business conditions;
Art. 1 - para.1 - point 39	675 488	(ii) the institution meets or exceeds the requirement laid	(ii) the institution meets or exceeds the requirement laid down in Article	(ii) the institution meets or exceeds the requirement laid down in Article 92(1),

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<i>Art 121 - para. 1 - point a - subpoint ii</i>		down in Article 92(1), the specific own funds requirements referred to in Article 104a of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6), of Directive 2013/36/EU and any equivalent or additional local supervisory or regulatory requirements in third countries, insofar as those requirements are published and are to be met by Common Equity Tier 1 capital, Tier 1 capital or own funds;	92(1), <b><u>as amended by the requirements referred to in Articles 458(2)(d)(i), 458(2)(d)(vi) and 459(a) where applicable</u></b> , the specific own funds requirements referred to in Article 104a of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6), of Directive 2013/36/EU <del>and or</del> any equivalent <del>or and</del> additional local supervisory or regulatory requirements in third countries, insofar as those requirements are <b><u>applicable to that institution</u></b> <del>published</del> and are to be met by Common Equity Tier 1 capital, Tier 1 capital or own funds, <b><u>as applicable, or where exposures to a financial institution shall be treated as exposures to an institution according to Article 119(5), any comparable prudential requirements;</u></b>	the specific own funds requirements referred to in Article 104a of Directive 2013/36/EU, the combined buffer requirement defined in Article 128, point (6), of Directive 2013/36/EU and any equivalent or additional local supervisory or regulatory requirements in third countries, insofar as those requirements are published and are to be met by Common Equity Tier 1 capital, Tier 1 capital or own funds;
Art. 1, para.1 - point 39 <i>Art 121 - para. 1 - point a - subpoint iii</i>	676 489	(iii) information about the requirements referred to in point (ii) is publicly disclosed or otherwise made available;	(iii) information about <b><u>whether</u></b> the requirements referred to in point (ii) <b><u>are met or exceeded by the institution</u></b> is publicly disclosed or otherwise made available <b><u>to the lending institution;</u></b>	(iii) information about the requirements referred to in point (ii) is publicly disclosed or otherwise made available;
Art. 1, para.1 - point 39 <i>Art 121 - para. 1 - point a - subpoint iv</i>	677 490	(iv) the assessment in accordance with Article 79 of Directive 2013/36/EU has not revealed that the institution does not meet the conditions	(iv) the assessment <b><u>performed by the lending institution</u></b> in accordance with <b><u>point (b) of</u></b> Article 79 of Directive 2013/36/EU has not revealed that the institution does not meet the	(iv) the assessment in accordance with Article 79 of Directive 2013/36/EU has not revealed that the institution does not meet the conditions set out in points (i) and (ii);

		Commission Proposal	Council Mandate	EP Mandate
		set out in points (i) and (ii);	conditions set out in points (i) and (ii);	
Art. 1 - para. 1 - point 39, <i>Art. 121 - para.1 - point b - intr. part</i>	678 491	(b) where all of the following conditions are met and at least one of the conditions in point (a) is not met, exposures to institutions shall be assigned to Grade B:	(b) where all of the following conditions are met and at least one of the conditions in point (a) is not met, exposures to institutions shall be assigned to Grade B:	(b) where all of the following conditions are met and at least one of the conditions in point (a) is not met, exposures to institutions shall be assigned to Grade B:
Art. 1 - para. 1 - point 39, <i>Art. 121 - para.1 - point b - subpoint i</i>	679 492	(i) the institution is subject to substantial credit risk, including repayment capacities that are dependent on stable or favorable economic or business conditions;	(i) the institution is subject to substantial credit risk, including repayment capacities that are dependent on stable or favorable economic or business conditions;	(i) the institution is subject to substantial credit risk, including repayment capacities that are dependent on stable or favorable economic or business conditions;
Art. 1 - para. 1 - point 39, <i>Art. 121 - para.1 - point b - subpoint ii</i>	680 493	(ii) the institution meets or exceeds the requirement laid down in Article 92(1), the requirements referred to in Articles 458 and 459, the specific own funds requirements referred to in Article 104a of Directive 2013/36/EU and any equivalent or additional local supervisory or regulatory requirements insofar as those requirements are published and are to be met by Common Equity Tier 1 capital, Tier 1 capital and own funds;	(ii) the institution meets or exceeds the requirement laid down in Article 92(1), <b>as amended by</b> the requirements referred to in <b>Articles 458(2)(d)(i) and Article 459(a) where applicable</b> <del>Articles 458 and 459</del> , the specific own funds requirements referred to in Article 104a of Directive 2013/36/EU, <b>or and</b> any equivalent <del>or and</del> additional local supervisory or regulatory requirements <b>in third countries</b> , insofar as those requirements are published and are to be met by Common Equity Tier 1 capital, Tier 1 capital <del>or and</del> own funds, <b>as applicable, or where exposures to a financial institution shall be treated as exposures to an</b>	(ii) the institution meets or exceeds the requirement laid down in Article 92(1), the requirements referred to in Articles 458(2), <b>point (d)(i)</b> , and <b>Article 459, point (a)</b> , the specific own funds requirements referred to in Article 104a of Directive 2013/36/EU <b>or</b> any equivalent or additional local supervisory or regulatory requirements <b>in third countries</b> insofar as those requirements are published and are to be met by Common Equity Tier 1 capital, Tier 1 capital and own funds;

		Commission Proposal	Council Mandate	EP Mandate
			<b><u>institution according to Article 119(5), any comparable prudential requirements;</u></b>	
Art. 1 - para. 1 - point 39, <i>Art. 121 - para.1 - point b - subpoint iii</i>	681 494	(iii) information about the requirements referred to in point (ii) is publicly disclosed or otherwise made available;	(iii) information about <b><u>whether</u></b> the requirements referred to in point (ii) <b>are met by the institution</b> is publicly disclosed or otherwise made available <b><u>to the lending institution;</u></b>	(iii) information about the requirements referred to in point (ii) is publicly disclosed or otherwise made available;
Art. 1 - para. 1 - point 39, <i>Art. 121 - para.1 - point b - subpoint iv</i>	682 495	(iv) the assessment performed in accordance with Article 79 of Directive 2013/36/EU has not revealed that the institution does not meet the conditions set out in points (i) and (ii).	(iv) the assessment performed <b><u>by the lending institution</u></b> in accordance with <b><u>point (b) of</u></b> Article 79 of Directive 2013/36/EU has not revealed that the institution does not meet the conditions set out in points (i) and (ii).	(iv) the assessment performed in accordance with Article 79 of Directive 2013/36/EU has not revealed that the institution does not meet the conditions set out in points (i) and (ii).
Art. 1 - para. 1 - point 39, <i>Art. 121 - para.1 - point b - subpara. 2</i>	683 496	For the purposes of point (ii), equivalent or additional local supervisory or regulatory requirements shall not include capital buffers equivalent to those defined in Article 128 of Directive 2013/36/EU.	For the purposes of point (ii), equivalent <del>or</del> <b>and</b> additional local supervisory or regulatory requirements shall not include capital buffers equivalent to those defined in Article 128 of Directive 2013/36/EU.	For the purposes of point (ii), equivalent or additional local supervisory or regulatory requirements shall not include capital buffers equivalent to those defined in Article 128 of Directive 2013/36/EU.
Art. 1 - para. 1 - point 39, <i>Art. 121 - para.1 - point c - intr. part</i>	684 497	(c) where the conditions for assignment to Grade A or Grade B are not met, or where any of the following conditions is met, exposures to institutions shall be assigned to Grade C:	(c) where <del>the conditions for assignment to Grade A or Grade B are not met</del> <b><u>exposures to institutions are not assigned to Grade A or B,</u></b> or where any of the following conditions is met, exposures to institutions shall be assigned to Grade C:	(c) where the conditions for assignment to Grade A or Grade B are not met, or where any of the following conditions is met, exposures to institutions shall be assigned to Grade C:
Art. 1, para. 1, point 39,	685 498	(i) the institution has material	(i) the institution has material default	(i) the institution has material default

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<i>Art. 121 - para.1 - point c - subpoint i</i>		default risks and limited margins of safety;	risks and limited margins of safety;	risks and limited margins of safety;
Art. 1, para. 1, point 39, <i>Art. 121 - para.1 - point c - subpoint ii</i>	686 499	(ii) adverse business, financial, or economic conditions are very likely to lead, or have led, to the institution's inability to meet its financial commitments;	(ii) adverse business, financial, or economic conditions are very likely to lead, or have led, to the institution's inability to meet its financial commitments;	(ii) adverse business, financial, or economic conditions are very likely to lead, or have led, to the institution's inability to meet its financial commitments;
Art. 1, para. 1, point 39, <i>Art. 121 - para.1 - point c - subpoint iii</i>	687 500	(iii) where audited financial statements are required by law for the institution, the external auditor has issued an adverse audit opinion or has expressed substantial doubt in its financial statements or audited reports within the previous 12 months about the institution's ability to continue as a going concern institution.	(iii) where audited financial statements are required by law for the institution, the external auditor has issued an adverse audit opinion or has expressed substantial doubt in its financial statements or audited reports within the previous 12 months about the institution's ability to continue as a going concern institution.	(iii) where audited financial statements are required by law for the institution, the external auditor has issued an adverse audit opinion or has expressed substantial doubt in its financial statements or audited reports within the previous 12 months about the institution's ability to continue as a going concern institution.
Art. 1, para. 1, point 39, <i>Art. 121 - para.1a (new)</i>	688			<b><i>(1a) For exposures to financial institutions treated as exposures to institutions in accordance with Article 119(5), for the purpose of assessing whether the conditions set out in paragraph 1, points (a)(ii) and (b)(ii), of this Article are met by those financial institutions, institutions shall assess whether those financial institutions meet or exceed any comparable prudential requirements.</i></b>



		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 39 - <i>Art. 121 - para. 2</i>	689 501	2. Exposures assigned to Grade A, B or C in accordance with paragraph 1 shall be assigned a risk weight as follows:	2. Exposures assigned to Grade A, B or C in accordance with paragraph 1 shall be assigned a risk weight as follows:	2. Exposures assigned to Grade A, B or C in accordance with paragraph 1 shall be assigned a risk weight as follows:
Art. 1, para. 1, point 39, <i>Art. 121 - para.2 - point a - intr. part</i>	690 502	(a) exposures assigned to Grade A, B or C which meet any of the following conditions shall be assigned a risk weight for short-term exposures in accordance with Table 5:	(a) exposures assigned to Grade A, B or C which meet any of the following conditions shall be assigned a risk weight for short-term exposures in accordance with Table 5:	(a) exposures assigned to Grade A, B or C which meet any of the following conditions shall be assigned a risk weight for short-term exposures in accordance with Table 5:
Art. 1, para. 1, point 39, <i>Art. 121 - para.2 - point a - subpoint i</i>	691 503	(i) the exposure has an original maturity of three months or less;	(i) the exposure has <del>an original</del> <b>an original</b> maturity of three months or less;	(i) the exposure has an original maturity of three months or less;
Art. 1, para. 1, point 39, <i>Art. 121 - para.2 - point a - subpoint ii</i>	692 504	(ii) the exposure has an original maturity of six months or less and arises from the movement of goods across national borders.	(ii) the exposure has <del>an original</del> <b>an original</b> maturity of six months or less and arises from the movement of goods across national borders.	(ii) the exposure has an original maturity of six months or less and arises from the movement of goods across national borders.
Art. 1, para. 1, point 39, <i>Art. 121 - para.2 - point b - intr. part</i>	693 505	(b) exposures assigned to Grade A which are not short-term shall be assigned a risk weight of 30 % where all of the following conditions are met:	(b) exposures assigned to Grade A which are not short-term shall be assigned a risk weight of 30 % where all of the following conditions are met:	(b) exposures assigned to Grade A which are not short-term shall be assigned a risk weight of 30 % where all of the following conditions are met:
Art. 1, para. 1, point 39, <i>Art. 121 - para.2 - point b - subpoint i</i>	694 506	(i) the exposure does not meet any of the conditions laid down in point (a);	(i) the exposure does not meet any of the conditions laid down in point (a);	(i) the exposure does not meet any of the conditions laid down in point (a);
Art. 1, para. 1, point	695 507	(ii) the institution's Common	(ii) the institution's Common Equity	(ii) the institution's Common Equity

		Commission Proposal	Council Mandate	EP Mandate
39, Art. 121 - para.2 - point b- subpoint ii		Equity Tier 1 capital ratio is equal to or higher than 14 %;	Tier 1 capital ratio is equal to or higher than 14 %;	Tier 1 capital ratio is equal to or higher than 14 %;
Art. 1, para. 1, point 39, Art. 121 - para.2 - point b - subpoint iii	696 508	(iii) the institution's leverage ratio is higher than 5 %.	(iii) the institution's leverage ratio is <b>equal to or</b> higher than 5 %.	(iii) the institution's leverage ratio is higher than 5 %.
Art. 1, para. 1, point 39, Art. 121 - para.2 - point c - subpara.1	697 509	(c) exposures assigned to Grade A, B or C that do not meet the conditions in point (a) or (b) shall be assigned a risk weight in accordance with the Table 5.	(c) exposures assigned to Grade A, B or C that do not meet the conditions in point (a) or (b) shall be assigned a risk weight in accordance with the Table 5.	(c) exposures assigned to Grade A, B or C that do not meet the conditions in point (a) or (b) shall be assigned a risk weight in accordance with the Table 5.
Art. 1, para. 1, point 39- Art. 121 - para. 2 - subpara. 2	698 510	Where an exposure to an institution is not denominated in the domestic currency of the jurisdiction of incorporation of that institution, or where that institution has booked the credit obligation in a branch in a different jurisdiction and the exposure is not in the domestic currency of the jurisdiction in which the branch operates, the risk weight assigned in accordance with points (a), (b) or (c), as applicable, to exposures other than those with a maturity of one year or less stemming from self-liquidating, trade-related contingent items that arise from the movement of goods	Where an exposure to an institution is not denominated in the domestic currency of the jurisdiction of incorporation of that institution, or where that institution has booked the credit obligation in a branch in a different jurisdiction and the exposure is not in the domestic currency of the jurisdiction in which the branch operates, the risk weight assigned in accordance with points (a), (b) or (c), as applicable, to exposures other than those with a maturity of one year or less stemming from self-liquidating, trade-related contingent items that arise from the movement of goods across national borders shall not be lower than the risk weight of an exposure to the central government of the country where the institution is	Where an exposure to an institution is not denominated in the domestic currency of the jurisdiction of incorporation of that institution, or where that institution has booked the credit obligation in a branch in a different jurisdiction and the exposure is not in the domestic currency of the jurisdiction in which the branch operates, the risk weight assigned in accordance with points (a), (b) or (c), as applicable, to exposures other than those with a maturity of one year or less stemming from self-liquidating, trade-related contingent items that arise from the movement of goods across national borders shall not be lower than the risk weight of an exposure to the central government of the country where the institution is incorporated.

		Commission Proposal	Council Mandate	EP Mandate
		across national borders shall not be lower than the risk weight of an exposure to the central government of the country where the institution is incorporated.	incorporated.	
Art. 1, para. 1, point 39, <i>Art. 122 - para. 1 - table 5 - title</i>	699 511	Table 5	<i>Table 5</i>	Table 5
Art. 1, para. 1, point 39, <i>Art. 122 - para. 1 - table 5 - row 1</i>	700 512	Credit risk assessment Grade A Grade B Grade C	Credit risk assessment Grade A Grade B Grade C	Credit risk assessment Grade A Grade B Grade C
Art. 1, para. 1, point 39, <i>Art. 122 - para. 1 - table 5 - row 2</i>	701 513	Risk weight for short-term exposures 20 % 50 % 75 %	Risk weight for short-term exposures 20 % 50 % <b>150 %</b> <del>75 %</del>	Risk weight for short-term exposures 20 % 50 % <b>150 %</b>
Art. 1, para. 1, point 39, <i>Art. 122 - para. 1 - table 5 - row 3</i>	702 514	Risk weight 40 % 75 % 150 %';	Risk weight 40 % 75 % 150 %';	Risk weight 40 % 75 % 150 %';
Art. 1, para. 1, point 39, <i>Art. 122 - para.3 (New)</i>	703 515		<b><u>3. For exposures to financial institutions treated as exposures to institutions in accordance with Article 119(5), Member States may determine corresponding conditions to point (a) and (b) of paragraph 1 for the purposes of assessing</u></b>	

		Commission Proposal	Council Mandate	EP Mandate
			<b><u>whether the exposures shall be assigned to point (a) or point (b) of paragraph 1. Institutions shall assign exposures to financial institutions treated as exposures to institutions in accordance with Article 119(5) by assessing if the corresponding conditions set by the respective Member State are met or exceeded.’;</u></b>	
Art. 1, para. 1, point 40,- <i>intr. part</i>	704 516	(40) Article 122 is amended as follows:	(40) Article 122 is amended as follows:	(40) Article 122 is amended as follows:
Art. 1, para. 1, point 40 a, <i>Art. 122 - para. 1, intr. part</i>	705 517	(a) in paragraph 1, Table 6 is replaced by the following:	(a) in paragraph 1, Table 6 is replaced by the following:	(a) in paragraph 1, Table 6 is replaced by the following:
Art. 1, para. 1, point 40 a, <i>Art. 122 - para. 1 - Table 6 - title</i>	706 518	‘Table 6	‘ <i>Table 6</i>	‘Table 6
Art. 1, para. 1, point 40 a, <i>Art. 122 - Table 6, row 1</i>	707 519	Credit quality step 1 2 3 4 5 6	Credit quality step 1 2 3 4 5 6	Credit quality step 1 2 3 4 5 6
Art. 1, para. 1, point 40 a, <i>Art. 122 - Table 6, row 2</i>	708 520	Risk weight 20 % 50 % 75 % 100 % 150 % 150 %‘;	Risk weight 20 % 50 % 75 % 100 % 150 % 150 %‘;	Risk weight 20 % 50 % 75 % 100 % 150 % 150 %‘;
Art. 1, para. 1, point 40 b	709 521	(b) paragraph 2 is replaced by the following:	(b) paragraph 2 is replaced by the following:	(b) paragraph 2 is replaced by the following:
Art. 1, para. 1, point 40 b, <i>Art. 122 - para.</i>	710 522	‘Exposures for which such a credit assessment is not	‘Exposures for which such a credit assessment is not available shall be	‘Exposures for which such a credit assessment is not available shall be

		Commission Proposal	Council Mandate	EP Mandate
2		available shall be assigned a risk weight of 100 %.; ’	assigned a risk weight of 100 %.’;	assigned a risk weight of 100 %.; ’
Art. 1, para. 1, point 41	711 523	(41) the following Article 122a is inserted:	(41) the following Article 122a is inserted:	(41) the following Article 122a is inserted:
Art. 1, para. 1, point 41, <i>Art. 122a - title</i>	712 524	‘Article 122a Specialised lending exposures	‘Article 122a <i>Specialised lending exposures</i>	‘Article 122a Specialised lending exposures
Art. 1, para. 1, point 41, <i>Art. 122a - para. 1, intr. part</i>	713 525	1. Within the corporate exposure class laid down in Article 112, point (g), institutions shall separately identify as specialised lending exposures, exposures with all the following characteristics:	1. Within the corporate exposure class laid down in Article 112, point (g), institutions shall separately identify as specialised lending exposures, exposures with all the following characteristics:	1. Within the corporate exposure class laid down in Article 112, point (g), institutions shall separately identify as specialised lending exposures, exposures with all the following characteristics:
Art. 1, para. 1, point 41, <i>Art. 122a - para. 1 - point a</i>	714 526	(a) the exposure is to an entity which was created specifically to finance or operate physical assets or is an exposure that is economically comparable to such an exposure;	(a) the exposure is to an entity which was created specifically to finance or operate physical assets or is an exposure that is economically comparable to such an exposure;	(a) the exposure is to an entity which was created specifically to finance or operate physical assets or is an exposure that is economically comparable to such an exposure;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 1 - point b</i>	715 527	(b) the exposure is not secured by immovable property or otherwise related to the financing of real estate ;	(b) the exposure is not <del>secured by immovable property or otherwise</del> related to the financing of real estate <b><u>and is within the definitions of object finance, project finance or commodities finance exposures laid down in paragraph 3;</u></b>	(b) the exposure is not <b>■</b> related to the financing of real estate <b><i>and is within the definitions of object finance, project finance or commodities finance exposures laid down in paragraph 3;</i></b>
Art. 1, para. 1, point 41, <i>Art. 122a - para.</i>	716 528	(c) the contractual arrangements governing the	(c) the contractual arrangements governing the obligation related to the	(c) the contractual arrangements governing the obligation related to the

		Commission Proposal	Council Mandate	EP Mandate
<i>1 - point c</i>		obligation related to the exposure give the institution a substantial degree of control over the assets and the income that they generate;	exposure give the institution a substantial degree of control over the assets and the income that they generate;	exposure give the institution a substantial degree of control over the assets and the income that they generate;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 1 - point d</i>	717 529	(d) the primary source of repayment of the obligation related to the exposure is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise.	(d) the primary source of repayment of the obligation related to the exposure is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise.	(d) the primary source of repayment of the obligation related to the exposure is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise.
Art. 1, para. 1, point 41, <i>Art. 122a - para. 2, intr. part</i>	718 530	2. Specialised lending exposures for which a directly applicable credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 6aa:	2. Specialised lending exposures for which a directly applicable credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 6aa:	2. Specialised lending exposures for which a directly applicable credit assessment by a nominated ECAI is available shall be assigned a risk weight in accordance with Table 6aa:
Art. 1, para. 1, point 41, <i>Art. 122a - para. 2 - Table 6aa - heading</i>	719 531	<i>Table 6aa</i>	<i>Table 6aa</i>	<i>Table 6aa</i>
Art. 1, para. 1, point 41, <i>Art. 122a - para. 2, Table 6aa, Row 1</i>	720 532	Credit quality Step 1 2 3 4 5	Credit quality Step 1 2 3 4 5 <b>6</b>	Credit quality Step 1 2 3 4 5 <b>6</b>
Art. 1, para. 1, point 41, <i>Art. 122a - para. 2, Table 6aa, row 2</i>	721 533	Risk Weight 20 % 50 % 75 % 100 % 150 %	Risk Weight 20 % 50 % 75 % 100 % 150 % <b>150 %</b>	Risk Weight 20 % 50 % 75 % 100 % 150 % <b>150 %</b>

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3, intr. part</i>	722 534	3. Specialised lending exposures for which a directly applicable credit assessment is not available shall be risk weighted as follows:	3. Specialised lending exposures for which a directly applicable credit assessment is not available shall be risk weighted as follows:	3. Specialised lending exposures for which a directly applicable credit assessment is not available shall be risk weighted as follows:
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a, intr. part</i>	723 535	(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 third parties ('object finance exposures'), institutions shall apply the following risk weights:	(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 <del>by one or several third parties</del> ('object finance exposures'), institutions shall apply <b>a risk weight of 100 %</b> . <del>the following risk weights:</del>	(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 <b>█</b> ('object finance exposures'), institutions shall apply the following risk weights:
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, intr. part</i>	724 536	(i) 80 % where the exposure is deemed to be high quality when taking into account all of the following criteria:	<del>(i) 80 % where the exposure is deemed to be high quality when taking into account all of the following criteria:</del>	(i) 80 % where the exposure is deemed to be high quality when taking into account all of the following criteria:
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 1 - intro</i>	725 537	- the obligor can meet its financial obligations even under severely stressed conditions due to the presence of all of the following features:	<del>- the obligor can meet its financial obligations even under severely stressed conditions due to the presence of all of the following features:</del>	- the obligor can meet its financial obligations even under severely stressed conditions due to the presence of all of the following features:

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 1 - point 1</i>	726 538	• adequate exposure-to-value of the exposure;	<input type="checkbox"/> adequate exposure to value of the exposure;	• adequate exposure-to-value of the exposure;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 1 - point 2</i>	727 539	• conservative repayment profile of the exposure;	<input type="checkbox"/> conservative repayment profile of the exposure;	• conservative repayment profile of the exposure;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 1 - point 3</i>	728 540	• commensurate remaining lifetime of the assets upon full pay-out of the exposure or alternatively recourse to a protection provider with high creditworthiness;	<input type="checkbox"/> commensurate remaining lifetime of the assets upon full pay-out of the exposure or alternatively recourse to a protection provider with high creditworthiness;	• commensurate remaining lifetime of the assets upon full pay-out of the exposure or alternatively recourse to a protection provider with high creditworthiness;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 1 - point 4</i>	729 541	• 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;	<input type="checkbox"/> 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;	• 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;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 1 - point 5</i>	730 542	• the obligor has contractual restrictions over its activity and funding structure;	<input type="checkbox"/> the obligor has contractual restrictions over its activity and funding structure;	• the obligor has contractual restrictions over its activity and funding structure;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 1 - point 6</i>	731 543	• the obligor uses derivatives only for risk-mitigation purposes;	<input type="checkbox"/> the obligor uses derivatives only for risk-mitigation purposes;	• the obligor uses derivatives only for risk-mitigation purposes;
Art. 1, para. 1, point	732 544	• material operating risks are	<input type="checkbox"/> material operating risks are	• material operating risks are properly



		Commission Proposal	Council Mandate	EP Mandate
41, <i>Art. 122a - para. 3 - point a - point i, indent 1 - point 7</i>		properly managed;	<del>properly managed;</del>	managed;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 2 - intro</i>	733 545	- the contractual arrangements on the assets provide lenders with a high degree of protection including the following features:	<del>the contractual arrangements on the assets provide lenders with a high degree of protection including the following features:</del>	- the contractual arrangements on the assets provide lenders with a high degree of protection including the following features:
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 2 - point 1</i>	734 546	• the lenders have a legally enforceable first-ranking right over the assets financed, and, where applicable, over the income that they generate;	<input type="checkbox"/> <del>the lenders have a legally enforceable first-ranking right over the assets financed, and, where applicable, over the income that they generate;</del>	• the lenders have a legally enforceable first-ranking right over the assets financed, and, where applicable, over the income that they generate;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 2 - point 2</i>	735 547	• 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;	<input type="checkbox"/> <del>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;</del>	• 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;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 2 - point 3</i>	736 548	• where the asset is under construction, the lenders have a legally enforceable first-ranking right over the assets and the underlying construction contracts;	<input type="checkbox"/> <del>where the asset is under construction, the lenders have a legally enforceable first-ranking right over the assets and the underlying construction contracts;</del>	• where the asset is under construction, the lenders have a legally enforceable first-ranking right over the assets and the underlying construction contracts;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 3 - intro</i>	737 549	- the assets being financed meet all of the following standards to operate in a sound and effective manner:	<del>the assets being financed meet all of the following standards to operate in a sound and effective manner:</del>	- the assets being financed meet all of the following standards to operate in a sound and effective manner:
Art. 1, para. 1, point	738 550	• the technology and design	<input type="checkbox"/> <del>the technology and design of the</del>	• the technology and design of the asset

		Commission Proposal	Council Mandate	EP Mandate
41, <i>Art. 122a - para. 3 - point a - point i, indent 3 - point 1</i>		of the asset are tested;	<del>asset are tested;</del>	are tested;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 3 - point 2</i>	739 551	• all necessary permits and authorisations for the operation of the assets have been obtained;	<input type="checkbox"/> <del>all necessary permits and authorisations for the operation of the assets have been obtained;</del>	• all necessary permits and authorisations for the operation of the assets have been obtained;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point i, indent 3 - point 3</i>	740 552	• 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;	<input type="checkbox"/> <del>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;</del>	• 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;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point a - point ii</i>	741 553	(ii) 100 % where the exposure is not deemed to be high quality as referred to in point (i);	<del>(ii) 100 % where the exposure is not deemed to be high quality as referred to in point (i);</del>	(ii) 100 % where the exposure is not deemed to be high quality as referred to in point (i);
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point b</i>	742 554	(b) where the purpose of a specialised lending exposure is to provide for short-term financing of reserves, inventories or receivables of exchange-traded commodities, including crude oil, metals, or crops, and the income to be	(b) where the purpose of a specialised lending exposure is to provide for short-term financing of reserves, inventories or receivables of exchange-traded commodities, including crude oil, metals, or crops, and the income to be generated by those reserves, inventories or receivables is to be the	(b) where the purpose of a specialised lending exposure is to provide for short-term financing of reserves, inventories or receivables of exchange-traded commodities, including crude oil, metals, or crops, and the income to be generated by those reserves, inventories or receivables is to be the proceeds from

		Commission Proposal	Council Mandate	EP Mandate
		generated by those reserves, inventories or receivables is to be the proceeds from the sale of the commodity ('commodities finance exposures'), institutions shall apply a risk weight of 100 %;	proceeds from the sale of the commodity ('commodities finance exposures'), institutions shall apply a risk weight of 100 %;	the sale of the commodity ('commodities finance exposures'), institutions shall apply a risk weight of 100 %;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c, intr. part</i>	743 555	(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 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:	(c) where the purpose of a specialised lending exposure is to finance a project, <b><u>which can be in the form of financing the construction of a new capital installation, or refinancing of an existing installation, with or without improvements,</u></b> for the development or acquisition of large, complex and expensive installations, including power plants, chemical processing plants, mines, transportation infrastructure, environment, and telecommunications infrastructure <b><u>in which the lending institution looks primarily to the revenues generated by the project, both as the source of repayment and as security for the loan,</u></b> <del>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'),</del> institutions shall apply the following	(c) where the purpose of a specialised lending exposure is to finance a <b><i>single project, either in the form of construction of a new capital installation or refinancing of an existing installation, with or without improvements</i></b> for the development or acquisition of large, complex and expensive installations, including power plants, chemical processing plants, mines, transportation infrastructure, environment, and telecommunications infrastructure, <b><i>in which the lender looks primarily to the revenues generated by the financed project, both as the source of repayment and as security for the loan</i></b> ('project finance exposures'), institutions shall apply the following risk weights:

		Commission Proposal	Council Mandate	EP Mandate
			risk weights:	
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point i</i>	744 556	(i) 130 % where the project to which the exposure is related is in the pre-operational phase;	(i) 130 % where the project to which the exposure is related is in the pre-operational phase;	(i) 130 % where the project to which the exposure is related is in the pre-operational phase;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, intr. part</i>	745 557	(ii) provided that the adjustment to own funds requirements for credit risk referred to in Article 501a is not applied, 80 % where the project to which the exposure is related is in the operational phase and the exposure meets all of the following criteria:	(ii) provided that the adjustment to own funds requirements for credit risk referred to in Article 501a is not applied, 80 % where the project to which the exposure is related is in the operational phase and the exposure meets all of the following criteria:	(ii) provided that the adjustment to own funds requirements for credit risk referred to in Article 501a is not applied, 80 % where the project to which the exposure is related is in the operational phase and the exposure meets all of the following criteria:
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 1</i>	746 558	- there are contractual restrictions on the ability of the obligor to perform activities that may be detrimental to lenders, including the restriction that new debt cannot be issued without the consent of existing debt providers;	- there are contractual restrictions on the ability of the obligor to perform activities that may be detrimental to lenders, including the restriction that new debt cannot be issued without the consent of existing debt providers;	- there are contractual restrictions on the ability of the obligor to perform activities that may be detrimental to lenders, including the restriction that new debt cannot be issued without the consent of existing debt providers;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 2</i>	747 559	- 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	- the obligor has sufficient reserve funds fully funded in cash, or other financial arrangements, with <del>highly rated guarantors</del> <b>highly rated guarantors</b> to cover the contingency funding and working capital requirements over the lifetime of the project being financed;	- the obligor has sufficient reserve funds fully funded in cash, or other financial arrangements, with <b>guarantors with an ECAI rating with a credit quality step of at least 3, or, if not externally rated, are assigned with a rating equivalent to a step 3 or higher with the bank validated internal rating</b>

		Commission Proposal	Council Mandate	EP Mandate
		being financed;		<i>model</i> to cover the contingency funding and working capital requirements over the lifetime of the project being financed;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 3</i>	748 560	- the obligor generates cash flows that are predictable and cover all future loan repayments;	- the obligor <u>project to which the exposure is related</u> generates cash flows that are predictable and cover all future loan repayments;	- <i>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 construction is completed, the obligor is entitled, as long as 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;</i>
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 4 - intro</i>	749 561	- the source of repayment of the obligation depends on one main counterparty and that main counterparty is one of the following:	- the source of repayment of the obligation depends on one main counterparty and that main counterparty is one of the following:	<i>where the revenues of the obligor are not funded by payments from a large number of users, the source of repayment of the obligation depends on one main counterparty and that main counterparty is one of the following:</i>
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 4 - point 1</i>	750 562	• a central bank, a central government, a regional government or a local authority, provided that they	□ a central bank, a central government, a regional government or a local authority, provided that they are assigned a risk weight of 0 % in	• a central bank, a central government, a regional government or a local authority, provided that they are assigned a risk weight of 0 % in

		Commission Proposal	Council Mandate	EP Mandate
		are assigned a risk weight of 0 % in accordance with Articles 114 and 115, or are assigned an ECAI rating with a credit quality step of at least 3;	accordance with Articles 114 and 115, or are assigned an ECAI rating with a credit quality step of at least 3;	accordance with Articles 114 and 115, or are assigned an ECAI rating with a credit quality step of at least 3;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 4 - point 2</i>	751 563	<ul style="list-style-type: none"> <li>a public sector entity, provided that that entity is assigned a risk weight of 20 % or below in accordance with Article 116, or is assigned an ECAI rating with a credit quality step of at least 3;</li> </ul>	<ul style="list-style-type: none"> <li>a public sector entity, provided that that entity is assigned a risk weight of 20 % or below in accordance with Article 116, or is assigned an ECAI rating with a credit quality step of at least 3;</li> </ul>	<ul style="list-style-type: none"> <li>a public sector entity, provided that that entity is assigned a risk weight of 20 % or below in accordance with Article 116, or is assigned an ECAI rating with a credit quality step of at least 3, <b><i>or, if not externally rated, are assigned with a rating equivalent to a step 3 or higher with the bank validated internal rating model;</i></b></li> </ul>
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 4 - point 3</i>	752 564	<ul style="list-style-type: none"> <li>a corporate entity which has been assigned an ECAI rating with a credit quality step of at least 3.</li> </ul>	<ul style="list-style-type: none"> <li>a corporate entity which has been assigned an ECAI rating with a credit quality step of at least 3.</li> </ul>	<ul style="list-style-type: none"> <li>a corporate entity which has been assigned an ECAI rating with a credit quality step of at least 3, <b><i>or, if not externally rated, are assigned with a rating equivalent to a step 3 or higher with the bank validated internal rating model.</i></b></li> </ul>
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 5</i>	753 565	- the contractual provisions governing the exposure to the obligor provide for a high degree of protection for the lending institution in case of a default of the obligor;	- the contractual provisions governing the exposure to the obligor provide for a high degree of protection for the lending institution in case of a default of the obligor;	- the contractual provisions governing the exposure to the obligor provide for a high degree of protection for the lending institution in case of a default of the obligor;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 6</i>	754 566	- the contractual arrangements effectively protect the lending institution	- the <del>contractual arrangements</del> <b><u>main counterparty or other counterparties which similarly</u></b>	- the <b><i>main counterparty or other counterparties which meet the eligibility criteria for the main</i></b>

		Commission Proposal	Council Mandate	EP Mandate
		against losses resulting from the termination of the project;	<b><u>comply with the eligibility criteria for the main counterparty</u></b> effectively protect the lending institution against losses resulting from the termination of the project;	<b>counterparty</b> effectively protect the lending institution against losses resulting from the termination of the project;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 7</i>	755 567	- all assets and contracts necessary to operate the project have been pledged to the lending institution to the extent permitted by applicable law;	- all assets and contracts necessary to operate the project have been pledged to the lending institution to the extent permitted by applicable law;	- all assets and contracts necessary to operate the project have been pledged to the lending institution to the extent permitted by applicable law;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point ii, indent 8</i>	756 568	- equity is pledged to the lending institution such that they are able to take control of the obligor entity upon default;	- <del>equity is pledged to the lending institution such that they are</del> <b>is</b> able to take control of the obligor entity <del>upon</del> <b>in case of a default event</b> ;	- <del>the lending institution</del> <b>is</b> able to take control of the obligor entity <b>in case of a default event</b> ;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point c - point iii</i>	757 569	(iii) 100 % where the project to which the exposure is related is in the operational phase and the exposure does not meet the conditions laid down in point (ii) of this subparagraph;	(iii) 100 % where the project to which the exposure is related is in the operational phase and the exposure does not meet the conditions laid down in point (ii) of this subparagraph;	(iii) 100 % where the project to which the exposure is related is in the operational phase and the exposure does not meet the conditions laid down in point (ii) of this subparagraph;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point d, intr. part</i>	758 570	(d) for the purposes of point (c)(ii), third indent, the cash flows generated shall not be considered predictable unless a substantial part of the revenues satisfies one or more of the following conditions:	(d) for the purposes of point (c)(ii), third indent, the cash flows generated shall not be considered predictable unless a substantial part of the revenues satisfies one or more of the following conditions:	(d) for the purposes of point (c)(ii), third indent, the cash flows generated shall not be considered predictable unless a substantial part of the revenues satisfies one or more of the following conditions:

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point d - point i</i>	759 571	(i) the revenues are availability-based;	(i) the revenues are availability-based;	(i) the revenues are availability-based;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point d - point ii</i>	760 572	(ii) the revenues are subject to a rate-of-return regulation;	(ii) the revenues are subject to a rate-of-return regulation;	(ii) the revenues are subject to a rate-of-return regulation;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point d - point iii</i>	761 573	(iii) the revenues are subject to a take-or-pay contract;	(iii) the revenues are subject to a take-or-pay contract;	(iii) the revenues are subject to a take-or-pay contract;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point e - intro</i>	762 574	(e) for the purposes of point (c), the operational phase shall mean the phase in which the entity that was specifically created to finance the project meets both of the following conditions:	(e) for the purposes of point (c), the operational phase shall mean the phase in which the entity that was specifically created to finance the project <b><u>or that is economically comparable</u></b> meets both of the following conditions:	(e) for the purposes of point (c), the operational phase shall mean the phase in which the entity that was specifically created to finance the project, <b><i>or that is economically comparable</i></b> , meets both of the following conditions:
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point e - point i</i>	763 575	(i) the entity has a positive net cash flow that is sufficient to cover any remaining contractual obligation;	(i) the entity has a positive net cash flow that is sufficient to cover any remaining contractual obligation;	(i) the entity has a positive net cash flow that is sufficient to cover any remaining contractual obligation;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 3 - point e - point ii</i>	764 576	(ii) the entity has a declining long term debt.	(ii) <del>the entity has a declining long term debt</del> <b><u>the entity has a declining long term debt.</u></b>	(ii) the entity has a declining long term debt.
Art. 1, para. 1, point 41, <i>Art. 122a - para. 4 - subpara. 1</i>	765 577	4. EBA shall develop draft regulatory technical standards specifying in further detail the conditions under which the criteria set out in paragraph 3, point (a)(i) and point (c)(ii),	4. EBA shall develop draft regulatory technical standards specifying in further detail the conditions under which the criteria set out in paragraph 3, point (a)(i) and point (c)(ii), are met.	4. EBA shall develop draft regulatory technical standards specifying in further detail the conditions under which the criteria set out in paragraph 3, point (a)(i) and point (c)(ii), are met.



		Commission Proposal	Council Mandate	EP Mandate
		are met.		
Art. 1, para. 1, point 41, <i>Art. 122a - para. 4 - subpara. 2</i>	766 578	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 1 year after the date of entry into force of this Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 1 year after the date of entry into force of this Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert the date = 1 year after the date of entry into force of this Regulation].
Art. 1, para. 1, point 41, <i>Art. 122a - para. 4 - subpara. 3</i>	767 579	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;
Art. 1, para. 1, point 41, <i>Art. 122a - para. 5, intr. part (New)</i>	768 580		<b><u>5. By 31 december 2026, EBA shall report on the following to the Commission:</u></b>	
Art. 1, para. 1, point 41, <i>Art. 122a - para. 5 - point a (New)</i>	769 581		<b><u>(a) an analysis of the evolution of the trends and conditions in markets for object finance and of the impact of the new framework in terms of increased capital requirements for corresponding projects;</u></b>	
Art. 1, para. 1, point 41, <i>Art. 122a - para. 5 - point b (New)</i>	770 582		<b><u>(b) an analysis of the effective riskiness of the object finance exposures over a full economic cycle;</u></b>	
Art. 1, para. 1, point 41, <i>Art. 122a - para.</i>	771 583		<b><u>(c) an analysis on the appropriateness to define a sub-</u></b>	

		Commission Proposal	Council Mandate	EP Mandate
5 - point c - para. 1 (New)			<b><u>group of “high quality object finance” and to assign to this sub-group of exposures a specific prudential treatment, under specific conditions, that would better reflect their lower level of risk, as it is done with the high quality project finance in paragraph 3, point (c)(ii),</u></b>	
Art. 1, para. 1, point 41, Art. 122a - para. 5 - point c - para. 2 (New)	772 584		<b><u>On the basis of that report, the Commission shall, where appropriate, submit to the European Parliament and to the Council a legislative proposal by 31 december 2028.’;</u></b>	
Art. 1, para. 1, point 42	773 585	(42) Article 123 is replaced by the following:	(42) Article 123 is replaced by the following:	(42) Article 123 is replaced by the following:
Art. 1, para. 1, point 42, Art. 123 - title .	774 586	‘Article 123 <b>Retail exposures</b>	‘Article 123 <b>Retail exposures</b>	‘Article 123 <b>Retail exposures</b>
Art. 1, para. 1, point 42, Art. 123, para. 1, intr. part	775 587	1. Exposures that comply with all of the following criteria shall be considered retail exposures:	1. Exposures that comply with all of the following criteria shall be considered retail exposures:	1. Exposures that comply with all of the following criteria shall be considered retail exposures:
Art. 1, para. 1, point 42, Art. 123, para. 1 - point a, intr. part	776 588	(a) the exposure is either of the following:	(a) the exposure is <b><u>an exposure to one or more natural persons or an exposure to an SME within the meaning of Article 5, point (8)</u></b> ; either of the following:	(a) the exposure is <b><i>an exposure to one or more natural persons or an exposure to a SME within the meaning of Article 5, point (8)</i></b> ;
Art. 1, para. 1, point	777 589	(i) an exposure to one or more	<del>(i) an exposure to one or more natural</del>	█

		Commission Proposal	Council Mandate	EP Mandate
42, Art. 123, para. 1 - point a - subpoint i		natural persons;	persons;	
Art. 1, para. 1, point 42, Art. 123, para. 1 - point a - point ii	778 590	(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;	<del>(ii) an exposure to an SME within the meaning of Article 5, point (8),</del> 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 <b>referred to in Article 4, paragraph 1, point (75d)</b> , 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;	<b>(aa) 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;</b>
Art. 1, para. 1, point 42, Art. 123, para. 1 - point b	779 591	(b) the exposure represents one of a significant number of exposures with similar characteristics, such that the risks associated with such exposure are substantially reduced;	<del>(b)</del> the exposure represents one of a significant number of exposures with similar characteristics, such that the risks associated with such exposure are substantially reduced;	(b) the exposure represents one of a significant number of exposures with similar characteristics, such that the risks associated with such exposure are substantially reduced;
Art. 1, para. 1, point 42, Art. 123, para. 1 - point c - para. 1	780 592	(c) the institution concerned treats the exposure in its risk management framework and manages the exposure internally as retail exposure consistently over time and in a	<del>(c)</del> the institution concerned treats the exposure in its risk management framework and manages the exposure internally as retail exposure consistently over time and in a manner that is similar to the treatment by the	(c) the institution concerned treats the exposure in its risk management framework and manages the exposure internally as retail exposure consistently over time and in a manner that is similar to the treatment by the institution of

		Commission Proposal	Council Mandate	EP Mandate
		manner that is similar to the treatment by the institution of other retail exposures.	institution of other retail exposures	other retail exposures.
Art. 1, para. 1, point 42, <i>Art. 123, para. 1 - subpara. 2</i>	781 593	The present value of retail minimum lease payments shall be eligible for the retail exposure class.	The present value of retail minimum lease payments shall be eligible for the retail exposure class.	The present value of retail minimum lease payments shall be eligible for the retail exposure class.
Art. 1, para. 1, point 42, <i>Art. 123, para. 1 - subpara. 3.</i>	782 594	EBA shall issue guidelines, in accordance with Article 16 of Regulation (EU) No 1093/2010, to specify proportionate diversification methods under which an exposure is to be considered as one of a significant number of similar exposures as specified in point (b), by [OP please insert the date = 1 year after entry into force of this Regulation].	<del>EBA shall issue guidelines, in accordance with Article 16 of Regulation (EU) No 1093/2010, to specify proportionate diversification methods under which an exposure is to be considered as one of a significant number of similar exposures as specified in point (b), by [OP please insert the date = 1 year after entry into force of this Regulation].</del>	EBA shall issue guidelines, in accordance with Article 16 of Regulation (EU) No 1093/2010, to specify proportionate diversification methods under which an exposure is to be considered as one of a significant number of similar exposures as specified in point (b), by [OP please insert the date = 1 year after entry into force of this Regulation].
Art. 1, para. 1, point 42, <i>Art. 123, para. 1 - subpara.4 (new)</i>	783			<b><i>Where any of these criteria are not met for an exposure to one or more natural persons, the exposure shall be considered retail exposure and the risk weight shall be 100%.</i></b>
Art. 1, para. 1, point 42, <i>Art. 123, para. 2, intr. part</i>	784 595	2. The following exposures shall not be considered to be retail exposures:	2. The following exposures shall not be considered to be retail exposures:	2. The following exposures shall not be considered to be retail exposures:

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 42, <i>Art. 123, para. 2 - point a</i>	785 596	(a) non-debt exposures conveying a subordinated, residual claim on the assets or income of the issuer;	(a) non-debt exposures conveying a subordinated, residual claim on the assets or income of the issuer;	(a) non-debt exposures conveying a subordinated, residual claim on the assets or income of the issuer;
Art. 1, para. 1, point 42, <i>Art. 123, para. 2 - point b</i>	786 597	(b) debt exposures and other securities, partnerships, derivatives, or other vehicles, the economic substance of which is similar to the exposures specified in point (a);	(b) debt exposures and other securities, partnerships, derivatives, or other vehicles, the economic substance of which is similar to the exposures specified in point (a);	(b) debt exposures and other securities, partnerships, derivatives, or other vehicles, the economic substance of which is similar to the exposures specified in point (a);
Art. 1, para. 1, point 42, <i>Art. 123, para. 2 - point c</i>	787 598	(c) all other exposures in the form of securities.	(c) all other exposures in the form of securities.	(c) all other exposures in the form of securities.
Art. 1, para. 1, point 42, <i>Art. 123, para. 3</i>	788 599	3. Retail exposures as referred to in paragraph 1 shall be assigned a risk weight of 75 %, with the exception of transactor exposures, which shall be assigned a risk weight of 45 %.	3. Retail exposures as referred to in paragraph 1 shall be assigned a risk weight of 75 %, with the exception of transactor exposures, which shall be assigned a risk weight of 45 %.	3. Retail exposures as referred to in paragraph 1 shall be assigned a risk weight of 75 %, with the exception of transactor exposures, which shall be assigned a risk weight of 45 %.
Art. 1, para. 1, point 42, <i>Art. 123, para. 4 (New)</i>	789 600		<b><u>4. An exposure to one or more natural persons that is not a retail exposure pursuant to paragraph 1 shall be assigned a risk weight of 100 %.</u></b>	
Art. 1, para. 1, point 42, <i>Art. 123, para. 4, intr. part</i>	790 601	4. By way of derogation from paragraph 3, exposures due to loans granted by an institution to pensioners or employees	<del>4.</del> <b>5.</b> By way of derogation from paragraph 3, exposures due to loans granted by an institution to pensioners or employees with a permanent	4. By way of derogation from paragraph 3, exposures due to loans granted by an institution to pensioners or employees with a permanent contract against the

		<b>Commission Proposal</b>	<b>Council Mandate</b>	<b>EP Mandate</b>
		with a permanent contract against the unconditional transfer of part of the borrower's pension or salary to that institution shall be assigned a risk weight of 35 %, provided that all the following conditions are met:	contract against the unconditional transfer of part of the borrower's pension or salary to that institution shall be assigned a risk weight of 35 %, provided that all the following conditions are met	unconditional transfer of part of the borrower's pension or salary to that institution shall be assigned a risk weight of 35 %, provided that all the following conditions are met:
Art. 1, para. 1, point 42, <i>Art. 123, para. 4 - point a</i>	791 602	(a) to repay the loan, the borrower unconditionally authorises the pension fund or employer to make direct payments to the institution by deducting the monthly payments on the loan from the borrower's monthly pension or salary;	(a) to repay the loan, the borrower unconditionally authorises the pension fund or employer to make direct payments to the institution by deducting the monthly payments on the loan from the borrower's monthly pension or salary;	(a) to repay the loan, the borrower unconditionally authorises the pension fund or employer to make direct payments to the institution by deducting the monthly payments on the loan from the borrower's monthly pension or salary;
Art. 1, para. 1, point 42, <i>Art. 123, para. 5 - b</i>	792 603	(b) the risks of death, inability to work, unemployment or reduction of the net monthly pension or salary of the borrower are properly covered through an insurance policy to the benefit of the institution;	(b) the risks of death, inability to work, unemployment or reduction of the net monthly pension or salary of the borrower are properly covered through an insurance policy to the benefit of the institution;	(b) the risks of death, inability to work, unemployment or reduction of the net monthly pension or salary of the borrower are properly covered through an insurance policy to the benefit of the institution;
Art. 1, para. 1, point 42, <i>Art. 123, para. 4 - point c</i>	793 604	(c) the monthly payments to be made by the borrower on all loans that meet the conditions set out in points (a) and (b) do not in aggregate exceed 20 % of the borrower's net monthly pension or salary;	(c) the monthly payments to be made by the borrower on all loans that meet the conditions set out in points (a) and (b) do not in aggregate exceed 20 % of the borrower's net monthly pension or salary;	(c) the monthly payments to be made by the borrower on all loans that meet the conditions set out in points (a) and (b) do not in aggregate exceed 20 % of the borrower's net monthly pension or salary;

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 42, <i>Art. 123, para. 4 - point d</i>	794 605	(d) the maximum original maturity of the loan is equal to or less than ten years.;	(d) the maximum original maturity of the loan is equal to or less than ten years.;	(d) the maximum original maturity of the loan is equal to or less than ten years.;
Art. 1, para. 1, point 43	795 606	(43) the following Article 123a is inserted:	(43) the following Article 123a is inserted:	(43) the following Article 123a is inserted:
Art. 1, para. 1, point 43, <i>Art. 123 - title</i>	796 607	‘Article 123a <b>Exposures with a currency mismatch</b>	‘Article 123a <b><i>Exposures with a currency mismatch</i></b>	‘Article 123a <b>Exposures with a currency mismatch</b>
Art. 1, para. 1, point 43, <i>Art. 123, para. 1, intr. part</i>	797 608	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. <b><u>For exposures to natural persons that are assigned to the retail exposure class or exposures to natural persons that qualify as exposures secured by mortgages on residential property</u></b> 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. <b><i>Where the following conditions are met for an exposure to natural person or for an exposure to natural persons which is assigned to the exposure classes 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 exposure</i></b> 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:
Art. 1, para. 1, point 43, <i>Art. 123, para. 1 - point a</i>	798 609	(a) the exposure is due to a loan denominated in a currency which is different from the currency of the obligor's source of income;	(a) the exposure is <del>due to a loan</del> denominated in a currency which is different from the currency of the obligor's source of income;	(a) the exposure is a loan denominated in a currency which is different from the currency of the obligor's source of income;

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 43, <i>Art. 123, para. 1 - point b - para.1</i>	799 610	(b) the obligor does not have a hedge for its payment risk due to the currency mismatch, either by a financial instrument or foreign currency income that matches the currency of the exposure, or the total of such hedges available to the borrower cover less than 90 % of any instalment for this exposure.	(b) the obligor does not have a hedge for its payment risk due to the currency mismatch, either by a financial instrument or foreign currency income that matches the currency of the exposure, or the total of such hedges available to the borrower cover less than 90 % of <del>any</del> <b>all</b> instalment for this exposure.	(b) the obligor does not have a hedge for its payment risk due to the currency mismatch, either by a financial instrument or foreign currency income that matches the currency of the exposure, or the total of such hedges available to the borrower cover less than 90 % of any instalment for this exposure.
Art. 1, para. 1, point 43, <i>Art. 123, para. 1, subpara.2</i>	800 611	Where an institution is unable to single out those exposures with a currency mismatch, the risk weight multiplier of 1,5 shall apply to all unhedged exposures where the currency of the exposures is different from the domestic currency of the country of residence of the obligor.	Where an institution is unable to single out those exposures with a currency mismatch, the risk weight multiplier of 1,5 shall apply to all unhedged exposures where the currency of the exposures is different from the domestic currency of the country of residence of the obligor.	Where an institution is unable to single out those exposures with a currency mismatch, the risk weight multiplier of 1,5 shall apply to all unhedged exposures where the currency of the exposures is different from the domestic currency of the country of residence of the obligor.
Art. 1, para. 1, point 43, <i>Art. 123, para. 2</i>	801 612	2. For the purposes of this Article, source of income refers to any source that generates cash flows to the obligor, including from remittances, rental incomes or salaries, whilst excluding proceeds from selling assets or similar recourse actions by the institution.; ’	2. For the purposes of this Article, source of income refers to any source that generates cash flows to the obligor, including from remittances, rental incomes or salaries, whilst excluding proceeds from selling assets or similar recourse actions by the institution.²;	2. For the purposes of this Article, source of income refers to any source that generates cash flows to the obligor, including from remittances, rental incomes or salaries, whilst excluding proceeds from selling assets or similar recourse actions by the institution.; ’



		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 43, <i>Art. 123, para. 3, (New)</i>	802 613		<b><u>3. By derogation to the first paragraph, when the pair of currencies mentioned in point (a) of the first paragraph is composed of the euro and the currency of a Member State participating in the second stage of the economic and monetary union (ERM II), the multiplying factor of 1,5 shall not apply.;</u></b>	
Art. 1, para. 1, point 44	803 614	(44) Article 124 is replaced by the following:	(44) Article 124 is replaced by the following:	(44) Article 124 is replaced by the following:
Art. 1, para. 1, point 44, <i>Art. 124 - title</i>	804 615	‘Article 124 <b>Exposures secured by mortgages on immovable property</b>	‘Article 124 <i>Exposures secured by mortgages on immovable property</i>	‘Article 124 <b>Exposures secured by mortgages on immovable property</b>
Art. 1, para. 1, point 44, <i>Art. 124, para. 1, intr. part</i>	805 616	1. A non-ADC exposure that does not meet all of the conditions laid down in paragraph 3 shall be treated as follows:	1. A non-ADC exposure that does not meet all of the conditions laid down in paragraph 3 shall be treated as follows:	1. A non-ADC exposure that does not meet all of the conditions laid down in paragraph 3 shall be treated as follows:
Art. 1, para. 1, point 44, <i>Art. 124, para. 1 - point a</i>	806 617	(a) a non-IPRE exposure shall be treated as an exposure not secured by the immovable property concerned;	(a) a non-IPRE exposure shall be <del>treated</del> <b>risk weighted</b> as an exposure not secured by the immovable property concerned;	(a) a non-IPRE exposure shall be treated as an exposure not secured by the immovable property concerned;
Art. 1, para. 1, point 44, <i>Art. 124, para. 1 - point b</i>	807 618	(b) an IPRE exposure shall be risk-weighted at 150 %.	(b) an IPRE exposure shall be risk-weighted at 150 %.	(b) an IPRE exposure shall be risk-weighted at 150 %.

		Commission Proposal	Council Mandate	EP Mandate
	808		<b>1a. Any part of a non-ADC exposure that exceeds the nominal amount of the lien securing the exposure, but where for the part of the exposure up to the nominal amount of the lien the conditions in paragraph 3 are met, shall be treated according to paragraph 1.</b>	
Art. 1, para. 1, point 44, <i>Art. 124, para. 2, intr. part</i>	809 619	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:	2. A non-ADC exposure secured by an immovable property, where all the conditions laid down in paragraph 3 are met <del>and</del> , shall be treated as follows:	2. A non-ADC exposure secured by an immovable property, where all of the conditions laid down in paragraph 3 are met <b>■</b> , shall be treated as follows:
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point a, intr. part</i>	810 620	(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:	(a) where the exposure is secured by a residential property, the exposure <del>shall not qualify as an IPRE exposure and</del> shall be treated in accordance with Article 125(1) where the exposure meets any of the following conditions:	(a) where the exposure is secured by a <b>non-IPRE</b> residential property <b>or is secured by a IPRE residential property that meets any of the following conditions</b> , 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:
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point a - subpoint i</i>	811 621	(i) the immovable property securing the exposure is the obligor's primary residence, either where the immovable property as a whole constitutes	(i) the <b>income producing</b> immovable property securing the exposure is the obligor's primary residence, either where the immovable property as a whole constitutes a single housing unit	(i) the <b>income-producing</b> immovable property securing the exposure is the obligor's primary residence, either where the immovable property as a whole constitutes a single housing unit

		Commission Proposal	Council Mandate	EP Mandate
		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 where the <del>immovable property securing the exposure</del> is a housing unit that is a separated part within an immovable property;	or where the immovable property securing the exposure is a housing unit that is a separated part within an immovable property;
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point a - subpoint ii</i>	812 622	(ii) the exposure is to an individual and is secured by an income-producing residential housing unit, either where the immovable property as a whole constitutes a single housing unit or where the housing unit is a separated part within the immovable property, and total exposures of the institution to that individual are not secured by more than four immovable properties, including those which are not residential properties or which do not meet any of the criteria in this point, or separate housing units within immovable properties;	(ii) the exposure is to <del>an individual</del> <b>a natural person</b> and is secured by an income-producing residential housing unit, either where the immovable property as a whole constitutes a single housing unit or where the housing unit is a separated part within the immovable property, and total exposures of the institution to that <b>natural person</b> are not secured by more than four immovable properties, including those which are not residential properties or which do not meet any of the criteria in this point, or separate housing units within immovable properties;	(ii) the exposure is to <b>a natural person</b> and is secured by an income-producing residential housing unit, either where the immovable property as a whole constitutes a single housing unit or where the housing unit is a separated part within the immovable property, and total exposures of the institution to that <b>natural person</b> are not secured by more than four immovable properties, including those which are not residential properties or which do not meet any of the criteria in this point, or separate housing units within immovable properties;
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point a - subpoint iii</i>	813 623	(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	(iii) the exposure secured by residential property is to associations or cooperatives of <b>natural persons</b> <del>individuals</del> that are regulated by law and solely exist to grant their members the use of a primary residence in the property securing the loans;	(iii) the exposure secured by <b>an income-producing</b> residential property is to associations or cooperatives of <b>natural persons</b> that are regulated by law and solely exist to grant their members the use of a primary residence in the property securing the loans;

		Commission Proposal	Council Mandate	EP Mandate
		property securing the loans;		
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point a - subpoint iv</i>	814 624	(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;	(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;	(iv) the exposure is secured by <b><i>an income producing</i></b> 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;
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point a - subpoint v (New)</i>	815 625		<b><u>(v) the exposure is a non-IPRE exposure;</u></b>	
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point b</i>	816 626	(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 <del>(iv)</del> <b><u>(v)</u></b> , the exposure shall be treated in accordance with Article 125(2);	(b) where the exposure is secured by residential property and <b><i>either an IPRE exposure or</i></b> 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);
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point c, intr. part</i>	817 627	(c) where the exposure is secured by a commercial immovable property, the exposure shall be treated as follows:	(c) where the exposure is secured by a commercial immovable property, the exposure shall be treated as follows:	(c) where the exposure is secured by a commercial immovable property, the exposure shall be treated as follows:
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point c - subpoint i</i>	818 628	(i) a non-IPRE exposure shall be treated in accordance with Article 126(1);	(i) a non-IPRE exposure shall be treated in accordance with Article 126(1);	(i) a non-IPRE exposure shall be treated in accordance with Article 126(1);

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 44, <i>Art. 124, para. 2 - point c - subpoint ii</i>	819 629	(ii) an IPRE exposure shall be treated in accordance with Article 126(2).	(ii) an IPRE exposure shall be treated in accordance with Article 126(2).	(ii) an IPRE exposure shall be treated in accordance with Article 126(2).
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 , intr. part</i>	820 630	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 conditions:	3. In order to be eligible for the treatment <del>laid down in paragraph 2</del> <b>in Article 125 or Article 126</b> , an exposure secured by an immovable property shall fulfil all of the following conditions:	3. In order to be eligible for the treatment laid down in <b>Article 125(1), point (a), or Article 126(1), point (a)</b> , an exposure secured by an immovable property shall fulfil all of the following conditions:
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 - point a, intr. part</i>	821 631	(a) the immovable property securing the exposure meets any of the following conditions:	(a) the immovable property securing the exposure meets any of the following conditions:	(a) the immovable property securing the exposure meets any of the following conditions:
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 - point a - subpoint i</i>	822 632	(i) the immovable property has been fully completed;	(i) the immovable property has been fully completed;	(i) the immovable property has been fully completed;
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 - point a - subpoint ii</i>	823 633	(ii) the immovable property is forest or agricultural land;	(ii) the immovable property is forest or agricultural land;	(ii) the immovable property is forest or agricultural land;
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 - point a - subpoint iii, intr. part</i>	824 634	(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	(iii) the <b>lending is to a natural person and the</b> immovable property is <b>either</b> residential property under construction or it is land upon which a residential property is planned to be constructed where that plan has been <b>legally</b> approved by all <b>relevant</b> authorities, <b>as applicable</b> , <del>concerned</del> and where any of the following conditions is met:	(iii) <b>the lending is to a natural person and</b> the immovable property is <b>either a</b> residential property under construction or it is land upon which a residential property is planned to be constructed where that plan has been <b>legally</b> approved by all <b>relevant</b> authorities, <b>as applicable</b> , concerned and where any of the following conditions is met:

		Commission Proposal	Council Mandate	EP Mandate
		met:		
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 - point a - subpoint iii, indent 1</i>	825 635	- the property does not have more than four residential housing units and will be the primary residence of the obligor and the lending to the individual is not indirectly financing ADC exposures;	– the <b>immovable</b> property <b>securing the exposure</b> does not have more than four residential housing units and will be the primary residence of the obligor, <b>either where that immovable property as a whole constitutes a single housing unit or where the housing unit is a separated part within that immovable property,</b> and the lending to the <b>natural person individual</b> is not indirectly financing ADC exposures;	– the property does not have more than four residential housing units and will be the primary residence of the obligor and the lending to the <b>natural person</b> is not indirectly financing ADC exposures;
Art. 1, para. 1, point (44), <i>Art. 124, para. 3 - point a - subpoint iii - indent 2</i>	826 636	- a central government, regional government or local authority or a public sector entity, exposures to which are treated in accordance with Articles 115(2) and 116(4), respectively, has the legal powers and ability to ensure that the property under construction will be finished within a reasonable time frame and is required to or has committed in a legally binding manner to do so where the construction would otherwise not be finished within a reasonable time frame;	– a central government, regional government or local authority or a public sector entity, exposures to which are treated in accordance with Articles 115(2) and 116(4), respectively, has the legal powers and ability to ensure that the property under construction will be finished within a reasonable time frame and is required to or has committed in a legally binding manner to do so where the construction would otherwise not be finished within a reasonable time frame. <b>Alternatively there is an equivalent legal mechanism in place to ensure that the property under construction will be finished within a reasonable time frame;</b>	– a central government, regional government or local authority or a public sector entity, exposures to which are treated in accordance with Articles 115(2) and 116(4), respectively, has the legal powers and ability to ensure that the property under construction will be finished within a reasonable time frame and is required to or has committed in a legally binding manner to do so where the construction would otherwise not be finished within a reasonable time frame. <b>Alternatively, there is an equivalent legal mechanism to ensure that the property under construction is completed within a reasonable timeframe;</b>

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 - point b</i>	827 637	(b) the exposure is secured by a first lien held by the institution on the immovable property, or the institution holds the first lien and any sequentially lower ranking lien on that property;	(b) the exposure is secured by a first lien held by the institution on the immovable property, or the institution holds the first lien and any sequentially lower ranking lien on that property;	(b) the exposure is secured by a first lien held by the institution on the immovable property, or the institution holds the first lien and any sequentially lower ranking lien on that property;
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 - point c</i>	828 638	(c) the property value is not materially dependent upon the credit quality of the obligor;	(c) the property value is not materially dependent upon the credit quality of the obligor;	(c) the property value is not materially dependent upon the credit quality of the obligor;
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 - point d</i>	829 639	(d) all the information required at origination of the exposure and for monitoring purposes is properly documented, including information on the ability of the obligor to repay and on the valuation of the property;	(d) all the information required at origination of the exposure and for monitoring purposes is properly documented, including information on the ability of the obligor to repay and on the valuation of the property. <b><u>In order to assess the ability of the borrower to repay, institutions shall put in place underwriting policies that include the relevant metrics for this assessment and their respective maximum levels and obtain suitable evidence of the borrower's relevant income when granting the loan;</u></b>	(d) all the information required at origination of the exposure and for monitoring purposes is properly documented, including information on the ability of the obligor to repay and on the valuation of the property;
Art. 1, para. 1, point 44, <i>Art. 124, para. 3 - point e</i>	830 640	(e) the requirements set out in Article 208 are met and the valuation rules set out in Article 229(1) are complied with.	(e) the requirements set out in Article 208 are met and the valuation rules set out in Article 229(1) are complied with.	(e) the requirements set out in Article 208 are met and the valuation rules set out in Article 229(1) are complied with.
Art. 1, para. 1, point	831 641	For the purposes of point (c),	For the purposes of point (c),	For the purposes of point (c), institutions

		Commission Proposal	Council Mandate	EP Mandate
44, <i>Art. 124, para. 3 - subpara. 2.</i>		institutions may exclude situations where purely macro-economic factors affect both the value of the property and the performance of the obligor.	institutions may exclude situations where purely macro-economic factors affect both the value of the property and the performance of the obligor.	may exclude situations where purely macro-economic factors affect both the value of the property and the performance of the obligor.
Art. 1, para. 1, point 44, <i>Art. 124, para. 4 - subpara.1</i>	832 642	4. By way of derogation from paragraph 3, point (b), in jurisdictions where junior liens provide the holder with a claim on collateral that is legally enforceable and constitutes an effective credit risk mitigant, junior liens held by an institution other than the one holding the senior lien may also be recognised, including where the institution does not hold the senior lien or does not hold a lien ranking between a more senior lien and a more junior lien both held by the institution.	4. By way of derogation from paragraph 3, point (b), in jurisdictions where junior liens provide the holder with a claim on collateral that is legally enforceable and constitutes an effective credit risk mitigant, junior liens held by an institution other than the one holding the senior lien may also be recognised, including where the institution does not hold the senior lien or does not hold a lien ranking between a more senior lien and a more junior lien both held by the institution.	4. By way of derogation from paragraph 3, point (b), in jurisdictions where junior liens provide the holder with a claim on collateral that is legally enforceable and constitutes an effective credit risk mitigant, junior liens held by an institution other than the one holding the senior lien may also be recognised, including where the institution does not hold the senior lien or does not hold a lien ranking between a more senior lien and a more junior lien both held by the institution.
Art. 1, para. 1, point 44, <i>Art. 124, para. 4 - subpara.2 (new)</i>	833		<b><u>Liens that satisfy all eligibility requirements set out in this paragraph or in paragraph 3 can be recognised as such even for exposures associated with undrawn facilities. Where drawing under the facility is conditional on the prior or simultaneous filing of a lien to the extent of the institution's interest in the lien once the facility is drawn,</u></b>	



		Commission Proposal	Council Mandate	EP Mandate
			<b><u>such that the institution does not have any interest in the lien to the extent the facility is not drawn, such lien can be recognised for the exposure arising from the undrawn facility.</u></b>	
Art. 1, para. 1, point 44, <i>Art. 124, para. 4 - subpara. 2</i>	834 643	For the purposes of the first subparagraph, the rules governing the liens shall ensure all of the following:	For the purposes of the first subparagraph, the rules governing the liens shall ensure all of the following:	For the purposes of the first subparagraph, the rules governing the liens shall ensure all of the following:
Art. 1, para. 1, point 44, <i>Art. 124, para. 4 - subpara. 2 - point a</i>	835 644	(a) each institution holding a lien on a property can initiate the sale of the property independently from other entities holding a lien on the property;	(a) each institution holding a lien on a property can initiate the sale of the property independently from other entities holding a lien on the property;	(a) each institution holding a lien on a property can initiate the sale of the property independently from other entities holding a lien on the property;
Art. 1, para. 1, point 44, <i>Art. 124, para. 4 - subpara. 2 - point b</i>	836 645	(b) where the sale of the property is not carried out by means of a public auction, entities holding a senior lien take reasonable steps to obtain a fair market value or the best price that may be obtained in the circumstances when exercising any power of sale on their own;	(b) where the sale of the property is not carried out by means of a public auction, entities holding a senior lien take reasonable steps to obtain a fair market value or the best price that may be obtained in the circumstances when exercising any power of sale on their own;	(b) where the sale of the property is not carried out by means of a public auction, entities holding a senior lien take reasonable steps to obtain a fair market value or the best price that may be obtained in the circumstances when exercising any power of sale on their own;
Art. 1, para. 1, point 44, <i>Art. 124, para. 5, intr. part</i>	837 646	5. For the purposes of Article 125(2) and Article 126(2), the exposure-to-value ('ETV') ratio shall be calculated by	5. For the purposes of Article 125(2) and Article 126(2), the exposure-to-value ('ETV') ratio shall be calculated by dividing the gross exposure amount	5. For the purposes of Article 125(2) and Article 126(2), the exposure-to-value ('ETV') ratio shall be calculated by dividing the gross exposure amount by

		Commission Proposal	Council Mandate	EP Mandate
		dividing the gross exposure amount by the property value subject to the following conditions:	by the property value subject to the following conditions:	the property value subject to the following conditions:
Art. 1, para. 1, point 44, <i>Art. 124, para. 5 - point a</i>	838 647	(a) the gross exposure amount shall be calculated as the outstanding amount of credit obligation related to the exposure secured by the immovable property and any undrawn but committed amount that, once drawn, would increase the exposure value of the exposure which is secured by the immovable property.;	(a) the <del>gross</del> exposure amount shall be calculated as the outstanding amount of credit obligation related to the exposure secured by the immovable property and any undrawn but committed amount that, once drawn, would increase the exposure value of the exposure which is secured by the immovable property.;	(a) the gross exposure amount shall be calculated as the outstanding amount of credit obligation related to the exposure secured by the immovable property and any undrawn but committed amount that, once drawn, would increase the exposure value of the exposure which is secured by the immovable property.;
Art. 1, para. 1, point 44, <i>Art. 124, para. 5 - point b</i>	839 648	(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 sheet netting	(b) the <del>gross</del> exposure amount shall be calculated without taking into account <b><u>specific</u></b> credit risk adjustments <b><u>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)</u></b> , 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	(b) the gross exposure amount shall be calculated without taking into account credit risk adjustments <b><i>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)</i></b> , 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

		<b>Commission Proposal</b>	<b>Council Mandate</b>	<b>EP Mandate</b>
		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;	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;	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;
Art. 1, para. 1, point 44, <i>Art. 124, para. 5 - point c - para. 1</i>	840 649	(c) exposures that have to be treated in accordance with Article 125(2) or 126(2) where a party other than the institution holds a senior lien and a junior lien held by the institution is recognised according to paragraph 4, the gross exposure amount shall be calculated as the sum of the gross exposure amount of the institution's lien and of the gross exposure amounts for all other liens of equal or higher ranking seniority than the institution's lien. Where there is insufficient information for ascertaining the ranking of the other liens, the institution should treat these liens as ranking pari passu with the junior lien held by the institution. The institution shall first determine the risk	(c) exposures that have to be treated in accordance with Article 125(2) or 126(2) where a party other than the institution holds a senior lien and a junior lien held by the institution is recognised according to paragraph 4, the gross exposure amount shall be calculated as the sum of the gross exposure amount of the institution's lien and of the gross exposure amounts for all other liens of equal or higher ranking seniority than the institution's lien. Where there is insufficient information for ascertaining the ranking of the other liens, the institution should treat these liens as ranking pari passu with the junior lien held by the institution. The institution shall first determine the risk weight in accordance with Article 125(2) or Article 126(2) ('base risk weight'), as applicable. It shall then adjust this risk weight by a multiplier of 1.25, for the purposes of calculating the risk-	(c) exposures that have to be treated in accordance with Article 125(2) or 126(2) where a party other than the institution holds a senior lien and a junior lien held by the institution is recognised according to paragraph 4, the gross exposure amount shall be calculated as the sum of the gross exposure amount of the institution's lien and of the gross exposure amounts for all other liens of equal or higher ranking seniority than the institution's lien. Where there is insufficient information for ascertaining the ranking of the other liens, the institution should treat these liens as ranking pari passu with the junior lien held by the institution. The institution shall first determine the risk weight in accordance with Article 125(2) or Article 126(2) ('base risk weight'), as applicable. It shall then adjust this risk weight by a multiplier of 1.25, for the purposes of calculating the risk-weighted amounts of junior liens.

		<b>Commission Proposal</b>	<b>Council Mandate</b>	<b>EP Mandate</b>
		weight in accordance with Article 125(2) or Article 126(2) ('base risk weight'), as applicable. It shall then adjust this risk weight by a multiplier of 1.25, for the purposes of calculating the risk-weighted amounts of junior liens. Where the base risk weight corresponds to the lowest ETV bucket, the multiplier shall not be applied. The risk weight resulting from multiplying the base risk weight by 1.25 shall be capped at the risk weight that would be applied to the exposure if the requirements in paragraph 3 would not met.	weighted amounts of junior liens. Where the base risk weight corresponds to the lowest ETV bucket, the multiplier shall not be applied. The risk weight resulting from multiplying the base risk weight by 1.25 shall be capped at the risk weight that would be applied to the exposure if the requirements in paragraph 3 would not met.	Where the base risk weight corresponds to the lowest ETV bucket, the multiplier shall not be applied. The risk weight resulting from multiplying the base risk weight by 1.25 shall be capped at the risk weight that would be applied to the exposure if the requirements in paragraph 3 would not met.
Art. 1, para. 1, point 44, <i>Art. 124, para. 5 - point c - para. 2</i>	841 650	For the purposes of point (a), where an institution has more than one exposure secured by the same immovable property and these exposures are secured by liens on this immovable property sequential in ranking order without any lien held by a third party ranking in-between, the exposures shall be treated as a single combined exposure and the gross exposure amounts for the individual exposures shall be summed up to calculate the	For the purposes of point (a), where an institution has more than one exposure secured by the same immovable property and these exposures are secured by liens on this immovable property sequential in ranking order without any lien held by a third party ranking in-between, the exposures shall be treated as a single combined exposure and the gross exposure amounts for the individual exposures shall be summed up to calculate the gross exposure amount for the single combined exposure.	For the purposes of point (a), where an institution has more than one exposure secured by the same immovable property and these exposures are secured by liens on this immovable property sequential in ranking order without any lien held by a third party ranking in-between, the exposures shall be treated as a single combined exposure and the gross exposure amounts for the individual exposures shall be summed up to calculate the gross exposure amount for the single combined exposure.

		Commission Proposal	Council Mandate	EP Mandate
		gross exposure amount for the single combined exposure.		
Art. 1, para. 1, point 44, <i>Art. 124, para. 6 - subpara 1</i>	842 651	6. Member States shall designate an authority to be responsible for the application of paragraph 7. That authority shall be the competent authority or the designated authority.	6. Member States shall designate an authority to be responsible for the application of paragraph 7. That authority shall be the competent authority or the designated authority.	6. Member States shall designate an authority to be responsible for the application of paragraph 7. That authority shall be the competent authority or the designated authority.
Art. 1, para. 1, point 44, <i>Art. 124, para. 6 - subpara 2.</i>	843 652	Where the authority designated by the Member State for the application of this Article is the competent authority, it should ensure that the relevant national bodies and authorities which have a macroprudential mandate are duly informed of the competent authority's intention to make use of this Article, and are appropriately involved in the assessment of financial stability concerns in its Member State in accordance with paragraph 6.	Where the authority designated by the Member State for the application of this Article is the competent authority, it should ensure that the relevant national bodies and authorities which have a macroprudential mandate are duly informed of the competent authority's intention to make use of this Article, and are appropriately involved in the assessment of financial stability concerns in its Member State in accordance with paragraph 6 <u>7</u> .	Where the authority designated by the Member State for the application of this Article is the competent authority, it should ensure that the relevant national bodies and authorities which have a macroprudential mandate are duly informed of the competent authority's intention to make use of this Article, and are appropriately involved in the assessment of financial stability concerns in its Member State in accordance with paragraph 6.
Art. 1, para. 1, point 44, <i>Art. 124, para. 6 - subpara 3</i>	844 653	Where the authority designated by the Member State for the application of this Article is different from the competent authority, the Member State shall adopt the	Where the authority designated by the Member State for the application of this Article is different from the competent authority, the Member State shall adopt the necessary provisions to ensure proper coordination and	Where the authority designated by the Member State for the application of this Article is different from the competent authority, the Member State shall adopt the necessary provisions to ensure proper coordination and exchange of

		Commission Proposal	Council Mandate	EP Mandate
		necessary provisions to ensure proper coordination and exchange of information between the competent authority and the designated authority for the proper application of this Article. In particular, authorities shall be required to cooperate closely and to share all the information that may be necessary for the adequate performance of the duties imposed upon the designated authority pursuant to this Article. That cooperation shall aim at avoiding any form of duplicative or inconsistent action between the competent authority and the designated authority, as well as ensuring that the interaction with other measures, in particular measures taken under Article 458 of this Regulation and Article 133 of Directive 2013/36/EU, is duly taken into account.	exchange of information between the competent authority and the designated authority for the proper application of this Article. In particular, authorities shall be required to cooperate closely and to share all the information that may be necessary for the adequate performance of the duties imposed upon the designated authority pursuant to this Article. That cooperation shall aim at avoiding any form of duplicative or inconsistent action between the competent authority and the designated authority, as well as ensuring that the interaction with other measures, in particular measures taken under Article 458 of this Regulation and Article 133 of Directive 2013/36/EU, is duly taken into account.	information between the competent authority and the designated authority for the proper application of this Article. In particular, authorities shall be required to cooperate closely and to share all the information that may be necessary for the adequate performance of the duties imposed upon the designated authority pursuant to this Article. That cooperation shall aim at avoiding any form of duplicative or inconsistent action between the competent authority and the designated authority, as well as ensuring that the interaction with other measures, in particular measures taken under Article 458 of this Regulation and Article 133 of Directive 2013/36/EU, is duly taken into account.
Art. 1, para. 1, point 44, <i>Art. 124, para. 7, intr. part</i>	845 654	7. Based on the data collected under Article 430a on any other relevant indicators, the authority designated in accordance with paragraph 6	7. Based on the data collected under Article 430a <b>and</b> on any other relevant indicators, the authority designated in accordance with paragraph 6 of this Article shall periodically, and at least	7. Based on the data collected under Article 430a on any other relevant indicators, the authority designated in accordance with paragraph 6 of this Article shall periodically, and at least

		Commission Proposal	Council Mandate	EP Mandate
		of this Article shall periodically, and at least annually, assess whether the weights laid down in Article 125 and Article 126 for exposures secured by immovable property located in their territory are appropriately based on:	annually, assess whether the <b>risk</b> weights laid down in Article 125 and Article 126 for exposures secured by immovable property located in their territory are appropriately based on:	annually, assess whether the weights laid down in Article 125 and Article 126 for exposures secured by immovable property located in their territory are appropriately based on:
Art. 1, para. 1, point 44, <i>Art. 124, para. 7 - point a</i>	846 655	(a) the loss experience of exposures secured by immovable property;	(a) the loss experience of exposures secured by immovable property;	(a) the loss experience of exposures secured by immovable property;
Art. 1, para. 1, point 44, <i>Art. 124, para. 7 - point b</i>	847 656	(b) forward-looking immovable property markets developments.	(b) forward-looking immovable property markets developments.	(b) forward-looking immovable property markets developments.
Art. 1, para. 1, point 44, <i>Art. 124, para. 7, subpara. 2</i>	848 657	Where, on the basis of the assessment referred to in the first subparagraph, the authority designated in accordance with paragraph 6 of this Article concludes that the risk weights set out in Article 125 or 126 do not adequately reflect the actual risks related to exposures to one or more property segments secured by mortgages on residential property or on commercial immovable property located in one or more parts of the territory of	Where, on the basis of the assessment referred to in the first subparagraph, the authority designated in accordance with paragraph 6 of this Article concludes that the risk weights set out in Article 125 or 126 do not adequately reflect the actual risks related to exposures to one or more property segments secured by mortgages on residential property or on commercial immovable property located in one or more parts of the territory of the Member State of the relevant authority, and if it considers that the inadequacy of the risk weights could adversely affect current or future	Where, on the basis of the assessment referred to in the first subparagraph, the authority designated in accordance with paragraph 6 of this Article concludes that the risk weights set out in Article 125 or 126 do not adequately reflect the actual risks related to exposures to one or more property segments secured by mortgages on residential property or on commercial immovable property located in one or more parts of the territory of the Member State of the relevant authority, and if it considers that the inadequacy of the risk weights could adversely affect current or future financial stability in its Member State, it

		Commission Proposal	Council Mandate	EP Mandate
		the Member State of the relevant authority, and if it considers that the inadequacy of the risk weights could adversely affect current or future financial stability in its Member State, it may increase the risk weights applicable to those exposures within the ranges determined in the fourth subparagraph of this paragraph or impose stricter criteria than those set out in paragraph 3 of this Article.	financial stability in its Member State, it may increase the risk weights applicable to those exposures within the ranges determined in the fourth subparagraph of this paragraph or impose stricter criteria than those set out in paragraph 3 of this Article.	may increase the risk weights applicable to those exposures within the ranges determined in the fourth subparagraph of this paragraph or impose stricter criteria than those set out in paragraph 3 of this Article.
Art. 1, para. 1, point 44, <i>Art. 124, para. 7, subpara. 3</i>	849 658	The authority designated in accordance with paragraph 6 of this Article shall notify EBA and the ESRB of any adjustments to risk weights and criteria applied pursuant to this paragraph. Within one month of receipt of that notification, EBA and the ESRB shall provide their opinion to the Member State concerned. EBA and the ESRB shall publish the risk weights and criteria for exposures referred to in Articles 125, 126 and Article 199(1), point (a), as implemented by the relevant authority.	The authority designated in accordance with paragraph 6 of this Article shall notify EBA and the ESRB of any adjustments to risk weights and criteria applied pursuant to this paragraph. Within one month of receipt of that notification, EBA and the ESRB shall provide their opinion to the Member State concerned. EBA and the ESRB shall publish the risk weights and criteria for exposures referred to in Articles 125, 126 and Article 199(1), point (a), as implemented by the relevant authority.	The authority designated in accordance with paragraph 6 of this Article shall notify EBA and the ESRB of any adjustments to risk weights and criteria applied pursuant to this paragraph. Within one month of receipt of that notification, EBA and the ESRB shall provide their opinion to the Member State concerned <b><i>and indicate whether they consider that the adjustments to risk weights and criteria are also recommended to other Member States.</i></b> EBA and the ESRB shall publish the risk weights and criteria for exposures referred to in Articles 125, 126 and Article 199(1), point (a), as implemented by the relevant authority.



		<b>Commission Proposal</b>	<b>Council Mandate</b>	<b>EP Mandate</b>
Art. 1, para. 1, point 44, <i>Art. 124, para. 7, subpara. 4</i>	850 659	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 %.	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), <b><u>the first sub-paragraph of Article 125(2),</u></b> <del>or Article 126(1), point (a),</del> <b><u>or the first sub-paragraph 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 immovable property located in one or more parts of the territory of the Member State of the relevant authority.</u></b> The authority shall not increase those <b><u>risk weights</u></b> to more than 150 %.	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), <b><i>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 State.</i></b> The authority shall not increase those to more than 150 %.
	851		<b>For the purposes of the second subparagraph of this paragraph, the authority designated in accordance with paragraph 6 may also reduce the percentages of the property value referred to in Article 125(1) or in Article 126(1) or the ETV percentages that define the ETV-risk weight bucket laid down in table 6aaa in Article 125(2) or in table 6c in Article 126(2) . The designated authority shall ensure consistency across all ETV-risk weight buckets, such that the risk</b>	

		Commission Proposal	Council Mandate	EP Mandate
			<b>weight of a lower ETV-risk weight bucket is always lower or equal to the risk weight of an upper ETV-risk weight bucket.</b>	
Art. 1, para. 1, point 44, <i>Art. 124, para. 7, subpara. 5(new)</i>	852			<b><i>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 ETV-risk weight ladder laid down in Table 6aaa in Article 125(2) or in Table 6c in Article 126(2) accordingly.</i></b>
Art. 1, para. 1, point 44, <i>Art. 124, para. 8</i>	853 660	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.	8. Where the authority designated in accordance with paragraph 6 sets higher risk weights or stricter criteria pursuant to the paragraph <del>7 2, second subparagraph</del> ; institutions shall have a six-month transitional period to apply them.	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.
Art. 1, para. 1, point 44, <i>Art. 124, para. 9, subpara. 1</i>	854 661	9. EBA, in close cooperation with the ESRB, shall develop draft regulatory technical standards to specify the types of factors to be considered for the assessment of the appropriateness of the risk weights referred in the paragraph 7.	9. EBA, in close cooperation with the ESRB, shall develop draft regulatory technical standards to specify the types of factors to be considered for the assessment of the appropriateness of the risk weights referred in the paragraph 7.	9. EBA, in close cooperation with the ESRB, shall develop draft regulatory technical standards to specify the types of factors to be considered for the assessment of the appropriateness of the risk weights referred in the paragraph 7.

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 44, <i>Art. 124, para. 9, subpara.2.</i>	855 662	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2024.	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2024.	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2024.
Art. 1, para. 1, point 44, <i>Art. 124, para. 9, subpara.3.</i>	856 663	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.
Art. 1, para. 1, point 44, <i>Art. 124, para. 10, intr. part</i>	857 664	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:	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:	10. The ESRB <b>shall</b> , 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:
Art. 1, para. 1, point 44, <i>Art. 124, para. 10 - point a</i>	858 665	(a) factors which could ‘adversely affect current or future financial stability’ referred to in the second subparagraph of paragraph 7;	(a) factors which could ‘adversely affect current or future financial stability’ referred to in the second subparagraph of paragraph 7;	(a) factors which could ‘adversely affect current or future financial stability’ referred to in the second subparagraph of paragraph 7;
Art. 1, para. 1, point 44, <i>Art. 124, para. 10</i>	859 666	(b) indicative benchmarks that the authority designated in	(b) indicative benchmarks that the authority designated in accordance	(b) indicative benchmarks that the authority designated in accordance with

		Commission Proposal	Council Mandate	EP Mandate
- point b		accordance with paragraph 6 is to take into account when determining higher risk weights.	with paragraph 6 is to take into account when determining higher risk weights.	paragraph 6 is to take into account when determining higher risk weights.
Art. 1, para. 1, point 44, <i>Art. 124, para. 11</i>	860 667	11. Institutions established in a Member State shall apply the risk weights and criteria that have been determined by the authorities of another Member State in accordance with paragraph 7 to all their corresponding exposures secured by mortgages on residential property or commercial immovable property located in one or more parts of that other Member State.;	11. Institutions established in a Member State shall apply the risk weights and criteria that have been determined by the authorities of another Member State in accordance with paragraph 7 to all their corresponding exposures secured by mortgages on residential property or commercial immovable property located in one or more parts of that other Member State.	11. Institutions established in a Member State shall apply the risk weights and criteria that have been determined by the authorities of another Member State in accordance with paragraph 7 to all their corresponding exposures secured by mortgages on residential property or commercial immovable property located in one or more parts of that other Member State.;
Art. 1, para. 1, point 44, <i>Art. 124, para. 12, (New)</i>	861 668		<b><u>12. EBA shall develop draft regulatory technical standards to specify the term “equivalent legal mechanism” in place to ensure that the property under construction will be finished within a reasonable time frame, in accordance with Article 124(3)(a)(iii).</u></b>	
	862		<b>EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 1 year after entry into force].</b>	

		Commission Proposal	Council Mandate	EP Mandate
	863		<b>Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the third paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.’;</b>	
Art. 1, para. 1, point 45	864 669	(45) Article 125 is replaced by the following:	(45) Article 125 is replaced by the following:	(45) Article 125 is replaced by the following:
Art. 1, para. 1, point 45, <i>Art. 125, - titlle .</i>	865 670	‘Article 125 Exposures secured by mortgages on residential immovable property	‘Article 125 <b><i>Exposures secured by mortgages on residential immovable property</i></b>	‘Article 125 Exposures secured by mortgages on residential immovable property
Art. 1, para. 1, point 45, <i>Art. 125, para. 1</i>	866 671	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:	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 <del>(iv)</del> <b>(v)</b> , shall be treated as follows:	1. An exposure secured by a residential property that complies with <b><i>the definition of a non IPRE-exposure</i></b> or any of the conditions laid down in Article 124(2), point (a), points (i) to (iv), shall be treated as follows:
Art. 1, para. 1, point 45, <i>Art. 125, para. 1 - point a - para. 1</i>	867 672	(a) the part of the exposure up to 55 % of the property value remaining after any senior or pari passu ranking liens not held by the institution have been deducted shall be assigned a risk weight of 20 %.	(a) the part of the exposure up to 55 % of the property value <del>remaining after any senior or pari passu ranking liens not held by the institution have been deducted</del> shall be assigned a risk weight of 20 %.	(a) the part of the exposure up to 55 % of the property value remaining after any senior or pari passu ranking liens not held by the institution have been deducted shall be assigned a risk weight of 20 %.

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 45, <i>Art. 125, para. 1 - point a - para. 2</i> (New)	868 674		<b><u>Where an institution holds a junior lien and there are more senior liens not held by that institution, to determine the part of the institution's exposure that is eligible for the 20% risk weight, the amount of 55% of the property value shall be reduced by the amount of the more senior liens not held by the institution.</u></b>	
Art. 1, para. 1, point 45, <i>Art. 125, para. 1 - point a - para. 3</i> (New)	869 675		<b><u>Where liens not held by the institution rank pari passu with the institution's lien, to determine the part of the institution's exposure that is eligible for the 20% risk weight, the amount of 55% of the property value, reduced by the amount of any more senior liens both held by the institution and not held by the institution shall be reduced by the product of:</u></b>	
Art. 1, para. 1, point 45, <i>Art. 125, para. 1 - point a - subpoint i</i> , (New)	870 676		<b><u>(i) 55% of the property value, reduced by the amount of any more senior liens (if any, both held by the institution and held by other institutions); and</u></b>	
Art. 1, para. 1, point 45, <i>Art. 125, para. 1 - point a - subpoint ii</i> (New)	871 677		<b><u>(ii) the amount of liens not held by the institution that rank pari passu with the institution's lien divided by the sum of all pari passu liens.</u></b>	

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 45, <i>Art. 125, para. 1, point a - para. 2</i>	872 678	For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a higher risk weight or a lower percentage of the property value than those referred to in this point, institutions shall use the risk weight and percentage set in accordance with Article 124(7).	For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a higher risk weight or a lower percentage of the property value than those referred to in this point, institutions shall use the risk weight and percentage set in accordance with Article 124(7).	For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a higher risk weight or a lower percentage of the property value than those referred to in this point, institutions shall use the risk weight and percentage set in accordance with Article 124(7).
Art. 1, para. 1, point 45, <i>Art. 125, para. 1 - point b</i>	873 679	(b) the remaining part of the exposure, if any, shall be treated as an exposure that is not secured by residential property.	(b) the remaining part of the exposure, if any, shall be <del>treated</del> <b>risk weighted</b> as an exposure that is not secured by residential property.	(b) the remaining part of the exposure, if any, shall be treated as an exposure that is not secured by residential property, <b>in the exposure class applicable to the counterparty.</b>
Art. 1, para. 1, point 45, <i>Art. 125, para. 2, intr. part</i>	874 680	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):	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 <del>(iv)</del> <b>(v)</b> , shall be assigned the <del>higher between the</del> risk weight set in accordance with <b>the respective ETV-risk weight bucket of</b> the following Table 6aaa, <del>and the risk weight set in accordance with Article 124(7):</del>	2. An <b>IPRE exposure or an</b> 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):
Art. 1, para. 1, point 45, <i>Art. 125, para. 2, subpara. 2</i>	875 681		<b><u>For the purposes of this paragraph, where, in accordance with Article 124(7), the competent or designated</u></b>	

		Commission Proposal	Council Mandate	EP Mandate
			<b><u>authority, as applicable, has set a higher risk weight or a lower ETV percentage than those referred to in this paragraph, institutions shall use the risk weight and percentage set in accordance with Article 124(7).</u></b>	
Art. 1, para. 1, point 45, Art. 125, para. 2, para.3 heading	876 682	Table 6aaa	Table 6aaa	Table 6aaa
Art. 1, para. 1, point 45, Art. 125, para. 2, Table 6, Row 1	877 683	ETV ETV ≤ 50 % 50 % < ETV ≤ 60 % 60 % < ETV ≤ 80 % 80 % < ETV ≤ 90 % 90 % < ETV ≤ 100 % ETV > 100 %	ETV ETV ≤ 50 % 50 % < ETV ≤ 60 % 60 % < ETV ≤ 80 % 80 % < ETV ≤ 90 % 90 % < ETV ≤ 100 % ETV > 100 %	ETV ETV ≤ 50 % 50 % < ETV ≤ 60 % 60 % < ETV ≤ 80 % 80 % < ETV ≤ 90 % 90 % < ETV ≤ 100 % ETV > 100 %
Art. 1, para. 1, point 45, Art. 125, para. 2, Table 6, Row 2	878 684	Risk weight 30 % 35 % 45 % 60 % 75 % 105 %	Risk weight 30 % 35 % 45 % 60 % 75 % 105 %	Risk weight 30 % 35 % 45 % 60 % 75 % 105 %
Art. 1, para. 1, point 45, Art. 125, para. 2, subpara. 2 intr. part	879 685	By way of derogation from the first subparagraph of this paragraph, institutions may apply the treatment referred to in paragraph 1 to exposures secured by residential property which is situated within the territory of a Member State, where the loss rates for such exposures published by the competent authorities of that Member State in accordance with Art 430a(3) do not exceed any of the following limits for	By way of derogation from the first subparagraph of this paragraph, institutions may apply the treatment referred to in paragraph 1 to exposures secured by residential property which is situated within the territory of a Member State, where the <b><u>competent authority of that Member State has published</u></b> loss rates for such exposures <del>published by the competent authorities of that Member State</del> <b><u>which, based on the aggregated data reported by all institutions in that Member State under</u></b> <del>in accordance</del>	By way of derogation from the first subparagraph of this paragraph, institutions may apply the treatment referred to in paragraph 1 to exposures secured by residential property which is situated within the territory of a Member State, where the loss rates for such exposures published by the competent authorities of that Member State in accordance with Art 430a(3) do not exceed any of the following limits for losses aggregated across all institutions with such exposures existing in the previous year:



		Commission Proposal	Council Mandate	EP Mandate
		losses aggregated across all institutions with such exposures existing in the previous year:	<del>with Art 430a (3)</del> <b>for that national immovable property market</b> , do not exceed any of the following limits for losses aggregated across all institutions with such exposures existing in the previous year:	
Art. 1, para. 1, point 45, <i>Art. 125, para. 2 - subpara. 2 - point a - subpara. 1</i>	880 686	(a) the losses on the part of the exposures up to 55 % of the property value do not exceed 0,3 % of the total amount, across all those exposures, of credit obligations outstanding in that year.	<b>(a) the aggregated amount reported by institutions referred to in Art 430a(1), point (a), divided by the aggregated amount reported by institutions referred to in Art 430a(1), point (c), does</b> <del>the losses on the part of the exposures up to 55 % of the property value do not exceed 0,3 % of the total amount, across all those exposures, of credit obligations outstanding in that year.</del>	(a) the losses on the part of the exposures up to 55 % of the property value do not exceed 0,3 % of the total amount, across all those exposures, of credit obligations outstanding in that year.
Art. 1, para. 1, point 45, <i>Art. 125, para. 2 - subpara. 2 - point a - subpara. 2</i>	881 687	For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a lower percentage of the property value than the one referred to in this point, institutions shall use the percentage set in accordance with Article 124(7);	<del>For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a lower percentage of the property value than the one referred to in this point, institutions shall use the percentage set in accordance with Article 124(7);</del>	For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a lower percentage of the property value than the one referred to in this point, institutions shall use the percentage set in accordance with Article 124(7);
Art. 1, para. 1, point 45, <i>Art. 125, para. 2 - subpara. 2 - point b</i>	882 688	(b) the losses on the part of the exposures up to 100 % of the property value do not	<b>(b) the aggregated amount reported by institutions referred to in Art 430a(1), point (b), divided by the</b>	(b) the losses on the part of the exposures up to 100 % of the property value do not exceed 0,5 % of the total

		Commission Proposal	Council Mandate	EP Mandate
		exceed 0,5 % of the total amount, across all these exposures, of credit obligations outstanding in that year. ‘	<b><u>aggregated amount reported by institutions referred to in Art 430a(1), point (c), does</u></b> <del>the losses on the part of the exposures up to 100 % of the property value do not exceed 0,5 % of the total amount, across all these exposures, of credit obligations outstanding in that year.</del>	amount, across all these exposures, of credit obligations outstanding in that year. ‘
Art. 1, para. 1, point 45, <i>Art. 125, para. 3 (New)</i>	883 689		<b><u>3. Institutions may apply the derogation referred to in the third subparagraph of paragraph 2 also in cases where competent authorities of a third country jurisdiction, which apply supervisory and regulatory arrangements at least equivalent to those applied in the Union as decided in accordance with Art 107(4), publish corresponding loss rates for exposures secured by residential property situated within the territory of their country.’;</u></b>	<b><i>2a. Institutions may apply the derogation referred to in the second subparagraph of paragraph 2 also in cases where competent authorities of a third country which apply supervisory and regulatory arrangements at least equivalent to those applied in the Union as decided in accordance with Article 107(4), publish corresponding loss rates for exposures secured by residential immovable property situated within the territory of their country or where a competent authority of a Member State publishes such information for a third country jurisdiction provided the availability of valid statistical data.’;</i></b>
Art. 1, para. 1, point 46, intr. part	884 690	(46) Article 126 is replaced by the following:	(46) Article 126 is replaced by the following:	(46) Article 126 is replaced by the following:
Art. 1, para. 1, point 46, <i>Art. 126 - title</i>	885 691	‘ Article 126 Exposures secured by mortgages on commercial immovable property	‘Article 126 <b><i>Exposures secured by mortgages on commercial immovable property</i></b>	‘ Article 126 Exposures secured by mortgages on commercial immovable property

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 46, <i>Art. 126, para. 1, intr. part</i>	886 692	1. An exposure as referred to in Article 124(2), point (c)(i) shall be treated as follows:	1. An exposure <b>secured by a commercial immovable property</b> as referred to in Article 124(2), point (c)(i) shall be treated as follows:	1. An exposure as referred to in Article 124(2), point (c)(i) shall be treated as follows:
Art. 1, para. 1, point 46, <i>Art. 126, para. 1 - point a - subpara. 1</i>	887 693	(a) the part of the exposure up to 55 % of the property value reduced by any senior or pari passu ranking liens not held by the institution shall be assigned a risk weight of 60 %, unless that part of the exposure is subject to a higher risk weight or lower percentage of the property value where decided in accordance with Article 124(7);	(a) the part of the exposure up to 55 % of the property value <del>reduced by any senior or pari passu ranking liens not held by the institution</del> shall be assigned a risk weight of 60 %, <del>unless that part of the exposure is subject to a higher risk weight or lower percentage of the property value where decided in accordance with Article 124(7);</del>	(a) the part of the exposure up to 55 % of the property value reduced by any senior or pari passu ranking liens not held by the institution shall be assigned a risk weight of 60 %, unless that part of the exposure is subject to a higher risk weight or lower percentage of the property value where decided in accordance with Article 124(7);
Art. 1, para. 1, point 46, <i>Art. 126, para. 1 - point a - subpara. 2(New)</i>	888 695		<b><u>Where an institution holds a junior lien and there are more senior liens not held by that institution, to determine the part of the institution's exposure that is eligible for the 60 % risk weight, the amount of 55 % of the property value shall be reduced by the amount of the more senior liens not held by the institution.</u></b>	
Art. 1, para. 1, point 46, <i>Art. 126, para. 1 - point a - subpara. 3 - intr. part(New)</i>	889 696		<b><u>Where liens not held by the institution rank pari passu with the institution's lien, to determine the part of the institution's exposure that is eligible for the 60 % risk</u></b>	

		Commission Proposal	Council Mandate	EP Mandate
			<b><u>weight, the amount of 55 % of the property value, reduced by the amount of any more senior liens both held by the institution and not held by the institution shall be reduced by the product of:</u></b>	
Art. 1, para. 1, point 46, <i>Art. 126, para. 1 - point a - subpara. 3 - subpoint i (New)</i>	890 697		<b><u>(i) 55% of the property value, reduced by the amount of any more senior liens (if any, both held by the institution and held by other institutions); and</u></b>	
Art. 1, para. 1, point 46, <i>Art. 126, para. 1 - point a - subpara. 3 - subpoint ii (New)</i>	891 698		<b><u>(ii) the amount of liens not held by the institution that rank pari passu with the institution's lien divided by the sum of all pari passu liens.</u></b>	
Art. 1, para. 1, point 46, <i>Art. 126, para. 1 - point a - subpara. 4 (New)</i>	892 699		<b><u>'For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set higher risk weights or a lower percentage of the property value than those referred to in this point, institutions shall use the risk weights and percentage set in accordance with Article 124(7).'</u></b>	
Art. 1, para. 1, point 46, <i>Art. 126, para. 1 - point b</i>	893 700	(b) the remaining part of the exposure, if any, shall be treated as an exposure that is not secured by this immovable property.	(b) the remaining part of the exposure, if any, shall be <del>treated</del> <b>risk weighted</b> as an exposure that is not secured by this immovable property.	(b) the remaining part of the exposure, if any, shall be treated as an exposure that is not secured by this immovable property.

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 46, Art. 126, para. 1 – subpara. 2 (new)	894			<i>EBA shall assess the appropriateness of adjusting the treatment of exposures secured by mortgages on commercial property, including IPRE and non-IPRE exposures, taking into account the appropriateness of risk weights for exposures secured by mortgages on residential property laid out in the first subparagraph and the relative differences in risk and the recommendations of the ESRB on the vulnerabilities in the commercial real estate sector in the EU (ESRB/2022/9) and report to the Commission by 31 December 2027.</i>
Art. 1, para. 1, point 46, Art. 126, para. 1 – subpara. 3 (new)	895			<i>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 2028.</i>
Art. 1, para. 1, point 46, Art. 126, para. 2, intr. part	896 701	2. An exposure as referred to in Article 124(2), point (c)(ii) shall be assigned the higher between the risk weight set in accordance with Table 6c and the risk weight set in accordance with Article 124(7):	2. An exposure as referred to in Article 124(2), point (c)(ii) shall be assigned <del>the higher between</del> the risk weight set in accordance with <u>the respective ETV-risk weight bucket of Table 6c</u> , and the risk weight set in accordance with Article 124(7):	2. An exposure as referred to in Article 124(2), point (c)(ii) shall be assigned the higher between the risk weight set in accordance with Table 6c and the risk weight set in accordance with Article 124(7):

		Commission Proposal	Council Mandate	EP Mandate
	897		<b>For the purposes of this paragraph, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a higher risk weight or a lower ETV percentage than those referred to in this paragraph, institutions shall use the risk weight and percentage set in accordance with Article 124(7).</b>	
Art. 1, para. 1, point 46, Art. 126, para. 2, Table 6c	898 702	Table 6c	Table 6c	Table 6c
Art. 1, para. 1, point 46, Art. 126, para. 2, Table 6c, Row 1	899 703	ETV ≤ 60 % 60 % < ETV ≤ 80 % ETV > 80 %	ETV ≤ 60 % 60 % < ETV ≤ 80 % ETV > 80 %	ETV ≤ 60 % 60 % < ETV ≤ 80 % ETV > 80 %
Art. 1, para. 1, point 46, Art. 126, para. 2, Table 6c, Row 2	900 704	Risk weight 70 % 90 % 110 %	Risk weight 70 % 90 % 110 %	Risk weight 70 % 90 % 110 %
Art. 1, para. 1, point 46, Art. 126, para. 2, subpara. 2, intr. part	901 705	By way of derogation from the first subparagraph of this paragraph, institutions may apply the treatment referred to in paragraph 1 to an exposure secured by a commercial property which is situated within the territory of a Member State, where the loss rates for such exposures published by the competent authorities of that Member	By way of derogation from the first subparagraph of this paragraph, institutions may apply the treatment referred to in paragraph 1 to an exposure secured by a commercial <b>immovable</b> property which is situated within the territory of a Member State, where the <b>competent authority of that Member State has published</b> loss rates for such exposures <del>published by the competent authorities of that Member State</del> <b>which, based on the</b>	By way of derogation from the first subparagraph of this paragraph, institutions may apply the treatment referred to in paragraph 1 to an exposure secured by a commercial property which is situated within the territory of a Member State, where the loss rates for such exposures published by the competent authorities of that Member State in accordance with Article 430a(3) do not exceed any of the following limits for losses aggregated across all

		Commission Proposal	Council Mandate	EP Mandate
		State in accordance with Article 430a(3) do not exceed any of the following limits for losses aggregated across all such exposures existing in the previous year:	<b><u>aggregated data reported by all institutions in that Member State under</u></b> <del>in accordance with Article 430a(3)</del> <b><u>for that national immovable property market,</u></b> do not exceed any of the following limits for losses, aggregated across all such exposures existing in the previous year:	such exposures existing in the previous year:
Art. 1, para. 1, point 46, <i>Art. 126, para. 2 - subpara.2 - point a - subpara. 1</i>	902 706	(a) the losses on the part of the exposures up to 55 % of the property value do not exceed 0,3 % of the total amount of credit obligations outstanding in that year.	(a) <b><u>the aggregated amount reported by institutions referred to in Article 430a(1), point (d), divided by the aggregated amount reported by institutions referred to in Article 430a(1), point (f), does</u></b> <del>the losses on the part of the exposures up to 55 % of the property value do not exceed 0,3 % of the total amount of credit obligations outstanding in that year.</del>	(a) the losses on the part of the exposures up to 55 % of the property value do not exceed 0,3 % of the total amount of credit obligations outstanding in that year.
Art. 1, para. 1, point 46, <i>Art. 126, para. 2 - subpara.2 - point a - subpara. 2</i>	903 707	For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a lower percentage of the property value than the one referred to in this point, institutions shall use the percentage set in accordance with Article 124(7);	<del>For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a lower percentage of the property value than the one referred to in this point, institutions shall use the percentage set in accordance with Article 124(7);</del>	For the purposes of this point, where, in accordance with Article 124(7), the competent or designated authority, as applicable, has set a lower percentage of the property value than the one referred to in this point, institutions shall use the percentage set in accordance with Article 124(7);
Art. 1, para. 1, point 46, <i>Art. 126, para. 2 -</i>	904 708	(b) the losses on the part of the exposures up to 100 % of	(b) <b><u>the aggregated amount reported by institutions referred to in Article</u></b>	(b) the losses on the part of the exposures up to 100 % of the property

		Commission Proposal	Council Mandate	EP Mandate
<i>subpara. 2 - point b</i>		the property value do not exceed 0,5 % of the total amount of credit obligations outstanding in that year. ‘	<b><u>430a(1), point (e), divided by the aggregated amount reported by institutions referred to in Article 430a(1), point (f), does</u></b> <del>the losses on the part of the exposures up to 100 % of the property value do not exceed 0,5 % of the total amount of credit obligations outstanding in that year.</del>	value do not exceed 0,5 % of the total amount of credit obligations outstanding in that year. ‘
Art. 1, para. 1, point 46, <i>Art. 126, para. 3 (New)</i>	905 709		<b><u>3. Institutions may apply the derogation referred to in the third subparagraph of paragraph 2 also in cases where competent authorities of a third country jurisdiction, which apply supervisory and regulatory arrangements at least equivalent to those applied in the Union as decided in accordance with Article 107(4), publish corresponding loss rates for exposures secured by commercial immovable property situated within the territory of their country.’;</u></b>	<i>2a. Institutions may apply the derogation referred to in the second subparagraph of paragraph 2 also in cases where competent authorities of a third country jurisdiction, which apply supervisory and regulatory arrangements at least equivalent to those applied in the Union as decided in accordance with Article 107(4), publish corresponding loss rates for exposures secured by commercial immovable property situated within the territory of their country.</i>
Art. 1, para. 1, point 46, <i>Art. 126 -para. 2a (new) - subpara 2</i>	906			<i>Where a competent authority of a third country jurisdiction does not publish corresponding loss rates for exposures secured by commercial immovable property situated within the territory of their country, EBA may publish such information for a third country jurisdiction, provided that valid statistical data, that is statistically representative of the corresponding</i>



		Commission Proposal	Council Mandate	EP Mandate
				<i>commercial real estate market, is available.;</i>
Art. 1, para. 1, point 47, intr. part	907 710	(47) a new Article 126a is inserted:	(47) a new Article 126a is inserted:	(47) a new Article 126a is inserted:
Art. 1, para. 1, point 47, <i>Art. 126a, title</i>	908 711	‘Article 126a Land acquisition, development and construction exposures	‘Article 126a <b><i>Land acquisition, development and construction exposures</i></b>	‘Article 126a Land acquisition, development and construction exposures
Art. 1, para. 1, point 47, <i>Art. 126a, para. 1</i>	909 712	1. An ADC exposure shall be assigned a risk weight of 150 %.	1. An ADC exposure shall be assigned a risk weight of 150 %.	1. An ADC exposure shall be assigned a risk weight of 150 %.
Art. 1, para. 1, point 47, <i>Art. 126a, para. 2, intr. part</i>	910 713	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:	2. ADC exposures to residential property, however, may be risk weighted at 100 %, provided that, <del>where applicable,</del> 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:	2. ADC exposures to residential property, however, may be risk weighted at 100 %, provided that <b>■</b> , 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:
Art. 1, para. 1, point 47, <i>Art. 126a, para. 2 - point a</i>	911 714	(a) legally binding pre-sale or pre-lease contracts, for which the purchaser or tenant has made a substantial cash deposit which is subject to forfeiture if the contract is terminated, amount to a significant portion	(a) legally binding pre-sale or pre-lease contracts, for which the purchaser or tenant has made a substantial cash deposit which is subject to forfeiture if the contract is terminated, <b><u>or where the financing is ensured in an equivalent manner</u></b> , amount to a	(a) legally binding pre-sale or pre-lease contracts, for which the purchaser or tenant has made a substantial cash deposit which is subject to forfeiture if the contract is terminated <b><i>or where the financing is ensured in an equivalent manner</i></b> , amount to a significant portion

		Commission Proposal	Council Mandate	EP Mandate
		of total contracts;	significant portion of total contracts;	of total contracts;
Art. 1, para. 1, point 47, <i>Art. 126a, para. 2 - point b</i>	912 715	(b) the obligor has substantial equity at risk, which is represented as an appropriate amount of obligor-contributed equity to the residential property's appraised value upon completion.	(b) the obligor has substantial equity at risk, which is represented as an appropriate amount of obligor-contributed equity to the residential property's appraised value upon completion.	(b) the obligor has substantial equity at risk, which is represented as an appropriate amount of obligor-contributed equity to the residential property's appraised value upon completion.
Art. 1, para. 1, point 47, <i>Art. 126a, para. 2 - point c(New)</i>	913 716		<b><u>(c) legally binding sale contracts, including where the payment is made by instalments as the construction works progress, amount to a significant portion of total contracts.</u></b>	
Art. 1, para. 1, point 47, <i>Art. 126a, para. 3, subpara. 1</i>	914 717	3. EBA shall by [OP please insert date = 1 year after entry into force] issue guidelines specifying the terms "substantial cash deposits", "appropriate amount of obligor-contributed equity", "significant portion of total contracts", and "substantial equity at risk".	3. EBA shall by [OP please insert date = 1 year after entry into force] issue guidelines specifying the terms "substantial cash deposits", <b><u>"financing ensured in an equivalent manner"</u></b> , "appropriate amount of obligor-contributed equity", "significant portion of total contracts", and "substantial equity at risk".	3. EBA shall by [OP please insert date = 1 year after entry into force] issue guidelines specifying the terms "substantial cash deposits", "appropriate amount of obligor-contributed equity", "significant portion of total contracts", and "substantial equity" at risk, <b><i>and what can be considered "financing in an equivalent manner"</i></b> ,
Art. 1, para. 1, point 47, <i>Art. 126a, para. 3, subpara. 2</i>	915 718	Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010. ‘	Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010.	Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010. ‘
Art. 1, para. 1, point 48, intr. part	916 719	(48) Article 127 is amended as	(48) Article 127 is amended as	(48) Article 127 is amended as follows:

		Commission Proposal	Council Mandate	EP Mandate
		follows:	follows:	
Art. 1, para. 1, point 48 a	917 720	(a) in paragraph (1), the following subparagraph is added:	(a) in paragraph (1), the following subparagraph is added:	(a) in paragraph (1), the following subparagraph is added:
Art. 1, para. 1, point 48 a, <i>Art. 127, para. 1 - subpara. 5</i>	918 721	‘ 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:	‘For the purposes of calculating the <del>sum of</del> specific credit risk adjustments referred to in this paragraph <b>for an exposure that is purchased when already in default</b> , institutions shall include in the calculation any positive difference between, <del>on the one hand,</del> the amount owed by the obligor on <b>the that</b> exposure and, <del>on the other hand,</del> the sum of:	‘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 <b>■</b> the amount owed by the obligor on <b>that</b> exposure and <b>■</b> the sum of:
Art. 1, para. 1, point 48 a, <i>Art. 127, para. 1 - subpara. 5 - point i</i>	919 722	(i) the additional own funds reduction if the exposure was written off fully; and	(i) the additional own funds reduction if <del>the that</del> exposure <del>was</del> <b>were</b> written off fully; and	(i) the additional own funds reduction if <b>that</b> exposure <b>were</b> written off fully; and
Art. 1, para. 1, point 48 a, <i>Art. 127, para. 1 - subpara. 5 - point ii</i>	920 723	(ii) any already existing own funds reductions related to that exposure. ’	(ii) any already existing own funds reductions related to that exposure. ’;	(ii) any already existing own funds reductions related to that exposure. ’
Art. 1, para. 1, point 48 b	921 724	(b) paragraph 2 is replaced by the following:	(b) paragraph 2 is replaced by the following:	(b) paragraph 2 is replaced by the following:
Art. 1, para. 1, point 48 b, <i>Art. 127, para. 2</i>	922 725	‘2. For the purposes of determining the secured part of a defaulted exposure, collateral and guarantees shall be eligible for credit risk mitigation	‘2. For the purposes of determining the secured part of a defaulted exposure, collateral and guarantees shall be eligible for credit risk mitigation purposes in accordance with	‘2. For the purposes of determining the secured part of a defaulted exposure, collateral and guarantees shall be eligible for credit risk mitigation purposes in accordance with Chapter 4.;

		Commission Proposal	Council Mandate	EP Mandate
		purposes in accordance with Chapter 4.; ’	Chapter 4.’;	’
Art. 1, para. 1, point 48 c	923 726	(c) paragraphs 3 is replaced by the following:	(c) paragraphs 3 is replaced by the following:	(c) paragraphs 3 is replaced by the following:
Art. 1, para. 1, point 48 c, <i>Art. 127, para. 3</i>	924 727	‘3. The exposure value remaining after specific credit risk adjustments of non-IPRE exposures secured by residential or commercial immovable property in accordance with Article 125 and 126, respectively, shall be assigned a risk weight of 100 % if a default has occurred in accordance with Article 178.; ’	‘3. The exposure value remaining after specific credit risk adjustments of non-IPRE exposures secured by residential or commercial immovable property in accordance with Article 125 and 126, respectively, shall be assigned <b>the higher between</b> a risk weight of 100 % <b>and the risk weight set in accordance with paragraph 7 of Article 124</b> if a default has occurred in accordance with Article 178.’;	‘3. The exposure value remaining after specific credit risk adjustments of non-IPRE exposures secured by residential or commercial immovable property in accordance with Article 125 and 126, respectively, shall be assigned a risk weight of 100 % if a default has occurred in accordance with Article 178.; ’
Art. 1, para. 1, point 48 d	925 728	(d) paragraph 4 is deleted;	(d) paragraph 4 is deleted;	(d) paragraph 4 is deleted;
Art. 1, para. 1, point 49	926 729	(49) Article 128 is replaced by the following:	(49) Article 128 is replaced by the following:	(49) Article 128 is replaced by the following:
Art. 1, para. 1, point 49, <i>Art. 128, title</i>	927 730	‘Article 128 Subordinated debt exposures	‘Article 128 <b><i>Subordinated debt exposures</i></b>	‘Article 128 Subordinated debt exposures
Art. 1, para. 1, point 49, <i>Art. 128, para. 1, intr. part</i>	928 731	1. The following exposures shall be treated as subordinated debt exposures:	1. The following exposures shall be treated as subordinated debt exposures:	1. The following exposures shall be treated as subordinated debt exposures:
Art. 1, para. 1, point 49, <i>Art. 128, para. 1 - point a</i>	929 732	(a) debt exposures which are subordinated to claims of another creditor;	(a) debt exposures which are subordinated to claims of <b>other ordinary unsecured creditors</b> <del>another</del>	(a) debt exposures which are subordinated to claims of <b>other ordinary unsecured creditors</b> ;

		Commission Proposal	Council Mandate	EP Mandate
			creditor;	
Art. 1, para. 1, point 49, <i>Art. 128, para. 1 - point b</i>	930 733	(b) own funds instruments to the extent that those instruments are not considered as equity exposures in accordance with Article 133(1); and	(b) own funds instruments to the extent that those instruments are not considered as equity exposures in accordance with Article 133(1); and	(b) own funds instruments to the extent that those instruments are not considered as equity exposures in accordance with Article 133(1); and
Art. 1, para. 1, point 49, <i>Art. 128, para. 1 - point c</i>	931 734	(c) liabilities instruments that meet the conditions set out in Article 72b.	(c) <b>exposures arising from the institution's holding of eligible</b> liabilities instruments that meet the conditions set out in Article 72b.	(c) liabilities instruments that meet the conditions set out in Article 72b.
Art. 1, para. 1, point 49, <i>Art. 128, para. 2</i>	932 735	2. Subordinated debt exposures shall be assigned a risk weight of 150 %, unless those subordinated debt exposures are required to be deducted in accordance with Part Two of this Regulation.;	2. Subordinated debt exposures shall be assigned a risk weight of 150 %, unless those subordinated debt exposures are <b>deducted from own funds or subject to the treatment set out in Article 72e(5), first subparagraph.</b> <del>required to be deducted in accordance with Part Two of this Regulation.</del> ;	2. Subordinated debt exposures shall be assigned a risk weight of 150 %, unless those subordinated debt exposures are required to be deducted in accordance with Part Two of this Regulation.;
Art. 1, para. 1, point 50	933 736	(50) in Article 129(3), the following subparagraph is inserted:	(50) <b>Article 129 is amended as follows:</b> <del>in Article 129(3), the following subparagraph is inserted:</del>	(50) Article 129 <b>is amended as follows:</b>
Art. 1, para. 1, point 50 a (New)	934 737		<b>(a) in paragraph 3, the following subparagraph is inserted :</b>	<b>(a) in paragraph 3, the following subparagraph is added:</b>
Art. 1, para. 1, point 50, <i>Art. 129, para. 3, subpara. 2</i>	935 738	‘By way of derogation from the first subparagraph, for the purposes of valuing immovable property, the	‘ <del>By way of derogation from the first subparagraph, for</del> For the purposes of valuing immovable property, the competent authorities designated	‘By way of derogation from the first subparagraph, for the purposes of valuing immovable property, the competent authorities designated

		Commission Proposal	Council Mandate	EP Mandate
		competent authorities designated pursuant to Article 18(2) of Directive (EU) 2019/2162 may allow that property to be valued at or at less than the market value, or in those Member States that have laid down rigorous criteria for the assessment of the mortgage lending value in statutory or regulatory provisions, the mortgage lending value of that property without applying the limits set out in Article 208(3), point (b). ,	pursuant to Article 18(2) of Directive (EU) 2019/2162 may allow that property to be valued at or at less than the market value, or in those Member States that have laid down rigorous criteria for the assessment of the mortgage lending value in statutory or regulatory provisions, the mortgage lending value of that property without applying the limits set out in <b>Article 229(1), point (d)</b> <del>208(3), point (b).</del> ’;	pursuant to Article 18(2) of Directive (EU) 2019/2162 may allow that property to be valued at or at less than the market value, or in those Member States that have laid down rigorous criteria for the assessment of the mortgage lending value in statutory or regulatory provisions, the mortgage lending value of that property without applying the limits set out in Article 208(3), point (b). ,
Art. 1, para. 1, point 50 b (new)	936 739		<b><u>(b) in paragraph 4, the first subparagraph is replaced by the following:</u></b>	<b><i>(b) paragraph 4, subparagraph 1 is replaced by the following:</i></b>
Art. 1, para. 1, point 50 b <i>Art. 129, para. 4 - subpara. 1</i>	937 740		‘4. Covered bonds for which a <b>directly applicable</b> 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.’;	<b><i>‘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.’;</i></b>
Art. 1, para. 1, point 50 c (new)	938 741		<b><u>(c) paragraph 5 is replaced by the following :</u></b>	<b><i>(c) paragraph 5 is replaced by the following:</i></b>

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 50 c (new), <i>Art. 129, para. 5 - intr. part</i>	939 742		'5. Covered bonds for which a <b><u>directly applicable</u></b> 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:	<b><i>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:</i></b>
Art. 1, para. 1, point 50 c (new), <i>Art. 129, para. 5 - point a</i>	940 743		(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><i>(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 %;</i></b>
Art. 1, para. 1, point 50 c (new), <i>Art. 129, para. 5 - point aa</i>	941 744		<b><u>(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 %;</u></b>	<b><i>(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 %;</i></b>
Art. 1, para. 1, point 50 c (new), <i>Art. 129, para. 5 - point ab</i>	942 745		<b><u>(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 %;</u></b>	<b><i>(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 %;</i></b>
Art. 1, para. 1, point 50 c (new), <i>Art. 129, para. 5 - point b</i>	943 746		(b) if the exposures to the institution are assigned a risk weight of 50 %, the covered bond shall be assigned a risk weight of <del>20</del> <b><u>25 %</u></b> ;	<b><i>(b) if the exposures to the institution are assigned a risk weight of 50 %, the covered bond shall be assigned a risk weight of 25 %;</i></b>
Art. 1, para. 1, point	944 747		<b><u>(ba) if the exposures to the</u></b>	<b><i>(ba) if the exposures to the</i></b>

		Commission Proposal	Council Mandate	EP Mandate
50 c (new), <i>Art. 129, para. 5 - point ba</i>			<b><u>institution are assigned a risk weight of 75 %, the covered bond shall be assigned a risk weight of 35 %;</u></b>	<b><i>institution are assigned a risk weight of 75 %, the covered bond shall be assigned a risk weight of 35 %;</i></b>
Art. 1, para. 1, point 50 c (new), <i>Art. 129, para. 5 - point c</i>	945 748		(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 %;	<b><i>(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 %;</i></b>
Art. 1, para. 1, point 50 c(new), <i>Art. 129, para. 5 - point d</i>	946 749		(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 %.’;	<b><i>(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 %.’</i></b>
Art. 1, para. 1, point 51, <i>intr. part</i>	947 750	(51) in Article 131, Table 7 is replaced by the following:	<del>(51) in Article 131, Table 7 is replaced by the following:</del>	█
Art. 1, para. 1, point 51, <i>Art. 131, table 7 - heading</i>	948 751	‘ Table 7	<del>‘Table 7</del>	█
Art. 1, para. 1, point 51, <i>Art. 131, Table 7, Row 1</i>	949 752	Credit quality step 1 2 3 4 5 6	<del>Credit quality step 1 2 3 4 5 6</del>	█
Art. 1, para. 1, point 51, <i>Art. 131, Table 7, Row 2</i>	950 753	Risk weight 20 % 20 % 20% 50 % 50 % 150 % %	<del>Risk weight 20 % 20 % 20% 50 % 50 % 150 %</del>	█
Art. 1, para. 1, point 51a (new)	951		(51) In Article 132c(2), first subparagraph is replaced by the following:	<b><i>(51a) in Article 132c(2), subparagraph 1 is replaced by the following:</i></b>



		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 51 - <i>Art. 132c - para. 2 - subpara. 1</i>	952		‘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 <del>default risk-free</del> discount factor <b>that is derived from a risk free rate pursuant to Article 325l, paragraph 2 or 3, as applicable.</b> 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.’;	<i>‘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.’;</i>
Art. 1, para. 1, point 52, intr. part	953 768	(52) Article 133 is replaced by the following:	(52) Article 133 is replaced by the following:	(52) Article 133 is replaced by the following:
Art. 1, para. 1, point 52, <i>Art. 133 - title</i>	954 769	‘Article 133 Equity exposures	‘Article 133 <b><i>Equity exposures</i></b>	‘Article 133 Equity exposures
Art. 1, para. 1, point 52, <i>Art. 133, para. 1, intr. part</i>	955 770	1. All of the following shall be classified as equity exposures:	1. All of the following shall be classified as equity exposures:	1. All of the following shall be classified as equity exposures:
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point a, intr. part</i>	956 771	(a) any exposure meeting all of the following conditions:	(a) any exposure meeting all of the following conditions:	(a) any exposure meeting all of the following conditions:
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point a - subpoint i</i>	957 772	(i) the exposure is irredeemable in the sense that the return of invested funds can be achieved only by the sale of the investment or sale	(i) the exposure is irredeemable in the sense that the return of invested funds can be achieved only by the sale of the investment or sale of the rights to the investment or by the liquidation of the	(i) the exposure is irredeemable in the sense that the return of invested funds can be achieved only by the sale of the investment or sale of the rights to the investment or by the liquidation of the

		<b>Commission Proposal</b>	<b>Council Mandate</b>	<b>EP Mandate</b>
		of the rights to the investment or by the liquidation of the issuer;	issuer;	issuer;
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point a - subpoint ii</i>	958 773	(ii) the exposure does not embody an obligation on the part of the issuer; and	(ii) the exposure does not embody an obligation on the part of the issuer; and	(ii) the exposure does not embody an obligation on the part of the issuer; and
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point a - subpoint iii</i>	959 774	(iii) the exposure conveys a residual claim on the assets or income of the issuer;	(iii) the exposure conveys a residual claim on the assets or income of the issuer;	(iii) the exposure conveys a residual claim on the assets or income of the issuer;
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point b</i>	960 775	(b) instruments that would qualify as Tier 1 items if issued by an institution;	(b) instruments that would qualify as Tier 1 items if issued by an institution;	(b) instruments that would qualify as Tier 1 items if issued by an institution;
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point c, intr. part</i>	961 776	(c) instruments that embody an obligation on the part of the issuer and meet any of the following conditions:	(c) instruments that embody an obligation on the part of the issuer and meet any of the following conditions:	(c) instruments that embody an obligation on the part of the issuer and meet any of the following conditions:
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point c -subpoint i</i>	962 777	(i) the issuer may defer the settlement of the obligation indefinitely;	(i) the issuer may defer the settlement of the obligation indefinitely;	(i) the issuer may defer the settlement of the obligation indefinitely;
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point c -subpoint ii</i>	963 778	(ii) the obligation requires, or permits at the issuer's discretion, settlement by issuance of a fixed number of the issuer's equity shares;	(ii) the obligation requires, or permits at the issuer's discretion, settlement by issuance of a fixed number of the issuer's equity shares;	(ii) the obligation requires, or permits at the issuer's discretion, settlement by issuance of a fixed number of the issuer's equity shares;
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point c -subpoint iii</i>	964 779	(iii) the obligation requires, or permits at the issuer's discretion, settlement by issuance of a variable number	(iii) the obligation requires, or permits at the issuer's discretion, settlement by issuance of a variable number of the issuer's equity shares and, ceteris	(iii) the obligation requires, or permits at the issuer's discretion, settlement by issuance of a variable number of the issuer's equity shares and, ceteris

		Commission Proposal	Council Mandate	EP Mandate
		of the issuer's equity shares and, ceteris paribus, any change in the value of the obligation is attributable to, comparable to, and in the same direction as, the change in the value of a fixed number of the issuer's equity shares;	paribus, any change in the value of the obligation is attributable to, comparable to, and in the same direction as, the change in the value of a fixed number of the issuer's equity shares;	paribus, any change in the value of the obligation is attributable to, comparable to, and in the same direction as, the change in the value of a fixed number of the issuer's equity shares;
Art. 1, para. 1, point 52, Art. 133, para. 1 - point c -subpoint iv, intr. part	965 780	(iv) the holder of the instrument has the option to require that the obligation be settled in equity shares, unless one of the following conditions is met:	(iv) the holder of the instrument has the option to require that the obligation be settled in equity shares, unless one of the following conditions is met:	(iv) the holder of the instrument has the option to require that the obligation be settled in equity shares, unless one of the following conditions is met:
Art. 1, para. 1, point 52, Art. 133, para. 1 - point c -subpoint iv, first indent	966 781	- in the case of a traded instrument, the institution has demonstrated to the satisfaction of the competent authority that the instrument is traded on the market more like the debt of the issuer than like its equity;	- in the case of a traded instrument, the institution <b>is able to demonstrate to the competent authority upon request</b> <del>has demonstrated to the satisfaction of the competent authority</del> that the instrument is traded on the market more like the debt of the issuer than like its equity;	- in the case of a traded instrument, the institution has demonstrated to the satisfaction of the competent authority that the instrument is traded on the market more like the debt of the issuer than like its equity;
Art. 1, para. 1, point 52, Art. 133, para. 1 - point c -subpoint iv, second indent	967 782	- in the case of non-traded instruments, the institution has demonstrated to the satisfaction of the competent authority that the instrument should be treated as a debt position.	- in the case of non-traded instruments, the institution <b>is able to demonstrate to the competent authority upon request</b> <del>has demonstrated to the satisfaction of the competent authority</del> that the instrument should be treated as a debt position.	- in the case of non-traded instruments, the institution has demonstrated to the satisfaction of the competent authority that the instrument should be treated as a debt position.

		<b>Commission Proposal</b>	<b>Council Mandate</b>	<b>EP Mandate</b>
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point c - subpara. 2</i>	968 783	For the purposes of point (c)(iii), obligations are included that require or permit settlement by issuance of a variable number of the issuer's equity shares, for which the change in the monetary value of the obligation is equal to the change in the fair value of a fixed number of equity shares multiplied by a specified factor, where both the factor and the referenced number of shares are fixed.	For the purposes of point (c)(iii), obligations are included that require or permit settlement by issuance of a variable number of the issuer's equity shares, for which the change in the monetary value of the obligation is equal to the change in the fair value of a fixed number of equity shares multiplied by a specified factor, where both the factor and the referenced number of shares are fixed.	For the purposes of point (c)(iii), obligations are included that require or permit settlement by issuance of a variable number of the issuer's equity shares, for which the change in the monetary value of the obligation is equal to the change in the fair value of a fixed number of equity shares multiplied by a specified factor, where both the factor and the referenced number of shares are fixed.
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point c - subpara. 3</i>	969 784	For the purposes of point (iv), where one of the conditions laid down in that point is met, the institution may decompose the risks for regulatory purposes, subject to the prior permission by the competent authority.	For the purposes of point (iv), where one of the conditions laid down in that point is met, the institution may decompose the risks for regulatory purposes, subject to the prior permission by the competent authority.	For the purposes of point (iv), where one of the conditions laid down in that point is met, the institution may decompose the risks for regulatory purposes, subject to the prior permission by the competent authority.
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point d</i>	970 785	(d) debt obligations and other securities, partnerships, derivatives or other vehicles structured in a way that the economic substance is similar to the exposures referred to in points (a), (b) and (c), including liabilities from which the return is linked to that of equities;	(d) debt obligations and other securities, partnerships, derivatives or other vehicles structured in a way that the economic substance is similar to the exposures referred to in points (a), (b) and (c), including liabilities from which the return is linked to that of equities;	(d) debt obligations and other securities, partnerships, derivatives or other vehicles structured in a way that the economic substance is similar to the exposures referred to in points (a), (b) and (c), including liabilities from which the return is linked to that of equities;

		<b>Commission Proposal</b>	<b>Council Mandate</b>	<b>EP Mandate</b>
Art. 1, para. 1, point 52, <i>Art. 133, para. 1 - point e</i>	971 786	(e) equity exposures that are recorded as a loan but arise from a debt/equity swap made as part of the orderly realisation or restructuring of the debt.	(e) equity exposures that are recorded as a loan but arise from a debt/equity swap made as part of the orderly realisation or restructuring of the debt.	(e) equity exposures that are recorded as a loan but arise from a debt/equity swap made as part of the orderly realisation or restructuring of the debt.
Art. 1, para. 1, point 52, <i>Art. 133, para. 2, intr. part</i>	972 787	2. Equity investments shall not be treated as equity exposures in any of the following cases:	2. Equity investments shall not be treated as equity exposures in any of the following cases:	2. Equity investments shall not be treated as equity exposures in any of the following cases:
Art. 1, para. 1, point 52, <i>Art. 133, para. 2 - point a</i>	973 788	(a) the equity investments are structured in a way that their economic substance is similar to the economic substance of debt holdings which do not meet the criteria in any of the points in paragraph 1;	(a) the equity investments are structured in a way that their economic substance is similar to the economic substance of debt holdings which do not meet the criteria in any of the points in paragraph 1;	(a) the equity investments are structured in a way that their economic substance is similar to the economic substance of debt holdings which do not meet the criteria in any of the points in paragraph 1;
Art. 1, para. 1, point 52, <i>Art. 133, para. 2 - point b</i>	974 789	(b) the equity investments constitute securitisation exposures.	(b) the equity investments constitute securitisation exposures.	(b) the equity investments constitute securitisation exposures.
Art. 1, para. 1, point 52, <i>Art. 133, para. 3</i>	975 790	3. Equity exposures, other than those referred to in paragraph 4 to 7, shall be assigned a risk weight of 250 %, unless those exposures are required to be deducted or risk-weighted in accordance with Part Two.	3. Equity exposures, other than those referred to in paragraph 4 to 7, shall be assigned a risk weight of 250 %, unless those exposures are required to be deducted or risk-weighted in accordance with Part Two.	3. Equity exposures, other than those referred to in paragraph 4 to 7, shall be assigned a risk weight of 250 %, unless those exposures are required to be deducted or risk-weighted in accordance with Part Two.
Art. 1, para. 1, point 52, <i>Art. 133, para. 4,</i>	976 791	4. The following equity	4. The following equity exposures to	4. The following equity exposures to

		Commission Proposal	Council Mandate	EP Mandate
<i>intr. part</i>		exposures to unlisted companies shall be assigned a risk weight of 400 %, unless those exposures are required to be deducted or risk-weighted in accordance with Part Two:	unlisted companies shall be assigned a risk weight of 400 %, unless those exposures are required to be deducted or risk-weighted in accordance with Part Two:	unlisted companies shall be assigned a risk weight of 400 %, unless those exposures are required to be deducted or risk-weighted in accordance with Part Two:
Art. 1, para. 1, point 52, <i>Art. 133, para. 4 - point a</i>	977 792	(a) investments for short-term resale purposes;	(a) investments for short-term resale purposes;	(a) investments for short-term resale purposes;
Art. 1, para. 1, point 52, <i>Art. 133, para. 4 - point b</i>	978 793	(b) investments in venture capital firms or similar investments which are acquired in anticipation of significant short-term capital gains.	(b) investments in venture capital firms or similar investments which are acquired in anticipation of significant short-term capital gains.	(b) investments in venture capital firms or similar investments which are acquired in anticipation of significant short-term capital gains.
Art. 1, para. 1, point 52, <i>Art. 133, para. 4, subpara. 2</i>	979 794	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	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 <del>as well as venture capital firms</del> 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	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

		Commission Proposal	Council Mandate	EP Mandate
		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 longer as approved by the institution's senior management.	management.
Art. 1, para. 1, point 52, <i>Art. 133, para. 5, intr. part</i>	980 795	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:	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, <b><u>up to the part of such equity exposures that in aggregate does not exceed 10 % of the institutions own funds</u></b> , that comply with all of the following conditions:	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, <b><i>up to the part of such equity exposures that in aggregate does not exceed 10 % of the institution's own funds</i></b> , that comply with all of the following conditions:
Art. 1, para. 1, point 52, <i>Art. 133, para. 5 - point a</i>	981 796	(a) the legislative programs provide significant subsidies, including in the form of guarantees by multilateral	(a) the legislative programs provide significant subsidies <b>or guarantees</b> , including <del>in the form of guarantees</del> by multilateral development banks, public	(a) the legislative programs provide significant subsidies <b>or</b> guarantees, <b>including</b> by multilateral development banks, public development credit

		Commission Proposal	Council Mandate	EP Mandate
		development banks, public development credit institutions as defined Article 429a(2) or international organisations, for the investment to the institution;	development credit institutions as defined Article 429a(2) or international organisations, for the investment to the institution;	institutions as defined <i>in</i> Article 429a(2) or international organisations, for the investment to the institution;
Art. 1, para. 1, point 52, <i>Art. 133, para. 5 - point b</i>	982 797	(b) the legislative programs involve some form of government oversight;	(b) the legislative programs involve some form of government oversight;	(b) the legislative programs involve some form of government oversight;
Art. 1, para. 1, point 52, <i>Art. 133, para. 5 - point c</i>	983 798	(c) such equity exposures in aggregate do not exceed 10 % of the institutions own funds.	<b><u>(c) the legislative programs involve restrictions on the equity investments, such as limitations on the size and types of businesses in which the institution is investing, allowable amounts of ownership interests, geographical location and other pertinent factors that limit the potential risk of the investment to the institution.</u></b>	<b><i>(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;</i></b>
Art. 1, para. 1, point 52, <i>Art. 133, para. 6</i>	984 799	6. Equity exposures to central banks shall be assigned a risk weight of 100 %.	6. Equity exposures to central banks shall be assigned a risk weight of <del>100</del> % <b>0 %</b> .	6. Equity exposures to central banks shall be assigned a risk weight of <b>0</b> %.
Art. 1, para. 1, point 52, <i>Art. 133, para. 7</i>	985 800	7. Equity exposures that are recorded as a loan but arise from a debt/equity swap made as part of the orderly realisation or restructuring of the debt shall not be assigned a risk weight lower than the risk weight that would apply had	7. <b><u>An equity holding</u></b> Equity exposures that <del>are</del> <b>is</b> recorded as a loan but <b><u>that has arisen</u></b> from a debt/equity swap made as part of the orderly realisation or restructuring of the debt shall not be assigned a risk weight lower than the risk weight that would apply <b><u>if the equity exposure were</u></b>	7. Equity exposures that are recorded as a loan but arise from a debt/equity swap made as part of the orderly realisation or restructuring of the debt shall not be assigned a risk weight lower than the risk weight that would apply had the equity holdings remained in the debt portfolio.; ’



		Commission Proposal	Council Mandate	EP Mandate
		the equity holdings remained in the debt portfolio.; ’	<b><u>treated as a non-equity exposure</u></b> had the equity holdings remained in the debt portfolio.’;	
Art. 1, para. 1, point 53, <i>intr. part</i>	986 801	(53) Article 134 is amended as follows:	(53) Article 134 is amended as follows:	(53) Article 134 is amended as follows:
Art. 1, para. 1, point 53 a, <i>intr. part</i>	987 802	(a) paragraph 3 is replaced by the following:	(a) paragraph 3 is replaced by the following:	(a) paragraph 3 is replaced by the following:
Art. 1, para. 1, point 53, <i>Art. 134, para. 3</i>	988 803	‘3. Cash items in the process of collection shall be assigned a 20 % risk weight. Cash owned and held by the institution or in transit, and equivalent cash items shall be assigned a 0 % risk weight.’;	‘3. Cash items in the process of collection shall be assigned a 20 % risk weight. Cash owned and held by the institution or in transit, and equivalent cash items shall be assigned a 0 % risk weight.’;	‘3. Cash items in the process of collection shall be assigned a 20 % risk weight. Cash owned and held by the institution or in transit, and equivalent cash items shall be assigned a 0 % risk weight.’;
Art. 1, para. 1, point 53 b - <i>intr. part</i>	989 804		<b><u>(b) paragraph 6 is replaced by the following:</u></b>	
Art. 1, para. 1, point 53 b (New), <i>Art. 134, para. 6</i>	990 805		<b><u>‘6. Risk-weighted exposures 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.</u></b>	
	991		<b><u>For second-to-default credit</u></b>	

		Commission Proposal	Council Mandate	EP Mandate
			<b><u>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.</u></b> ;	
Art. 1, para. 1, point 53 b - intr. part	992 806	(b) the following paragraph 8 is added:	<del>(b) the following paragraph 8 is added:</del>	(b) the following paragraph 8 is added:
Art. 1, para. 1, point 53 b, <i>Art. 134, para. 8</i>	993	‘ 8. The exposure value of any other item for which no risk weight is provided under Chapter 2 shall be assigned a risk weight of 100 %.; ’	<del>‘8. The exposure value of any other item for which no risk weight is provided under Chapter 2 shall be assigned a risk weight of 100 %.’;</del>	‘ 8. The exposure value of any other item for which no risk weight is provided under Chapter 2 shall be assigned a risk weight of 100 %.; ’
Art. 1, para. 1, point 54, <i>intr. part</i>	994 808	(54) in Article 135, the following paragraph 3 is added:	(54) in Article 135, the following paragraph 3 is added:	(54) in Article 135, the following <b>paragraphs are</b> added:
Art. 1, para.1, point 54, <i>Art. 135, para. 3</i>	995 809	‘ 3. EBA, EIOPA and ESMA shall by [OP please insert the date = 1 year after entry into force] prepare a report on the impediments to the availability of credit assessments by ECAIs, in particular for corporates, and on possible measures to address them	‘3. EBA, EIOPA and ESMA shall by [OP please insert the date = 1 year after entry into force] prepare a report on the impediments to the availability of credit assessments by ECAIs, in particular for corporates, and on possible measures to address them taking into account differences across economic sectors and geographical	‘3. EBA, EIOPA and ESMA shall by [OP please insert the date = 1 year after entry into force] prepare a report on the impediments to the availability of credit assessments by ECAIs, in particular for corporates, and on possible measures to address them taking into account differences across economic sectors and geographical areas. <b>EBA, EIOPA and</b>

		Commission Proposal	Council Mandate	EP Mandate
		taking into account differences across economic sectors and geographical areas.; ’	areas.’;	<i>ESMA shall submit the report to the European Parliament, to the Council and to the Commission.’</i>
Art. 1, para.1, point 54, <i>Art. 135, para. 3a (new)</i>	996			<i>3a. ESMA shall by [OP please insert the date = 1 year after entry into force] prepare a report on whether ESG risks are appropriately reflected in ECAI credit risk rating methodologies. Based on this report and if appropriate, the Commission shall submit a legislative proposal to the European Parliament and the Council by [OP please insert the date = 18 months after entry into force]’</i>
Art. 1, para. 1, point 55, intr. part	997 810	(55) Article 138 is amended as follow:	(55) Article 138 is amended as follow:	(55) Article 138 is amended as follow:
Art. 1, para. 1, point 55 a, intr. part	998 811	(a) the following point (g) is added:	(a) the following point (g) is added:	(a) the following point (g) is added:
Art. 1, second para.1, point 55 a, <i>Art. 135, point g</i>	999 812	‘ (g) an institution shall not use an ECAI credit assessment in relation to an institution that incorporates assumptions of implicit government support, unless the respective ECAI credit assessment refers to an institution owned by or set up and sponsored by central governments, regional governments or local authorities.; ’	‘(g) <b>For exposures to institutions,</b> an institution shall not use an ECAI credit assessment <del>in relation to an institution</del> that incorporates assumptions of implicit government support, unless the respective ECAI credit assessment refers to an institution owned by or set up and sponsored by central governments, regional governments or local authorities.’;	‘(g) an institution shall not use an ECAI credit assessment in relation to an institution that incorporates assumptions of implicit government support, unless the respective ECAI credit assessment refers to an institution owned by or sponsored by central governments, regional governments or local authorities.’;

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 55 b, <i>intr. part</i>	1000 813	(b) the following subparagraph is added:	(b) the following subparagraph is added:	(b) the following subparagraph is added:
Art. 1, para. 1, point 55 b, <i>Art. 138, subpara. 1.</i>	1001 814	‘ For the purposes of point (g), in case of institutions, other than institutions owned by or set up and sponsored by central governments, regional governments or local authorities, for which only ECAI credit assessment exist which do incorporate assumptions of implicit government support, exposures to such institutions shall be treated as exposures to unrated institutions in accordance with Article 121.	‘For the purposes of point (g), in case of institutions, other than institutions owned by or set up and sponsored by central governments, regional governments or local authorities, for which only ECAI credit assessment exist which do incorporate assumptions of implicit government support, exposures to such institutions shall be treated as exposures to unrated institutions in accordance with Article 121.	‘For the purposes of point (g), in case of institutions, other than institutions owned by or <span style="background-color: black; color: black;">█</span> sponsored by central governments, regional governments or local authorities, for which only ECAI credit assessment exist which do incorporate assumptions of implicit government support, exposures to such institutions shall be treated as exposures to unrated institutions in accordance with Article 121.
Art. 1, para. 1, point 55 b, <i>Art. 138, subpara. 2</i>	1002 815	Implicit government support means that the central government, regional government or local authority shall act to prevent creditors of the institution from incurring losses in the event of the institution’s default or distress.; ’	Implicit government support means that the central government, regional government or local authority <b>may</b> <del>shall</del> act to prevent creditors of the institution from incurring losses in the event of the institution’s default or distress.’;	Implicit government support means that the central government, regional government or local authority <b>is expected to</b> act to prevent creditors of the institution from incurring losses in the event of the institution’s default or distress.’;
Art. 1, para. 1, point 56, <i>intr. part</i>	1003 816	(56) in Article 139(2), points (a) and (b) are replaced by the following:	(56) in Article 139(2), points (a) and (b) are replaced by the following:	(56) in Article 139(2), points (a) and (b) are replaced by the following:
Art. 1, para. 1, point	1004 817	‘(a) the credit assessment	‘(a) the credit assessment produces a	‘(a) the credit assessment produces a

		Commission Proposal	Council Mandate	EP Mandate
56, Art. 139, para. 2 - point a , intr. part		produces a higher risk weight than would be the case when the exposure is treated as unrated and the exposure concerned:	higher risk weight than would be the case when the exposure is treated as unrated and the exposure concerned:	higher risk weight than would be the case when the exposure is treated as unrated and the exposure concerned:
Art. 1, para. 1, point 56, Art. 139, para. 2 - point a - subpoint i	1005 818	(i) is not a specialised lending exposure;	(i) is not a specialised lending exposure <b>or an exposure in the form of a covered bond;</b>	(i) is not a specialised lending exposure;
Art. 1, para. 1, point 56, Art. 139, para. 2 - point a - subpoint ii	1006 819	(ii) ranks pari passu or junior in all respects to the specific issuing program or facility or to senior unsecured exposures of that issuer, as relevant;	(ii) ranks pari passu or junior in all respects to the specific issuing program or facility or to senior unsecured exposures of that issuer, as relevant;	(ii) ranks pari passu or junior in all respects to the specific issuing program or facility or to senior unsecured exposures of that issuer, as relevant;
Art. 1, para. 1, point 56, Art. 139, para. 2 - point b, intr. part	1007 820	(b) the credit assessment produces a lower risk weight and the exposure concerned:	(b) the credit assessment produces a lower risk weight <b>than would be the case when the exposure is treated as unrated</b> and the exposure concerned:	(b) the credit assessment produces a lower risk weight and the exposure concerned:
Art. 1, para. 1, point 56, Art. 139, para. 2 - point b - subpoint i	1008 821	(i) is not a specialised lending exposure;	(i) is not a specialised lending exposure <b>or an exposure in the form of a covered bond;</b>	(i) is not a specialised lending exposure;
Art. 1, para. 1, point 56, Art. 139, para. 2 - point b - subpoint ii	1009 822	(ii) ranks `pari passu or senior in all respects to the specific issuing programme or facility or to senior unsecured exposures of that issuer, as relevant.; `	(ii) ranks pari passu or senior in all respects to the specific issuing programme or facility or to senior unsecured exposures of that issuer, as relevant.; `	(ii) ranks `pari passu or senior in all respects to the specific issuing programme or facility or to senior unsecured exposures of that issuer, as relevant.; `
Art. 1, para. 1, point 57, intr. part	1010 823	(57) Article 141 is replaced by the following:	(57) Article 141 is replaced by the following:	(57) Article 141 is replaced by the following:

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 57, <i>Art. 141 - title</i>	1011 824	‘ Article 141 Domestic and foreign currency items	Article 141 <b><i>Domestic and foreign currency items</i></b>	‘ Article 141 Domestic and foreign currency items
Art. 1, para. 1, point 57, <i>Art. 141, para. 1</i>	1012 825	1. A credit assessment that refers to an item denominated in the obligor's domestic currency shall not be used to derive a risk weight for an exposure on that same obligor that is denominated in a foreign currency.	1. A credit assessment that refers to an item denominated in the obligor's domestic currency shall not be used to derive a risk weight for an exposure on that same obligor that is denominated in a foreign currency.	1. A credit assessment that refers to an item denominated in the obligor's domestic currency shall not be used to derive a risk weight for an exposure on that same obligor that is denominated in a foreign currency.
Art. 1, para. 1, point 57, <i>Art. 141, para. 2, subpara. 1</i>	1013 826	2. By way of derogation from paragraph 1, where an exposure arises through an institution's participation in a loan that has been extended by, or has been guaranteed against convertibility and transfer risk, by a multilateral development bank listed in Article 117(2) the preferred creditor status of which is recognised in the market, the credit assessment on the obligor's domestic currency item may be used to derive a risk weight for an exposure on that same obligor that is denominated in a foreign currency.	2. By way of derogation from paragraph 1, where an exposure arises through an institution's participation in a loan that has been extended by, or has been guaranteed against convertibility and transfer risk, by a multilateral development bank listed in Article 117(2) the preferred creditor status of which is recognised in the market, the credit assessment on the obligor's domestic currency item may be used to derive a risk weight for an exposure on that same obligor that is denominated in a foreign currency.	2. By way of derogation from paragraph 1, where an exposure arises through an institution's participation in a loan that has been extended by, or has been guaranteed against convertibility and transfer risk, by a multilateral development bank listed in Article 117(2) the preferred creditor status of which is recognised in the market, the credit assessment on the obligor's domestic currency item may be used to derive a risk weight for an exposure on that same obligor that is denominated in a foreign currency.
Art. 1, para. 1, point 57, <i>Art. 141, para. 2,</i>	1014 827	For the purposes of the first subparagraph, where the	For the purposes of the first subparagraph, where the exposure	For the purposes of the first subparagraph, where the exposure

		Commission Proposal	Council Mandate	EP Mandate
<i>subpara. 2</i>		exposure denominated in a foreign currency is guaranteed against convertibility and transfer risk, the credit assessment on the obligor's domestic currency item may only be used for risk weighting purposes on the guaranteed part of that exposure. The part of that exposure that is not guaranteed shall be risk-weighted based on a credit assessment on the obligor that refers to an item denominated in that foreign currency.;	denominated in a foreign currency is guaranteed against convertibility and transfer risk, the credit assessment on the obligor's domestic currency item may only be used for risk weighting purposes on the guaranteed part of that exposure. The part of that exposure that is not guaranteed shall be risk-weighted based on a credit assessment on the obligor that refers to an item denominated in that foreign currency.;	denominated in a foreign currency is guaranteed against convertibility and transfer risk, the credit assessment on the obligor's domestic currency item may only be used for risk weighting purposes on the guaranteed part of that exposure. The part of that exposure that is not guaranteed shall be risk-weighted based on a credit assessment on the obligor that refers to an item denominated in that foreign currency.;
Art. 1, para. 1, point 58, <i>intr. part</i>	1015 828	(58) Article 142, paragraph 1 is amended as follows:	(58) Article 142, paragraph 1 is amended as follows:	(58) Article 142, paragraph 1 is amended as follows:
Art. 1, para. 1, point 58 a, <i>intr. part</i>	1016 829	(a) the following points (1a) to (1e) are inserted:	(a) the following points (1a) to (1e) are inserted:	(a) the following points (1a) to (1e) are inserted:
Art. 1, para. 1, point 58 - a, <i>Art. 142, para. 1 - point 1a</i>	1017 830	' (1a) 'exposure class' means any of the exposure classes referred to in Article 147(2), points (a), (a1)(i), (a1)(ii), (b), (c)(i), (c)(ii), (c)(iii), (d)(i), (d)(ii), (d)(iii), (d)(iv), (e), (e1), (f) and (g);	' (1a) 'exposure class' means <del>any of</del> the exposure classes referred to in Article 147(2), points (a), (a1)(i), (a1)(ii), (b), (c)(i), (c)(ii), (c)(iii), (d)(i), (d)(ii), (d)(iii), (d)(iv), (e), (e1), (f) and (g);	' (1a) 'exposure class' means any of the exposure classes referred to in Article 147(2), points (a), (a1)(i), (a1)(ii), (b), (c)(i), (c)(ii), (c)(iii), (d)(i), (d)(ii), (d)(iii), (d)(iv), (e), (e1), (f) and (g);
Art. 1, para. 1, point 58 - a, <i>Art. 142, para. 1 - point 1b</i>	1018 831	(1b) 'corporate exposure class' means any of the exposure classes referred to in Article 147(2), points (c)(i),	<del>(1b) 'corporate exposure class' means any of the exposure classes referred to in Article 147(2), points (c)(i), (c)(ii) and (c)(iii);</del>	(1b) 'corporate exposure class' means any of the exposure classes referred to in Article 147(2), points (c)(i), (c)(ii) and (c)(iii);

		Commission Proposal	Council Mandate	EP Mandate
		(c)(ii) and (c)(iii);		
Art. 1, para. 1, point 58 - a, <i>Art. 142, para. 1 - point 1c</i>	1019 832	(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);	<b>(1b)</b> ‘corporate exposure’ means any exposure assigned to <b>any of</b> the exposure classes referred to in Article 147(2), points (c)(i), (c)(ii) and (c)(iii);	(1c) ‘corporate exposure’ means any exposure assigned to <b>any of</b> the exposure classes referred to in Article 147(2), points (c)(i), (c)(ii) and (c)(iii);
Art. 1, para. 1, point 58 - a, <i>Art. 142, para. 1 - point 1d</i>	1020 833	(1d) ‘retail exposure class’ means any of the exposure classes referred to in Article 147(2), points (d)(i), (d)(ii), (d)(iii) and (d)(iv);	<del>(1d) ‘retail exposure class’ means any of the exposure classes referred to in Article 147(2), points (d)(i), (d)(ii), (d)(iii) and (d)(iv);</del>	(1d) ‘retail exposure class’ means any of the exposure classes referred to in Article 147(2), points (d)(i), (d)(ii), (d)(iii) and (d)(iv);
Art. 1, para. 1, point 58 - a, <i>Art. 142, para. 1 - point 1e</i>	1021 834	(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);’	<b>(1c)</b> ‘retail exposure’ means any exposure assigned to <b>any of</b> the exposure classes referred to in Article 147(2), points (d)(i), (d)(ii), (d)(iii) and (d)(iv); <sup>25</sup>	(1e) ‘retail exposure’ means any exposure assigned to <b>any of</b> the exposure classes referred to in Article 147(2), points (d)(i), (d)(ii), (d)(iii) and (d)(iv);’;
	1022		<b>(1d) ‘regional and local authorities and public sector entities exposure’ or ‘RGLA-PSE exposure’ means any exposure assigned to the exposure classes referred to in Article 147(2), points (a1)(i) and (a1)(ii);’;</b>	
Art. 1, para. 1, point 58 b, intr. part	1023 835	(b) point (2) is replaced by the following:	(b) point (2) is replaced by the following:	(b) point (2) is replaced by the following:
Art. 1, para. 1, point 58 - b, <i>Art. 142, para. 1 - point 2</i>	1024 836	‘ (2) ‘type of exposures’ means a group of homogeneously managed exposures within an exposure	‘(2) ‘type of exposures’ means a group of homogeneously managed exposures <del>within an exposure class,</del> which may be limited to a single entity	‘(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



		<b>Commission Proposal</b>	<b>Council Mandate</b>	<b>EP Mandate</b>
		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;; ’	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;’;	entities within a group provided that the same type of exposures is managed differently in other entities of the group;’;
Art. 1, para. 1, point 58 c, intr. part	1025 837	(c) points (4) and (5) are replaced by the following:	(c) points (4) and (5) are replaced by the following:	(c) points (4) and (5) are replaced by the following:
Art. 1, para. 1, point 58 c, Art. 142, para. 1 - point 4 - intr. part	1026 838	‘(4) ‘large regulated financial sector entity’ means a financial sector entity which meets all the following conditions:	‘(4) ‘large regulated financial sector entity’ means a financial sector entity which meets all the following conditions:	‘(4) ‘large regulated financial sector entity’ means a financial sector entity which meets all the following conditions:
Art. 1, para. 1, point 58 c, Art. 142, para. 1 - point 4 - subpoint a	1027 839	(a) the entity’s total assets, or the total assets of its parent company where the entity has a parent company, calculated on an individual or consolidated basis, are greater than or equal to EUR 70 billion , using the most recent audited financial statement or consolidated financial statement in order to determine asset size;	(a) the entity’s total assets, or the total assets of its parent company where the entity has a parent company, calculated on an individual or consolidated basis, are greater than or equal to EUR 70 billion , using the most recent audited financial statement or consolidated financial statement in order to determine asset size;	(a) the entity’s total assets, or the total assets of its parent company where the entity has a parent company, calculated on an individual or consolidated basis, are greater than or equal to EUR 70 billion , using the most recent audited financial statement or consolidated financial statement in order to determine asset size;
Art. 1, para. 1, point 58 c, Art. 142, para. 1 - point 4 - subpoint b	1028 840	(b) the entity is subject to prudential requirements, directly on an individual or consolidated basis, or indirectly from the prudential	(b) the entity is subject to prudential requirements, directly on an individual or consolidated basis, or indirectly from the prudential consolidation of its parent undertaking, in accordance with	(b) the entity is subject to prudential requirements, directly on an individual or consolidated basis, or indirectly from the prudential consolidation of its parent undertaking, in accordance with this

		Commission Proposal	Council Mandate	EP Mandate
		consolidation of its parent undertaking, in accordance with this Regulation, Regulation (EU) 2019/2033, Directive 2009/138/EC, or legal prudential requirements of a third country at least equivalent to those Union acts;	this Regulation, Regulation (EU) 2019/2033, Directive 2009/138/EC, or legal prudential requirements of a third country at least equivalent to those Union acts;	Regulation, Regulation (EU) 2019/2033, Directive 2009/138/EC, or legal prudential requirements of a third country at least equivalent to those Union acts;
Art. 1, para. 1, point 58 c, <i>Art. 142, para. 1 - point 5</i>	1029 841	(5) ‘unregulated financial sector entity’ means a financial sector entity that does not fulfil the condition laid down in point (4)(b);; ’	(5) ‘unregulated financial sector entity’ means a financial sector entity that does not fulfil the condition laid down in point (4)(b);; ’	(5) ‘unregulated financial sector entity’ means a financial sector entity that does not fulfil the condition laid down in point (4)(b);; ’
Art. 1, para. 1, point 58 d, <i>intr. part</i>	1030 842	(d) the following point (5a) is inserted:	(d) the following point (5a) is inserted:	(d) the following point (5a) is inserted:
Art. 1, para. 1, point 58 - d, <i>Art. 142, para. 1 - point 5a</i>	1031 843	‘ (5a) ‘large corporate’ means any corporate undertaking having consolidated annual sales of more than EUR 500 million or belonging to a group where the total annual sales for the consolidated group is more than EUR 500 million.’; ’ ‘	‘(5a) ‘large corporate’ means any corporate undertaking having consolidated annual sales of more than EUR 500 million or belonging to a group where the total annual sales for the consolidated group is more than EUR 500 million. <b><u>In making the assessment for the sales threshold, the amounts must be as reported in the audited financial statements of the corporates or, for corporates that are part of consolidated groups, their consolidated groups according to the accounting standard applicable to the ultimate parent of the consolidated group. The figures</u></b>	‘ (5a) ‘large corporate’ means any corporate undertaking having consolidated annual sales of more than EUR 500 million or belonging to a group where the total annual sales for the consolidated group is more than EUR 500 million.’; ’ ‘

		Commission Proposal	Council Mandate	EP Mandate
			<b><u>must be based on the average amounts calculated over the prior three years, or on the latest amounts updated every three years by the bank.</u></b> ’,’	
Art. 1, para. 1, point 58 e, <i>intr. part</i>	1032 844	(e) the following points (8) to (12) are added:	(e) the following points (8) to (12) are added:	(e) the following points (8) to (12) are added:
Art. 1, para. 1, point 58 e, <i>Art. 142, para. 1 - point 8</i>	1033 845	‘(8) ‘PD/LGD modelling adjustment approach’ refers to modelling an adjustment of the LGD or modelling an adjustment of both the PD and the LGD of the underlying exposure in accordance with Article 183(1a);	‘(8) ‘PD/LGD modelling adjustment approach’ refers to modelling an adjustment of the LGD or modelling an adjustment of both <b>of either</b> the PD <b>and or</b> the LGD of the underlying exposure <del>in accordance with Article 183(1a);</del>	‘(8) ‘PD/LGD modelling adjustment approach’ refers to modelling an adjustment of the LGD or modelling an adjustment of both the PD and the LGD of the underlying exposure in accordance with Article 183(1a);
Art. 1, para. 1, point 58 e, <i>Art. 142, para. 1 - point 9</i>	1034 847	(9) ‘protection-provider-RW-floor’ refers to the risk weight applicable to a comparable, direct exposure to the protection provider;	(9) ‘protection-provider-RW-floor’ refers to the risk weight applicable to a comparable, <del>direct</del> exposure to the protection provider;	(9) ‘protection-provider-RW-floor’ refers to the risk weight applicable to a comparable, direct exposure to the protection provider;
Art. 1, para. 1, point 58 e, <i>Art. 142, para. 1 - point 10, intr. part</i>	1035 848	(10) for an exposure to which an institution applies the IRB approach by using its own estimates of LGD under Article 143, ‘recognised’ unfunded credit protection means an unfunded credit protection the effect of which on the calculation of risk-weighted exposure amounts or	(10) for an exposure to which an institution applies the IRB <del>approach</del> <b>Approach</b> by using its own estimates of LGD under Article 143, ‘recognised’ unfunded credit protection means an unfunded credit protection <del>the effect of which the</del> <b>effect of which</b> on the calculation of risk-weighted exposure amounts or expected loss amounts of the	(10) for an exposure to which an institution applies the IRB approach by using its own estimates of LGD under Article 143, ‘recognised’ unfunded credit protection means an unfunded credit protection the effect of which on the calculation of risk-weighted exposure amounts or expected loss amounts of the underlying exposure is taken into account with one of the

		Commission Proposal	Council Mandate	EP Mandate
		expected loss amounts of the underlying exposure is taken into account with one of the following methods, in accordance with Article 108(2a):	underlying exposure is taken into account with one of the following methods, in accordance with Article 108(2a):	following methods, in accordance with Article 108(2a):
Art. 1, para. 1, point 58 e, <i>Art. 142, para. 1 - point 10 - subpoint a</i>	1036 849	(a) PD/LGD modelling adjustment approach;	(a) PD/LGD modelling adjustment approach;	(a) PD/LGD modelling adjustment approach;
Art. 1, para. 1, point 58 e, <i>Art. 142, para. 1 - point 10 - subpoint b</i>	1037 850	(b) substitution of risk parameters approach under A-IRB, in accordance with Article 192, point (8);	(b) substitution of risk parameters approach under A-IRB, in accordance with Article 192, point (8);	(b) substitution of risk parameters approach under A-IRB, in accordance with Article 192, point (8);
Art. 1, para. 1, point 58 e, <i>Art. 142, para. 1 - point 11</i>	1038 851	(11) ‘SA-CCF’ means the percentage applicable under Chapter 2, by which the nominal value of an off-balance sheet item is multiplied to calculate its exposure value in accordance with Article 111(2);	(11) ‘SA-CCF’ means the percentage applicable under Chapter 2, by which the nominal value of an off-balance sheet item is multiplied to calculate its exposure value in accordance with Article 111(2);	(11) ‘SA-CCF’ means the percentage applicable under Chapter 2, by which the nominal value of an off-balance sheet item is multiplied to calculate its exposure value in accordance with Article 111(2);
Art. 1, para. 1, point 58 e, <i>Art. 142, para. 1 - point 12</i>	1039 852	(12) ‘IRB-CCF’ means own estimates of CCF.; ‘	(12) ‘IRB-CCF’ means own estimates of CCF.;	(12) ‘IRB-CCF’ means own estimates of CCF.; ‘
Art. 1, para. 1, point 59, <i>intr. part</i>	1040 853	(59) Article 143 is amended as follows:	(59) Article 143 is amended as follows:	(59) Article 143 is amended as follows:
Art. 1, para. 1, point 59 a, <i>intr. part</i>	1041 854	(a) paragraph 2 is replaced by the following:	(a) paragraph 2 is replaced by the following:	(a) paragraph 2 is replaced by the following:

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 59 a, <i>Art. 143, para. 2</i>	1042 855	‘2. Prior permission to the use the IRB Approach, including own estimates of LGDs and CCFs, shall be required for each exposure class and for each rating system and for each approach to estimating LGDs and CCFs used.; ’	‘2. Prior permission to the use the IRB Approach, including own estimates of LGDs and CCFs, shall be required for each exposure class and for each rating system and for each approach to estimating LGDs and CCFs used.’;	‘2. Prior permission to the use the IRB Approach, including own estimates of LGDs and CCFs, shall be required for each exposure class and for each rating system and for each approach to estimating LGDs and CCFs used.; ’
Art. 1, para. 1, point 59 b, <i>intr. part</i>	1043 856	(b) in paragraph 3, first subparagraph, points (a) and (b) are replaced by the following:	(b) in paragraph 3, first subparagraph, points (a) and (b) are replaced by the following:	(b) in paragraph 3, first subparagraph, points (a) and (b) are replaced by the following:
Art. 1, para. 1, point 59 b, <i>Art. 143, para. 3 - subpara. 1 point a</i>	1044 857	‘ (a) material changes to the range of application of a rating system that the institution has received permission to use;	‘(a) material changes to the range of application of a rating system that the institution has received permission to use;	‘ (a) material changes to the range of application of a rating system that the institution has received permission to use;
Art. 1, para. 1, point 59 b, <i>Art. 143, para. 3 - subpara. 1 point b</i>	1045 858	(b) material changes to a rating system that the institution has received permission to use.; ’	(b) material changes to a rating system that the institution has received permission to use.’;	(b) material changes to a rating system that the institution has received permission to use.; ’
Art. 1, para. 1, point 59 c, <i>intr. part</i>	1046 859	(c) paragraph 4 and 5 are replaced by the following:	(c) paragraph 4 and 5 are replaced by the following:	(c) paragraph 4 and 5 are replaced by the following:
Art. 1, para. 1, point 59 c, <i>Art. 143, para. 4</i>	1047 860	‘4. Institutions shall notify the competent authorities of all changes to rating systems.	‘4. Institutions shall notify the competent authorities of all changes to rating systems.	‘4. Institutions shall notify the competent authorities of all changes to rating systems.
Art. 1, para. 1, point 59 c, <i>Art. 143, para. 5 - subpara. 1</i>	1048 861	5. EBA shall develop draft regulatory technical standards to specify the conditions for assessing the materiality of the	5. EBA shall develop draft regulatory technical standards to specify the conditions for assessing the materiality of the use of an existing rating system	5. EBA shall develop draft regulatory technical standards to specify the conditions for assessing the materiality of the use of an existing rating system

		Commission Proposal	Council Mandate	EP Mandate
		use of an existing rating system for other additional exposures not already covered by that rating system and changes to rating systems under the IRB Approach.	for other additional exposures not already covered by that rating system and changes to rating systems under the IRB Approach.	for other additional exposures not already covered by that rating system and changes to rating systems under the IRB Approach.
Art. 1, para. 1, point 59 c, Art. 143, para. 5 - subpara. 2.	1049 862	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 18 months after the entry into force of this amending Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 18 months after the entry into force of this amending Regulation].	EBA shall submit those draft regulatory technical standards to the Commission by [OP please insert date = 18 months after the entry into force of this amending Regulation].
Art. 1, para. 1, point 59 c, Art. 143, para. 5 - subpara. 3.	1050 863	Power is delegated to the Commission to adopt the regulatory technical standards referred to the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to adopt the regulatory technical standards referred to the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to adopt the regulatory technical standards referred to the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;
Art. 1, para. 1, point 60, intr. part	1051 864	(60) in Article 144(1), the first subparagraph is amended as follows:	(60) in Article 144(1), the first subparagraph is amended as follows:	(60) in Article 144(1), the first subparagraph is amended as follows:
Art. 1, para. 1, point 60 a, intr. part	1052 865	(a) point (f) is replaced by the following:	(a) point (f) is replaced by the following:	(a) point (f) is replaced by the following:
Art. 1, para. 1, point 60 a, Art. 144, para. 1 - point f	1053 866	‘(f) the institution has validated each rating system during an appropriate time period prior to the permission	‘(f) the institution has validated each rating system during an appropriate time period prior to the permission to use that rating system, has assessed	‘(f) the institution has validated each rating system during an appropriate time period prior to the permission to use that rating system, has assessed during that

		Commission Proposal	Council Mandate	EP Mandate
		to use that rating system, has assessed during that time period whether the rating system are suited to the range of application of the rating system, and has made necessary changes to those rating systems following from its assessment;; ’	during that time period whether <del>the</del> <b>each</b> rating system <del>are-is</del> suited to the range of application of the <b>respective</b> rating system, and has made necessary changes to <del>each these</del> rating systems following from its assessment;; ’	time period whether the rating system are suited to the range of application of the rating system, and has made necessary changes to those rating systems following from its assessment;; ’
Art. 1, para. 1, point 60 b, <i>intr. part</i>	1054 867	(b) point (h) is replaced by the following:	(b) point (h) is replaced by the following:	(b) point (h) is replaced by the following:
Art. 1, para. 1, point 60 b, <i>Art. 144, para. 1 - point h</i>	1055 868	‘ (h) the institution has assigned and continues to assign each exposure in the range of application of a rating system to a rating grade or pool of this rating system;; ’	‘(h) the institution has assigned and continues to assign each exposure in the range of application of a rating system to a rating grade or pool of this rating system.’;	‘ (h) the institution has assigned and continues to assign each exposure in the range of application of a rating system to a rating grade or pool of this rating system;; ’
Art. 1, para. 1, point 60 c, <i>intr. part</i>	1056 869	(c) paragraph 2 is replaced by the following:	(c) paragraph 2 is replaced by the following:	(c) paragraph 2 is replaced by the following:
Art. 1, para. 1, point 60 c, <i>Art. 144, para. 2, subpara. 1</i>	1057 870	‘2. EBA shall develop draft regulatory technical standards to specify the assessment methodology competent authorities shall follow when assessing the compliance of an institution with the requirements to use the IRB Approach.	‘2. EBA shall develop draft regulatory technical standards to specify the assessment methodology competent authorities shall follow when assessing the compliance of an institution with the requirements to use the IRB Approach.	‘2. EBA shall develop draft regulatory technical standards to specify the assessment methodology competent authorities shall follow when assessing the compliance of an institution with the requirements to use the IRB Approach.
Art. 1, para. 1, point 60 c, <i>Art. 144, para.</i>	1058 871	EBA shall submit those draft	EBA shall submit those draft	EBA shall submit those draft regulatory

		Commission Proposal	Council Mandate	EP Mandate
2, <i>subpara. 2</i>		regulatory technical standards to the Commission by 31 December 2025.	regulatory technical standards to the Commission by 31 December 2025.	technical standards to the Commission by 31 December 2025.
Art. 1, para. 1, point 60 c, <i>Art. 144, para. 2, subpara. 3.</i>	1059 872	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;
Art. 1, para. 1, point 61, <i>intr. part</i>	1060 873	(61) Article 147 is amended as follows:	(61) Article 147 is amended as follows:	(61) Article 147 is amended as follows:
Art. 1, para. 1, point 61 a, <i>intr. part</i>	1061 874	(a) paragraph 2 is replaced by the following:	(a) paragraph 2 is replaced by the following:	(a) paragraph 2 is replaced by the following:
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - intr. part</i>	1062 875	‘2. Each exposure shall be assigned to one of the following exposure classes:	‘2. Each exposure shall be assigned to one of the following exposure classes:	‘2. Each exposure shall be assigned to one of the following exposure classes:
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point a</i>	1063 876	(a) exposures to central governments and central banks;	(a) exposures to central governments and central banks;	(a) exposures to central governments and central banks;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point a1, intr. part</i>	1064 877	(a1) exposures to regional and local authorities and to public sector entities (‘RGLA-PSE’), which shall be divided into the following exposure classes:	(a1) <del>exposures to regional and local authorities and to public sector entities (‘RGLA-PSE’)</del> <b>exposures to regional government and local authorities and to public sector entities (‘RGLA-PSE’)</b> , which shall be <b>assigned</b> <del>divided into</del> <b>one of</b> the following exposure classes:	(a1) exposures to regional and local authorities and to public sector entities (‘RGLA-PSE’), which shall be divided into the following exposure classes:



		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point a1 - subpoint i</i>	1065 878	(i) exposures to regional and local authorities ('RGLAs');	(i) exposures to regional and local authorities ('RGLAs');	(i) exposures to regional and local authorities ('RGLAs');
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point a1 - subpoint ii</i>	1066 879	(ii) exposures to public sector entities ('PSEs');	(ii) exposures to public sector entities ('PSEs');	(ii) exposures to public sector entities ('PSEs');
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point b</i>	1067 880	(b) exposures to institutions;	(b) exposures to institutions;	(b) exposures to institutions;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point c, intr. part</i>	1068 881	(c) exposures to corporates, which shall be divided into the following exposure classes:	(c) <del>exposures to corporates</del> <b>exposures to corporates</b> , which shall be <b>assigned</b> <del>divided into</del> to the following exposure classes:	(c) exposures to corporates <b>■</b> shall be <b>assigned to</b> the following exposure classes:
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point c - subpoint i</i>	1069 882	(i) general corporates;	(i) general corporates;	(i) general corporates;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point c - subpoint ii</i>	1070 883	(ii) specialised lending ('SL') exposures;	(ii) specialised lending ('SL') exposures;	(ii) specialised lending ('SL') exposures;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point c - subpoint iii</i>	1071 884	(iii) corporate purchased receivables;	(iii) corporate purchased receivables;	(iii) corporate purchased receivables;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point d - intr. part</i>	1072 885	(d) retail exposures, which shall be divided into the following exposure classes:	(d) <del>retail exposures, which</del> <b>to retail clients</b> shall be <b>divided assigned</b> into the following exposure classes:	(d) retail exposures <b>■</b> shall be <b>assigned to</b> the following exposure classes:

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point d - subpoint i</i>	1073 886	(i) qualifying revolving retail exposures ('QRREs');	(i) qualifying revolving retail exposures ('QRREs');	(i) qualifying revolving retail exposures ('QRREs');
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point d - subpoint ii</i>	1074 887	(ii) retail exposures secured by residential property;	(ii) retail exposures secured by residential property;	(ii) retail exposures secured by residential property;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point d - subpoint iii</i>	1075 888	(iii) retail purchased receivables;	(iii) retail purchased receivables;	(iii) retail purchased receivables;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point d - subpoint iv</i>	1076 889	(iv) other retail exposures;	(iv) other retail exposures;	(iv) other retail exposures;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point e</i>	1077 890	(e) equity exposures;	(e) equity exposures;	(e) equity exposures;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point e1</i>	1078 891	(e1) exposures in the form of units or shares in a CIU;	(e1) exposures in the form of units or shares in a CIU;	(e1) exposures in the form of units or shares in a CIU;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point f</i>	1079 892	(f) items representing securitisation positions;	(f) items representing securitisation positions;	(f) items representing securitisation positions;
Art. 1, para. 1, point 61 a, <i>Art. 147, para. 2 - point g</i>	1080 893	(g) other non credit-obligation assets. ‘	(g) other non credit-obligation assets. <u>;</u>	(g) other non credit-obligation assets. ‘
Art. 1, para. 1, point 61 b	1081 894	(b) in paragraph 3, point (a) is	(b) in paragraph 3, point (a) is deleted;	(b) in paragraph 3, point (a) is deleted;

		Commission Proposal	Council Mandate	EP Mandate
		deleted;		
Art. 1, para. 1, point 61 c, <i>intr. part</i>	1082 895	(c) the following paragraph 3a is inserted:	(c) the following paragraph 3a is inserted:	(c) the following paragraph 3a is inserted:
Art. 1, para. 1, point 61 c, <i>Art. 147, para. 3a</i>	1083 896	‘ 3a. Exposures to regional governments, local authorities or public sector entities shall all be assigned to the exposure class referred to in paragraph 2, point (a1), irrespective of the treatment such exposures would receive under Articles 115 or 116.; ’	‘3a. Exposures to regional governments, local authorities or public sector entities shall all be assigned to <b><u>either of</u></b> the exposure classes referred to in paragraph 2, points (a1) <b><u>(i) or (a1)(ii)</u></b> , <del>irrespective of the treatment such exposures would receive under</del> <b><u>unless they are treated as exposures to the central government according to</u></b> Articles 115 or 116. <b><u>Exposures treated as exposures to central governments according to Articles 115 or 116 shall be assigned to the exposure class referred to in paragraph 2, point (a)</u></b> ;’	‘3a. Exposures to regional governments, local authorities or public sector entities shall <b>■</b> be assigned to the exposure <b><i>classes</i></b> referred to in paragraph 2, point (a1) <b><i>(i) or (a1)(ii)</i></b> , <b><i>respectively unless they are treated as exposures to the central government according to</i></b> Articles 115 or 116. <b><i>Exposures treated as exposures to central governments according to Articles 115 or 116 shall be assigned to the exposure class referred to in paragraph 2, point (a).</i></b> ;’
Art. 1, para. 1, point 61 d	1084 897	(d) in paragraph 4, points (a) and (b) are deleted;	(d) in paragraph 4, points (a) and (b) are deleted;	(d) in paragraph 4, points (a) and (b) are deleted;
Art. 1, para. 1, point 61 e, <i>intr. part</i>	1085 898	(e) paragraph 5 is amended as follows:	(e) paragraph 5 is amended as follows:	(e) paragraph 5 is amended as follows:
Art. 1, para. 1, point 61 e subpoint i	1086 899	(i) in point (a), point (ii) is replaced by the following:	(i) in point (a), point (ii) is replaced by the following:	(i) in point (a), point (ii) is replaced by the following:
Art. 1, para. 1, point 61 e subpoint i <i>Art. 147 - para. 5 - point</i>	1087 900	‘ (ii) exposures to an SME within the meaning of Article 5, point (8), provided in that	‘(ii) exposures to an SME within the meaning of Article 5, point (8), provided in that case that the total	‘(ii) exposures to an SME within the meaning of Article 5, point (8), provided in that case that the total amount owed

		Commission Proposal	Council Mandate	EP Mandate
<i>a - subpoint ii</i>		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;	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 <b>referred to in Article 4(1), point (75d)</b> , 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;	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 <b>exceed EUR 1 million</b> ;
Art. 1, para. 1, point 61 e subpoint i <i>Art. 147 - para. 5 - point a - subpoint iii - intr. part</i>	1088 901	(iii) exposures secured by residential property, including first and subsequent liens, term loans, revolving home equity lines of credit, and exposures as referred to in Article 108, paragraphs 3 and 4, regardless of the exposure size, provided that the exposure is either of the following:	(iii) exposures secured by residential property, including first and subsequent liens, term loans, revolving home equity lines of credit, and exposures as referred to in Article 108, paragraphs 3 and 4, regardless of the exposure size, provided that the exposure is either of the following:	(iii) exposures secured by residential property, including first and subsequent liens, term loans, revolving home equity lines of credit, and exposures as referred to in Article 108, paragraphs 3 and 4, regardless of the exposure size, provided that the exposure is either of the following:
Art. 1, para. 1, point 61 e subpoint i <i>Art. 147 - para. 5 - point a - subpoint iii - first indent</i>	1089 902	- an exposure to a natural person;	- an exposure to a natural person;	- an exposure to a natural person;
Art. 1, para. 1, point 61 e subpoint i <i>Art.</i>	1090 903	- an exposure to associations or cooperatives of individuals	- an exposure to associations or cooperatives of individuals that are	- an exposure to associations or cooperatives of individuals that are

		Commission Proposal	Council Mandate	EP Mandate
<i>147 - para. 5 - point a - subpoint iii - second indent</i>		that are regulated under national law and exist with the only purpose of granting their members the use of a primary residence in the property securing the loan; ’	regulated under national law and exist with the only purpose of granting their members the use of a primary residence in the property securing the loan; ’;	regulated under national law and exist with the only purpose of granting their members the use of a primary residence in the property securing the loan; ; ’
Art. 1, para. 1, point 61 e - subpoint ii intr. part (new)	1091 904		<b><u>(ii) point (c) is replaced by the following :</u></b>	
Art. 1, para. 1, point 61 e subpoint ii (new) - <i>Art. 147 - para. 5 - point c</i>	1092		<b><u>‘(c) they are not managed just as individually as exposures in the exposure classes referred to in Article 147(2), points (c)(i), (c)(ii) and (c)(iii) ;’</u></b>	
Art. 1, para. 1, point 61 e - subpoint ii, intr. part	1093 905	(ii) the following subparagraphs are added:	<del>(ii)</del> <b><u>(iii)</u></b> the following subparagraphs are added:	(ii) the following subparagraphs are added:
Art. 1, para. 1, point 61 e - subpoint ii, <i>Art. 147, para. 5 - subpara. 3</i>	1094 906	‘ Exposures fulfilling all the conditions laid down in points (a)(iii), (b), (c), (d) shall be assigned to the exposure class ‘retail exposures secured by residential property’ as referred to in paragraph 2, point (d)(ii).	‘ Exposures fulfilling all the conditions laid down in points (a)(iii), (b), (c), (d) shall be assigned to the exposure class ‘retail exposures secured by residential property’ as referred to in paragraph 2, point (d)(ii).	‘ Exposures fulfilling all the conditions laid down in points (a)(iii), (b), (c), (d) shall be assigned to the exposure class ‘retail exposures secured by residential property’ as referred to in paragraph 2, point (d)(ii).
Art. 1, para. 1, point 61 e - subpoint ii, <i>Art. 147, para. 5 - subpara. 4</i>	1095 907	By way of derogation from the third subparagraph, competent authorities may exclude from the exposure	By way of derogation from the third subparagraph, competent authorities may exclude from the exposure class ‘retail exposures secured by residential	By way of derogation from the third subparagraph, competent authorities may exclude from the exposure class ‘retail exposures secured by residential

		Commission Proposal	Council Mandate	EP Mandate
		class ‘retail exposures secured by residential property’ as referred to in paragraph 2, point (d)(ii), loans to natural persons who have mortgaged more than four properties or housing units and assign those loans to the corporate exposure class.;	property’ as referred to in paragraph 2, point (d)(ii), loans to natural persons who have mortgaged more than four properties or housing units and assign those loans to <b>one of the exposure classes referred to in Article 147(2), points (c)(i), (c)(ii) and (c)(iii) the corporate exposure class.</b> ;	property’ as referred to in paragraph 2, point (d)(ii), loans to natural persons who have mortgaged more than four properties or housing units and assign those loans to the corporate exposure class.;
Art. 1, para. 1, point 61 e -subpoint iii - intr. part	1096 908	(iii) the following paragraph 5a is inserted:	<del>(iii)</del> <b>(ea)</b> the following paragraph 5a is inserted:	(iii) the following paragraph 5a is inserted:
Art. 1, para. 1, point 61 e - subpoint iii, Art. 147, para. 5a, intr. part	1097 909	‘ 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 <del>may</del> <b>shall</b> be assigned to the QRREs exposure class:	‘ 5a. Retail exposures belonging to a type of exposures meeting all the following conditions <b>shall</b> be assigned to the QRRE exposure class:
Art. 1, para. 1, point 61 e - subpoint iii, Art. 147, para. 5a - point a	1098 910	(a) the exposures of that type of exposures are to individuals;	(a) the exposures of that type of exposures are to <del>individuals</del> <b>one or more natural persons</b> ;	(a) the exposures of that type of exposures are to <b>one or more natural persons</b> ;
Art. 1, para. 1, point 61 e - subpoint iii, Art. 147, para. 5a - point b	1099 911	(b) the exposures of that type of exposures are revolving, unsecured, and to the extent they are not drawn immediately and unconditionally, cancellable by the institution;	(b) the exposures of that type of exposures are revolving, unsecured, and to the extent they are not drawn immediately and unconditionally cancellable by the institution;	(b) the exposures of that type of exposures are revolving, unsecured, and to the extent they are not drawn immediately and unconditionally, cancellable by the institution;

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 61 e - subpoint iii, <i>Art. 147, para. 5a - point c</i>	1100 912	(c) the maximum exposure of that type of exposure to a single individual is EUR 100 000 or less;	(c) the maximum exposure of <del>of in</del> that type of exposure to a single <del>individual</del> <b>natural person</b> is EUR 100 000 or less;	(c) the maximum exposure of that type of exposure to a <b>natural person</b> is EUR 100 000 <b>█</b> ;
Art. 1, para. 1, point 61 e - subpoint iii, <i>Art. 147, para. 5a - point d</i>	1101 913	(d) that type of exposures has exhibited low volatility of loss rates, relative to its average level of loss rates, especially within the low PD bands;	(d) that type of exposures has exhibited low volatility of loss rates, relative to its average level of loss rates, especially within the low PD bands;	(d) that type of exposures has exhibited low volatility of loss rates, relative to its average level of loss rates, especially within the low PD bands;
Art. 1, para. 1, point 61 e - subpoint iii, <i>Art. 147, para. 5a - point e</i>	1102 914	(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 <b>of exposures assigned to that type of exposures</b> as a qualifying revolving retail exposure is consistent with the underlying risk characteristics of that <del>the</del> type of exposures. <del>to which it belongs.</del>	(e) the treatment <b>of exposures assigned to that type of exposures</b> as a qualifying revolving retail <b>exposure</b> is consistent with the underlying risk characteristics of <b>that</b> type of exposures <b>█</b> .
Art. 1, para. 1, point 61 e - subpoint iii, <i>Art. 147, para. 5a - subpara. 2</i>	1103 915	By way of derogation from point (b), the requirement to be unsecured shall not apply in respect of collateralised credit facilities linked to a wage account. In that case, amounts recovered from the collateral shall not be taken into account in the LGD estimate.	By way of derogation from point (b), the requirement to be unsecured shall not apply in respect of collateralised credit facilities linked to a wage account. In that case, amounts recovered from the collateral shall not be taken into account in the LGD estimate.	By way of derogation from point (b), the requirement to be unsecured shall not apply in respect of collateralised credit facilities linked to a wage account. In that case, amounts recovered from the collateral shall not be taken into account in the LGD estimate.
Art. 1, para. 1, point 61 e - subpoint iii, <i>Art. 147, para. 5a - subpara. 3</i>	1104 916	Institutions shall identify within the QRRE exposure class transactor exposures ('QRRE transactors'), as defined in Article 4(1), point (152), and exposures that are	Institutions shall identify within the QRRE <del>s</del> exposure class transactor exposures ('QRRE transactors'), as defined in Article 4(1), point (152), and exposures that are not transactor exposures ('QRRE revolvers'). In	Institutions shall identify within the QRRE exposure class transactor exposures ('QRRE transactors'), as defined in Article 4(1), point (152), and exposures that are not transactor exposures ('QRRE revolvers'). In

		Commission Proposal	Council Mandate	EP Mandate
		not transactor exposures ('QRRE revolvers'). In particular, QRREs with less than 12 months of repayment history shall be identified as QRRE revolvers.;	particular, QRREs with less than 12 months of repayment history shall be identified as QRRE revolvers.;	particular, QRREs with less than 12 months of repayment history shall be identified as QRRE revolvers.;
Art. 1, para. 1, point 61 f, <i>intr. part</i>	1105 917	(f) paragraphs 6 and 7 are replaced by the following:	(f) paragraphs 6 and 7 are replaced by the following:	(f) paragraphs 6 and 7 are replaced by the following:
Art. 1, para. 1, point 61 f, <i>Art. 147, para. 6</i>	1106 918	' 6. Unless they are assigned to the exposure class laid down in paragraph 2, point (e1), the exposures referred to in Article 133, paragraph 1 shall be assigned to the equity exposure class laid down in paragraph 2, point (e).	' 6. Unless they are assigned to the exposure class laid down in paragraph 2, point (e1), the exposures referred to in Article 133, paragraph 1 shall be assigned to the equity exposure class laid down in paragraph 2, point (e).	' 6. Unless they are assigned to the exposure class laid down in paragraph 2, point (e1), the exposures referred to in Article 133, paragraph 1 shall be assigned to the equity exposure class laid down in paragraph 2, point (e).
Art. 1, para. 1, point 61 f, <i>Art. 147, para. 7</i>	1107 919	7. Any credit obligation not assigned to the exposure classes laid down in paragraph 2, points (a), (a1), (b), (d), (e) and (f), shall be assigned to one of the exposure classes referred to in point (c) of that paragraph.;	7. Any credit obligation not assigned to the exposure classes laid down in paragraph 2, points (a), (a1), (b), (d), (e), (e1) and (f), shall be assigned to one of the exposure classes referred to in point (c) of that paragraph.;	7. Any credit obligation not assigned to the exposure classes laid down in paragraph 2, points (a), (a1), (b), (d), (e) and (f), shall be assigned to one of the exposure classes referred to in point (c) of that paragraph.;
Art. 1, para. 1, point 61 g, <i>intr. part</i>	1108 920	(g) in paragraph 8, the following subparagraphs are added:	(g) in paragraph 8, the following subparagraphs are added:	(g) in paragraph 8, the following subparagraphs are added:
Art. 1, para. 1, point 61 g, <i>Art. 147, para. 8 - subpara. 2</i>	1109 921	'Those exposures shall be assigned to the exposure class	'Those exposures shall be assigned to the exposure class referred to in	'Those exposures shall be assigned to the exposure class referred to in



		Commission Proposal	Council Mandate	EP Mandate
		referred to in paragraph 2, point (c)(ii), and shall be distributed into the following categories: ‘project finance’ (PF), ‘object finance’ (OF), ‘commodity finance’ (CF) and ‘income producing real estate’ (IPRE).	paragraph 2, point (c)(ii), and shall be distributed into the following categories: ‘project finance’ (PF), ‘object finance’ (OF), ‘commodity finance’ (CF) and ‘income producing real estate’ (IPRE).	paragraph 2, point (c)(ii), and shall be distributed into the following categories: ‘project finance’ (PF), ‘object finance’ (OF), ‘commodity finance’ (CF) and ‘income producing real estate’ (IPRE).
Art. 1, para. 1, point 61 g, <i>Art. 147, para. 8 - subpara. 3 - intr. part</i>	1110 922	EBA shall develop draft regulatory technical standards to specify the following:	EBA shall develop draft regulatory technical standards to specify the following:	EBA shall develop draft regulatory technical standards to specify the following:
Art. 1, para. 1, point 61 g, <i>Art. 147, para. 8 - subpara. 3 - point a</i>	1111 923	(a) the categorisation to PF, OF and CF, consistently with the definitions of Chapter 2;	(a) the categorisation to PF, OF and CF, consistently with the definitions of Chapter 2;	(a) the categorisation to PF, OF and CF, consistently with the definitions of Chapter 2;
Art. 1, para. 1, point 61 g, <i>Art. 147, para. 8 - subpara. 3 - point b -</i>	1112 924	(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.	(b) the determination of the IPRE category, in particular providing which ADC exposures and exposures secured by immovable property, may or shall <b>not</b> be categorised as IPRE, where those exposures <del>do not</del> materially depend on cash flows generated by the property for their repayment.	(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 <b>not</b> materially depend on cash flows generated by the property for their repayment.
Art. 1, para. 1, point 61 g, <i>Art. 147, para. 8 - subpara. 4</i>	1113 925	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2025.	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2025.	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2025.

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 61 g, <i>Art. 147, para. 8 - subpara. 5.</i>	1114 926	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;
Art. 1, para. 1, point 61 h, intr. part	1115 927	(h) a new paragraph 11 is added:	(h) a new paragraph 11 is added:	(h) a new paragraph 11 is added:
Art. 1, para. 1, point 61 g, <i>Art. 147, para. 11 - subpara. 1</i>	1116 928	‘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.	‘11. EBA shall develop draft regulatory technical standards specifying further the exposure classes referred to in paragraph 2 <del>where necessary</del> and the conditions and criteria for assigning exposures to those classes <b>where necessary</b> .	‘11. EBA shall develop draft regulatory technical standards specifying further the <b>exposure</b> classes referred to in paragraph 2 where necessary’.
Art. 1, para. 1, point 61 g, <i>Art. 147, para. 11 - subpara. 2.</i>	1117 929	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2026.	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2026.	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2026.
Art. 1, para. 1, point 61 g, <i>Art. 147, para. 11 - subpara. 3</i>	1118 930	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;

		Commission Proposal	Council Mandate	EP Mandate
		1093/2010.; ’		
Art. 1, para. 1, point 62, <i>intr. part</i>	1119 931	(62) Article 148 is amended as follows:	(62) Article 148 is amended as follows:	(62) Article 148 is amended as follows:
Art. 1, para. 1, point 62 a, <i>intr. part</i>	1120 932	(a) paragraphs 1 and 2 are replaced by the following:	(a) paragraphs 1 <del>and 2</del> , <b>2 and 3</b> are replaced by the following:	(a) paragraphs 1 and 2 are replaced by the following:
Art. 1, para. 1, point 62 a, <i>Art. 148, para. 1 - subpara. 1</i>	1121 933	‘ 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.	‘ 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), <del>(e1), (f)</del> and (g) of Article 147(2). Once an institution <b>has implemented</b> <del>implements</del> the IRB Approach for <b>a certain type of one of those</b> exposure <del>class</del> , 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.	‘ 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), <b>█</b> and (g) of Article 147(2). Once an institution <b>has implemented</b> the IRB Approach for <b>a certain</b> exposure <b>class</b> , 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.
Art. 1, para. 1, point 62 a, <i>Art. 148, para.</i>	1122 934	Subject to the prior permission of the competent	Subject to the prior permission of the competent authorities, implementation	Subject to the prior permission of the competent authorities, implementation

		Commission Proposal	Council Mandate	EP Mandate
1 - subpara. 2		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.	of the IRB Approach <b><u>within a certain exposure class</u></b> may be carried out sequentially across the different types of exposures <del>within the same exposure class and</del> within the same business unit, and across different business units in the same group, or for the use of own estimates of LGDs or <b><u>the use of</u></b> IRB-CCFs.	of the IRB Approach may be carried out sequentially across the different types of exposures within <b><i>a certain</i></b> exposure class <b><i>or</i></b> business unit, <b><i>or</i></b> across different business units in the same group, or for the use of own estimates of LGDs or <b><i>the use of</i></b> IRB-CCFs.
Art. 1, para. 1, point 62 a, Art. 148, para. 2	1123 935	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.;	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 <del>one</del> <b><u>a certain</u></b> exposure class <b><u>across different types of exposures within the same business unit</u></b> , across different business units in the same group or for the use of own estimates of LGDs or <b><u>the use of</u></b> IRB-CCFs, <b><u>as applicable</u></b> . 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.	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 <b><i>a certain</i></b> exposure class <b><i>across different types of exposures within the same business unit</i></b> , across different business units in the same group or for the use of own estimates of LGDs or <b><i>the use of</i></b> IRB-CCF <b><i>as applicable</i></b> . 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.;

		Commission Proposal	Council Mandate	EP Mandate
Art. 1, para. 1, point 62 aa (new)	1124 936			<i>(aa) paragraph 3 is replaced by the following:</i>
Art. 1, para. 1, point 62 aa (new) - <i>Art. 148, para. 3</i>	1125 937		<b><u>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 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 and the use of IRB-CCF.’;</u></b>	<i>‘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 in a way that they ensure that the flexibility under paragraph 1 is not used selectively for the purpose 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.’;</i>
Art. 1, para. 1, point 62 b	1126 938	(b) paragraphs 4, 5 and 6 are deleted;	(b) paragraphs 4, 5 and 6 are deleted;	(b) paragraphs 4, 5 and 6 are deleted;
Art. 1, para. 1, point 62a (New )	1127 939		<b><u>(62a) in Article 149 paragraph 1 the point (a) is replaced by the following:</u></b>	
Art. 1, para. 1, point 62a <i>Art. 149 - para. 1 - point a</i>	1128 940		<b><u>‘(a) the institution has demonstrated to the satisfaction of the competent authority that the use of the Standardised Approach is not made with a view to engage in regulatory arbitrage, is necessary on the basis of nature and complexity of the</u></b>	

		Commission Proposal	Council Mandate	EP Mandate
			<b><u>institution's total exposures of this type and would not have a material adverse impact on the solvency of the institution or its ability to manage risk effectively;</u></b>	
Art. 1, para. 1, point 63, intr. part	1129 941	(63) Article 150 is amended as follows:	(63) Article 150 is amended as follows:	(63) Article 150 is amended as follows:
Art. 1, para. 1, point 63 a, intr. part	1130 942	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:
Art. 1, para. 1, point 63 a <i>Art. 150, para. 1, intr. part</i>	1131 943	‘ 1. Institutions shall apply the Standardised Approach for all the following exposures:	‘ 1. Institutions shall apply the Standardised Approach for all the following exposures:	‘ 1. Institutions shall apply the Standardised Approach for all the following exposures:
Art. 1, para. 1, point 63 a - <i>Art. 150, para. 1 - point a</i>	1132 944	(a) exposures assigned to the equity exposure class referred to in Article 147(2), point (e);	(a) exposures assigned to the equity exposure class referred to in Article 147(2), point (e);	(a) exposures assigned to the equity exposure class referred to in Article 147(2), point (e);
Art. 1, para. 1, point 63 a, <i>Art. 150, para. 1 - point b</i>	1133 945	(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;	<del>(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;</del>	█
Art. 1, para. 1, point 63 a, <i>Art. 150, para. 1 - point c</i>	1134 946	(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	<del>(c)</del> <b>(b) exposures assigned to exposure classes or belonging to types of exposures within an exposure class</b> for which institutions have not received the prior permission of the competent authorities to use the IRB Approach for the calculation of	(c) exposures <b>assigned to a certain exposure class</b> 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.

		Commission Proposal	Council Mandate	EP Mandate
		and expected loss amounts.	the risk-weighted exposure amounts and expected loss amounts.	
Art. 1, para. 1, point 63 a, Art. 150, para. 1 - subpara. 2	1135 947	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.	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.	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.
Art. 1, para. 1, point 63 a, Art. 150, para. 1 - subpara. 3 - intr. part (New)	1136 949		<b><u>In addition to the exposures referred to in the second subparagraph, an institution may, subject to the competent authority's prior permission, apply the Standardised Approach for the following exposures where the IRB Approach is applied for other types of exposures within the respective exposure class:</u></b>	<b><i>In addition to the exposures referred to in the second subparagraph, an institution may, subject to the competent authorities prior permission apply the Standardised Approach for the following exposures where the IRB Approach is applied for other types of exposures within the respective exposure class:</i></b>
Art. 1, para. 1, point 63 a, Art. 150, para. 1 - subpara. 3 - point a (new)	1137			<b><i>(a) some types of exposures within that exposure class, including exposures from foreign branches and different product groups, where those types of</i></b>

		Commission Proposal	Council Mandate	EP Mandate
				<i>exposures are immaterial in terms of size and perceived risk profile;</i>
Art. 1, para. 1, point 63 a, Art. 150, para. 1 - subpara. 3 - point a (New)	1138 950		<b><u>(a) exposures to central governments and central banks of the Member States and their regional governments, local authorities, administrative bodies and public sector entities provided that :</u></b>	<i>(b) exposures to central governments and central banks of the Member States and their regional governments, local authorities, administrative bodies and public sector entities provided that:</i>
Art. 1, para. 1, point 63 a, Art. 150, para. 1 - subpara. 4 - point a - subpoint i (New )	1139 951		<b><u>(i) there is no difference in risk between the exposures to that central government and central bank and those other exposures because of specific public arrangements; and</u></b>	<i>(i) there is no difference in risk between the exposures to that central government and central bank and those other exposures because of specific public arrangements; and</i>
Art. 1, para. 1, point 63 a, Art. 150, para. 1 - subpara. 4 - point a - subpoint ii(New )	1140 952		<b><u>(ii) exposures to the central government and central bank are assigned a 0 % risk weight under Article 114(2) or (4);</u></b>	<i>(ii) exposures to central governments and central banks are assigned a 0% risk weight under Article 114(2) or (4);</i>
Art. 1, para. 1, point 63 a, Art. 150, para. 1 - subpara. 4 - point b (New)	1141 953		<b><u>(b) exposures of an institution to a counterparty which is its parent undertaking, its subsidiary or a subsidiary of its parent undertaking provided that the counterparty is an institution or a financial holding company, mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements or an undertaking</u></b>	<i>(c) exposures of an institution to a counterparty which is its parent undertaking, its subsidiary or a subsidiary of its parent undertaking provided that the counterparty is an institution or a financial holding company, mixed financial holding company, financial institution, asset management company or ancillary services undertaking subject to appropriate prudential requirements or an undertaking linked by a relationship</i>



		Commission Proposal	Council Mandate	EP Mandate
			<b><u>linked by a relationship within the meaning of Article 22(7) of Directive 2013/34/EU;</u></b>	<i>within the meaning of Article 22(7) of Directive 2013/34/EU;</i>
Art. 1, para. 1, point 63 a, <i>Art. 150, para. 1 - subpara. 4 - point c</i>	1142 954		<b><u>(c) exposures between institutions which meet the requirements set out in Article 113(7).</u></b>	<i>(d) exposures between institutions which meet the requirements set out in Article 113(7);</i>
Art. 1, para. 1, point 63 a, <i>Art. 150, para. 1 - subpara. 3</i>	1143 955	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.’;	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.’;	An institution that is permitted to use the IRB Approach for the calculation of risk-weighted exposure amounts for <i>the exposures referred to in the second subparagraph</i> , shall apply the Standardised Approach for the remaining types of exposures within that exposure class.’;
Art. 1, para. 1, point 63 a, <i>Art. 150, para. 1 - subpara. 5 (new)</i>	1144 956		<b><u>In addition to the exposures referred to in the second and third subparagraph, an institution may apply the Standardised Approach for exposures to churches and religious communities, which meet the requirements set out in Article 115(3).</u></b>	
Art. 1, para. 1, point 63 aa (new)	1145			<i>(aa) paragraph 2 is replaced by the following:</i>
Art. 1, para. 1, point 63 aa – <i>Art. 150, para. 2</i>	1146			<i>‘EBA shall, in accordance with Article 16 of Regulation (EU) No 1093/2010, issue guidelines by 31 December 2025</i>

		Commission Proposal	Council Mandate	EP Mandate
				<i>on what constitutes types of exposures that are immaterial in terms of size and perceived risk profile.</i> ;
Art. 1, third para., point 63 b	1147 957	(b) paragraphs 2, 3 and 4 are deleted;	(b) paragraphs 2, 3 and 4 are deleted;	(b) paragraphs 3 and 4 are deleted;
Art. 1, para. 1, point 64, intr. part	1148 958	(64) Article 151 is amended as follows:	(64) Article 151 is amended as follows:	(64) Article 151 is amended as follows:
Art. 1, para. 1, point 64 a	1149 959	(a) paragraph 4 is deleted;	(a) paragraph 4 is <b><u>replaced by the following:</u></b>	(a) paragraph 4 is deleted;
	1150		<b>‘The risk-weighted exposure amounts for exposures assigned to the exposure class referred to in Article 147(2), point (e) shall be calculated in accordance with Article 150.’;</b>	
Art. 1, para. 1, point 64 b, intr. part	1151 960	(b) paragraph 7, 8 and 9 are replaced by the following:	(b) paragraph 7, 8 and 9 are replaced by the following:	(b) paragraph 7, 8 and 9 are replaced by the following:
Art. 1, para. 1, point 64 b, <i>Art. 151, para. 7</i>	1152 961	‘ 7. For retail exposures, institutions shall provide own estimates of LGDs, and IRB-CCF where applicable pursuant to Article 166, paragraphs 8 and 8b, in accordance with Article 143 and Section 6. Institutions shall use SA-CCF where Article 166, paragraphs 8 and 8b do not allow for the use of	‘7. For retail exposures, institutions shall provide own estimates of LGDs, and IRB-CCF where applicable pursuant to Article 166, paragraphs 8 and 8b, in accordance with Article 143 and Section 6. Institutions shall use SA-CCF where Article 166, paragraphs 8 and 8b do not allow for the use of IRB-CCF.	‘ 7. For retail exposures, institutions shall provide own estimates of LGDs, and IRB-CCF where applicable pursuant to Article 166, paragraphs 8 and 8b, in accordance with Article 143 and Section 6. Institutions shall use SA-CCF where Article 166, paragraphs 8 and 8b do not allow for the use of IRB-CCF.

		Commission Proposal	Council Mandate	EP Mandate
		IRB-CCF.		
Art. 1, para. 1, point 64 b, <i>Art. 151, para. 8, intr. part</i>	1153 962	8. For the following exposures, institutions shall apply the LGD values set out in Article 161(1) and SA-CCF in accordance with Article 166, paragraphs 8, 8a and 8b:	8. For the following exposures, institutions shall apply the LGD values set out in Article 161(1) and SA-CCF in accordance with Article 166, paragraphs 8, 8a and 8b:	8. For the following exposures, institutions shall apply the LGD values set out in Article 161(1) and SA-CCF in accordance with Article 166, paragraphs 8, 8a and 8b:
Art. 1, para. 1, point 64 b, <i>Art. 151, para. 8 - point a</i>	1154 963	(a) exposures assigned to the exposure class ‘exposures to institutions’ referred to in Article 147(2), point (b);	(a) exposures assigned to the exposure class ‘exposures to institutions’ referred to in Article 147(2), point (b);	(a) exposures assigned to the exposure class ‘exposures to institutions’ referred to in Article 147(2), point (b);
Art. 1, para. 1, point 64 b, <i>Art. 151, para. 8 - point b</i>	1155 964	(b) exposures to financial sector entities;	(b) exposures to financial sector entities <b><u>other than those referred to under point (a);</u></b>	(b) exposures to financial sector entities;
Art. 1, para. 1, point 64 b, <i>Art. 151, para. 8 - point c</i>	1156 965	(c) exposures to large corporates.	(c) exposures to large corporates <b><u>not assigned to the exposure class referred to in Article 147(2), point (c)(ii).</u></b>	(c) exposures to large <b><i>corporates not assigned to the exposure class referred to in Article 147(2), point (c)(ii).</i></b>
Art. 1, para. 1, point 64 b, <i>Art. 151, para. 8 - subpara. 2</i>	1157 966	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	For exposures belonging to the exposure classes referred to in Article 147(2), points (a), <del>(a1)</del> ; <b><u>(a1)(i), a1(ii), (c)(i), (c)(ii) and (c)(iii)</u></b> , 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	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

		Commission Proposal	Council Mandate	EP Mandate
		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.	estimates of LGDs and CCFs for those exposures in accordance with paragraph 9 of this Article.	exposures in accordance with paragraph 9 of this Article.
Art. 1, para. 1, point 64 b, <i>Art. 151, para. 9</i>	1158 967	9. For the exposures referred to in paragraph 8, second subparagraph the competent authority shall permit institutions to use own estimates of LGDs, and IRB-CCFs where applicable pursuant to Article 166, paragraphs 8 and 8b, in accordance with Article 143 and Section 6.;	9. For the exposures referred to in paragraph 8, second subparagraph the competent authority shall permit institutions to use own estimates of LGDs, and IRB-CCFs where applicable pursuant to Article 166, paragraphs 8 and 8b, in accordance with Article 143 and Section 6.;	9. For the exposures referred to in paragraph 8, second subparagraph the competent authority shall permit institutions to use own estimates of LGDs, and IRB-CCFs where applicable pursuant to Article 166, paragraphs 8 and 8b, in accordance with Article 143 and Section 6.;
Art. 1, para. 1, point 64 c, intr. part	1159 968	(c) the following paragraphs 11, 12 and 13 are added:	( <del>ec</del> ) the following paragraphs 11 <b>and 12</b> , <del>12 and 13</del> are added:	(c) the following paragraphs <b>12</b> and 13 are added:
Art. 1, para. 1, point 64 c, <i>Art. 151, para. 11</i>	1160 969	‘ 11. Institutions shall apply the requirements laid down for exposures belonging to the exposure class ‘general corporates’ referred to in Article 147(2), point (c)(i) to exposures belonging to the exposure class ‘RGLA-PSE’ referred to in Article 147(2), point (a1). For the purposes of this paragraph, the threshold provided in the definition of	<del>‘ 11. Institutions shall apply the requirements laid down for exposures belonging to the exposure class ‘general corporates’ referred to in Article 147(2), point (c)(i) to exposures belonging to the exposure class ‘RGLA-PSE’ referred to in Article 147(2), point (a1). For the purposes of this paragraph, the threshold provided in the definition of</del> large corporate and the provisions applicable to large corporates set out in	<b>1</b>

		Commission Proposal	Council Mandate	EP Mandate
		large corporate and the provisions applicable to large corporates set out in paragraph 8, first subparagraph, point (c) shall not apply, and the treatment set out in Article 501 shall not apply.	<del>paragraph 8, first subparagraph, point (c) shall not apply, and the treatment set out in Article 501 shall not apply.</del>	
Art. 1, para. 1, point 64 c, Art. 151, para. 12	1161 970	12. For exposures in the form of shares or units in a CIU belonging to the exposure class referred to in Article 147(2), point (e1), institutions shall apply the treatment set out in Article 152.	<del>12.</del> 11. For exposures in the form of shares or units in a CIU belonging to the exposure class referred to in Article 147(2), point (e1), institutions shall apply the treatment set out in Article 152.	12. For exposures in the form of shares or units in a CIU belonging to the exposure class referred to in Article 147(2), point (e1), institutions shall apply the treatment set out in Article 152, <b><i>unless deducted from own funds, the risk-weighted exposure amounts for credit risk shall be calculated in accordance with Article 152 except where those exposures are deducted from Common Equity Tier 1 items, Additional Tier 1 items or Tier 2 items.</i></b>
Art. 1, para. 1, point 64 c, Art. 151, para. 13 - subpara. 1	1162 971	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	<del>13.</del> 12. EBA shall develop draft regulatory technical standards to <b><u>further</u></b> specify the treatment <b><u>set out in this Chapter that is</u></b> applicable to exposures <b><u>in the form of purchased receivables</u></b> 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.	13. EBA shall develop draft regulatory technical standards to <b><i>further</i></b> specify the treatment <b><i>set out in this Chapter that is</i></b> applicable to exposures <b><i>in the form of</i></b> purchased receivables' referred to in <b><i>Articles 153 and 154</i></b> , 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.

		Commission Proposal	Council Mandate	EP Mandate
		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.		
Art. 1, para. 1, point 64 c, <i>Art. 151, para. 13 - subpara. 2</i>	1163 972	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2025.	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2025.	EBA shall submit those draft regulatory technical standards to the Commission by 31 December 2025.
Art. 1, para. 1, point 64 c, <i>Art. 151, para. 13 - subpara. 3.</i>	1164 973	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;	Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.;
Art. 1, para. 1, point 65, <i>intr. part</i>	1165 974	(65) in Article 152, paragraph 4 is replaced by the following:	(65) in Article 152, paragraph 4 is replaced by the following:	(65) in Article 152, paragraph 4 is replaced by the following:
Art. 1, para. 1, point 65, <i>Art. 152, para. 4 - intr. part</i>	1166 975	‘ 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	‘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	‘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

		Commission Proposal	Council Mandate	EP Mandate
		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:	applicable for all or parts of the underlying exposures of the CIU, shall calculate risk-weighted exposure amounts and expected loss amounts <b>for those underlying exposures</b> in accordance with the following principles:	applicable for all or parts of the underlying exposures of the CIU, shall calculate risk-weighted exposure amounts and expected loss amounts <b>for those parts of the underlying exposures</b> in accordance with the following principles:
Art. 1, para. 1, point 65, <i>Art. 152, para. 4 - point a</i>	1167 976	(a) for underlying exposures that would be assigned to the equity exposure class referred to in Article 147(2), point (e), institutions shall apply the Standardised Approach laid down in Chapter 2;	(a) for underlying exposures that would be assigned to the equity exposure class referred to in Article 147(2), point (e), institutions shall apply the Standardised Approach laid down in Chapter 2;	(a) for underlying exposures that would be assigned to the equity exposure class referred to in Article 147(2), point (e), institutions shall apply the Standardised Approach laid down in Chapter 2;
Art. 1, para. 1, point 65, <i>Art. 152, para. 4 - point b</i>	1168 977	(b) for exposures assigned to the items representing securitisation positions referred to in Article 147(2), point (f), institutions shall apply the treatment set out in Article 254 as if those exposures were directly held by those institutions;	(b) for exposures assigned to the items representing securitisation positions referred to in Article 147(2), point (f), institutions shall apply the treatment set out in Article 254 as if those exposures were directly held by those institutions;	(b) for exposures assigned to the items representing securitisation positions referred to in Article 147(2), point (f), institutions shall apply the treatment set out in Article 254 as if those exposures were directly held by those institutions;
Art. 1, para. 1, point 65, <i>Art. 152, para. 4 - point c</i>	1169 978	(c) for all other underlying exposures, institutions shall apply the Standardised Approach laid down in Chapter 2.; ’	(c) for all other underlying exposures, institutions shall apply the Standardised Approach laid down in Chapter 2.’;	(c) for all other underlying exposures, institutions shall apply the Standardised Approach laid down in Chapter 2.; ’
				<b>Continues in Tables 3 to 7</b>

