



Brussels, 24 June 2020

CM 2733/20

CODEC
EF
ECOFIN
CCG
PROCED

COMMUNICATION

WRITTEN PROCEDURE

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Subject: Draft REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards adjustments in response to the COVID-19 pandemic [2020/0066(COD)]

Outcome of the written procedure initiated by CM 2584/20:

- Adoption of the legislative act, and
 - Derogation from the 8-week period provided for in Article 4 of Protocol 1 to the TFEU on the role of national parliaments in the EU.
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Delegations are informed that the written procedure, opened by CM 2584/20 of 22 June 2020, was completed on 24 June 2020, and that all delegations voted in favour of, except for Finland that abstained:

1. the adoption of the draft Regulation of the European Parliament and of the Council amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards adjustments in response to the COVID-19, as set out in PE-CONS 18/20;

2. the derogation, on the basis of the second subparagraph of Article 3(3) of the Council's Rules of Procedure, from the eight-week period referred to in the first subparagraph of that Article;

The required qualified majority has been reached. Therefore, the above Regulation is adopted.

The Council agreed to derogate, on the basis of the second subparagraph of Article 3(3) of the Council's Rules of Procedure, from the eight-week period referred to in the first subparagraph of that Article.

The statements by Finland and Greece are reproduced in the Annex to this CM.

The above statements will be included in the summary of acts adopted by the written procedure as statements to be entered in the Council minutes, in accordance with the third subparagraph of Article 12(1) of the Council's Rules of Procedure.

Statement by Finland

In general, Finland welcomes the efforts to provide temporary relief for banks to facilitate lending as a matter of urgency during the global pandemic.

However, Finland is of the opinion that only temporary amendments and amendments directly targeted at the impacts of the pandemic should be made to the prudential framework in an accelerated procedure without an impact assessment and proper time for the national Parliaments to assess the amendments, as enshrined in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaties.

The amendments with support of the qualified majority in the Council and the European Parliament provide additional capital relief for banks. At the same time, they add to the risks stemming from banks' balance sheets. This is something Finland will consider when discussing further risk sharing in the context of the Banking Union. Only a healthy and stable banking sector can continue lending to the real economy throughout the downturn. Finland has particular concerns about the amendments that further strengthen the link between banks and sovereigns in Europe, when in fact a complete review of the regulatory treatment of sovereign exposures should be conducted to ensure that the risks to banks stemming from these exposures are properly reflected in prudential regulation.

Statement by Greece

Greece recognizes the importance of and welcomes the targeted amendments on the Capital Requirement Regulation in order to facilitate bank lending in response to the COVID-19 crisis.

However, Greece regrets the lack of ambition of the final text in two key points:

a) EU does not make full use of the flexibility provided at international level for the transitional arrangements for IFRS9, thus not ensuring level playing field at international level and within the EU, and

b) the temporary re-introduction of "prudential filters" for sovereign exposures is too short, thus limiting the added value of this provision.
