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'I' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee (Part 2)
No. Cion doc.:	COM(2018) 135 final
Subject:	Proposal for a Directive of the European Parliament and of the Council on accelerated extrajudicial collateral enforcement mechanism - Mandate for negotiations with the European Parliament

I. INTRODUCTION

1. On 11 July 2017, the Council adopted an Action Plan to tackle non-performing loans in Europe and invited EU regulators to take appropriate measures towards that end.
2. In this context, on 14 March 2018 the Commission submitted to the Council:
 - i) a proposal for a Regulation amending Regulation (EU) 575/2013 as regards minimum loss coverage for new Non-Performing Exposures (NPEs) (ST 7407/18) ('Regulation'). Following the first reading agreement between the European Parliament and the Council, the regulation was published in the Official Journal¹ on 25 April 2019.

¹ Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures, OJ L 111, 25.4.2019, p. 4–12.

- ii) a proposal for a Directive on credit servicers, credit purchasers and the recovery of collateral (ST 7403/18), aiming to address problems arising from the existing stock of non-performing loans ('Directive').
3. The Working Party on Financial Services has examined the Directive proposal. The Romanian Presidency presented a compromise text on the part of the proposed Directive concerning credit servicers and credit purchasers (so called 'secondary markets part'). At that time, no agreement could be reached on the accelerated extrajudicial collateral enforcement part of the Directive (so called 'AECE part').
4. Given that the 'secondary markets part' is separable from the AECE part, and in order to assure swift progress in addressing persisting problems with respect to non-performing loans in Europe, on 26 March 2019, Coreper
- a. approved a negotiating mandate on a Directive on credit servicers and credit purchasers; and,
 - b. invited the Working Party on Financial Services to continue working on the AECE part of the proposal.
5. On 16 October 2019, the Conference of Presidents of the European Parliament also agreed on splitting the Directive into the two mentioned parts.
6. Following this split, and building on the compromises reached related thereto, the Finnish Presidency continued its efforts to foster an agreement also on the AECE part. On 19 November 2019, an agreement was reached on the text of the negotiating mandate on a Directive on accelerated extrajudicial collateral enforcement mechanism, as set out in the addendum.

II. CONCLUSION

7. In view of the above, the Committee of Permanent Representatives is invited to:
 - approve the negotiating mandate for a Directive on accelerated extrajudicial collateral enforcement mechanism as set out in the addendum to this note; and
 - invite the Presidency to start negotiations with the European Parliament, on the basis of this mandate, with a view to reaching agreement at first reading.
 8. Unless objected by Coreper, this document will be made public by the General Secretariat of the Council after approval.
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