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'I' ITEM NOTE

From:	Presidency
To:	Permanent Representatives Committee (Part 2)
Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on credit servicers, credit purchasers and the recovery of collateral - Presidency progress report

I. INTRODUCTION

In response to the call by the Council for further measures to address the problem of non-performing loans in the EU as set out in its action plan to tackle non-performing loans in Europe of July 2017, the Commission proposed in March 2018 a package of measures to address the NPLs issues, including:

- a draft Regulation amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures for newly originated loans that become non-performing ('NPLs prudential backstop proposal'). This measure will make banks set aside funds to cover the risks associated with future NPLs;

- a draft Directive on credit servicers, credit purchasers and the recovery of collateral. This measure aims at providing banks with an efficient mechanism of out-of-court value recovery from secured loans and encouraging the development of secondary markets where banks can sell their NPLs to investors and make use of specialised credit servicers.

The Financial Services Working Party started the discussions on the legislative elements of the NPL package on 20 April 2018.

Concerning the NPL prudential backstop proposal, the Austrian Presidency continued discussions started under the Bulgarian Presidency. Member States agreed on a general approach on the proposal on 31 October 2018 (ST 13570/18). Negotiations with the European Parliament should start on Tuesday 18 December.

The Commission proposal for a directive on credit servicers, credit purchasers and the recovery of collateral is still discussed in the Council working group. The Presidency prepared a progress report covering the outcome of discussions on the directive. The report presents the Presidency's views on the progress achieved.

II. CONCLUSION

In light of the above, the Permanent Representatives Committee is invited to suggest the Council to take note of the Presidency progress report as set out in doc. 15474/18 + ADD1.
