



Brussels, 30 November 2023
(OR. en)

15881/23

LIMITE

EF 372
ECOFIN 1267
CCG 33
CODEC 2233

Interinstitutional Files:
2021/0341 (COD)
2021/0342 (COD)

'I' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee (Part 2)

Subject: 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
Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, and amending Directive 2014/59/EU
- Confirmation of the final compromise text with a view to agreement

I. INTRODUCTION

1. On 27 October 2021, the Commission adopted two legislative proposals amending the Capital Requirements Directive (CRD VI)¹ and the Capital Requirements Regulation (CRR III)² (the 'Basel III finalisation package'). The proposals are based on Articles 53 and 114 of the Treaty on the Functioning of the European Union and are, hence, subject to the ordinary legislative procedure.
2. The main objective of the proposals is to strengthen the resilience of the EU banking sector to potential future economic shocks, mainly by implementing the international prudential Basel III standards. Additional objectives include strengthening banks' resilience towards

¹ Doc. 13245/21

² Doc. 13246/21

environmental, social and governance (ESG) risks and ensuring a stronger and more harmonised supervision and risk management of banks across the EU.

3. The Commission presented its impact assessments³ of the proposals to delegations at the meeting of the Working Party on Financial Services held on 3 November 2021.
4. The European Economic and Social Committee adopted its opinion⁴ on 23 March 2022 and the European Central Bank delivered its opinions⁵ on 24 March and 27 April 2022.
5. The proposals were subject to thorough scrutiny at working party level during the Slovenian, French and Czech Presidencies and, following a preparatory discussion at Coreper⁶ on 4 November 2022, ECOFIN agreed on a general approach on 8 November 2022. The European Parliament agreed its negotiating position on 24 January 2023.

II. STATE OF PLAY

6. The co-legislators entered negotiations with a first trilogue held on 9 March 2023. Five additional trilogues followed under the Swedish Presidency and a provisional agreement ad referendum was reached at the final one on 27/28 June 2023, subject to additional technical review of the CRR III and CRD VI draft legal texts.
7. On 12 July, the Spanish Presidency debriefed Coreper on the outcome of the final trilogue. A group of delegations brought up certain reservations on the provisional agreement as regards the level of application of the output floor, which the Presidency said it would seek to address as part of the ongoing technical review of the draft legal texts.
8. On 13 November, the Presidency, the European Parliament and the Commission completed the technical review. The Presidency then launched a silence procedure at working party level on the finalised CRR III and CRD VI draft legal texts that ended on 24 November. Delegations raised no objections during the silence procedure but made certain minor technical comments that the Presidency agreed to take on. The resulting compromise legal texts are set out in documents ST 15882/23 and ST 15883/23.

³ Docs. 13425/21 ADD 1- ADD 5 and 13246/21 ADD 1 – ADD 6

⁴ Docs. 07780/22

⁵ Docs. 07603/22 and 14150/22

⁶ Doc. 13771/22 + ADD 1

III. CONCLUSION

9. The Permanent Representatives Committee is therefore invited to:
- approve the texts of the draft Regulation and the draft Directive as set out in documents ST 15882/23 and ST 15883/23 with a view to reaching an agreement at first reading with the European Parliament; and
 - give the Chairman of the Permanent Representatives Committee the mandate to inform the Chair of the European Parliament's ECON Committee that, should the European Parliament adopt the texts of the proposals in the exact form as set out in documents ST 15882/23 and ST 15883/23 the Council would adopt the proposed Regulation and Directive thus amended, subject to legal-linguistic revision by both Institutions.
 - In accordance with the approach to legislative transparency endorsed by Coreper on 14 July 2020[1], and in full consistency with Regulation (EC) 1049/2001 and the Council's Rules of Procedure, the text of the mandate thus agreed will be made public unless the Permanent Representatives Committee objects.”
-