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2021/0343 (COD)

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COVER NOTE

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| From: | General Secretariat of the Council |
| To: | Delegations |
| Subject: | Basel 3 finalisation, Daisy Chain Regulation (CRR/BRRD) - Three-column table to commence trilogues |

Delegations will find attached the three-column table regarding the above-mentioned draft Regulation.

Encl.

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (Text with EEA relevance)

2021/0343(COD)

DRAFT [Daisy Chain Proposal]

01-03-2022 at 14h57

| | Commission Proposal | Council Mandate | EP Mandate |
|----------------|--|--|--|
| Formula | | | |
| 1 | 2021/0343 (COD) | 2021/0343 (COD) | 2021/0343 (COD) |
| Proposal Title | | | |
| 2 | Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (Text with EEA relevance) | Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (Text with EEA relevance) | Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (Text with EEA relevance) |
| Formula | | | |

| | Commission Proposal | Council Mandate | EP Mandate |
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| 3 | THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, | THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, | THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, |
| Citation 1 | | | |
| 4 | Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof, | Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof, | Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof, |
| Citation 2 | | | |
| 5 | Having regard to the proposal from the European Commission, | Having regard to the proposal from the European Commission, | Having regard to the proposal from the European Commission, |
| Citation 3 | | | |
| 6 | After transmission of the draft legislative act to the national parliaments, | After transmission of the draft legislative act to the national parliaments, | After transmission of the draft legislative act to the national parliaments, |
| Citation 4 | | | |
| 7 | Having regard to the opinion of the European Central Bank ¹ , 1. OJ C , , p. . | Having regard to the opinion of the European Central Bank ¹ , 1. 11 OJ C , , p. . | Having regard to the opinion of the European Central Bank ¹ , 1. OJ C , , p. . |
| Citation 5 | | | |
| 8 | Having regard to the opinion of the European Economic and Social Committee ¹ , | Having regard to the opinion of the European Economic and Social Committee ¹ , | Having regard to the opinion of the European Economic and Social Committee ¹ , |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | <u>1. OJ C</u> , , p. . | <u>1. III OJ C</u> , , p. . | <u>1. OJ C</u> , , p. . |
| Citation 6 | | | |
| 9 | Acting in accordance with the ordinary legislative procedure, | Acting in accordance with the ordinary legislative procedure, | Acting in accordance with the ordinary legislative procedure, |
| Formula | | | |
| 10 | Whereas: | Whereas: | Whereas: |
| Recital 1 | | | |
| 11 | (1) Directive (EU) 2019/879 of the European Parliament and of the Council ¹ , Regulation (EU) 2019/877 of the European Parliament and of the Council ² and Regulation (EU) 2019/876 of the European Parliament and of the Council ³ amended the Union bank resolution framework, through amendments to Directive 2014/59/EU of the European Parliament and of the Council ⁴ , Regulation (EU) No 806/2014 of the European Parliament and of the Council ⁵ and Regulation (EU) No 575/2013 of the European Parliament and of the Council ⁶ . Those amendments were necessary to implement in the Union the international Total Loss-absorbing Capacity (TLAC) Term Sheet (the ‘TLAC standard’) ⁷ for global systemically important banks and to enhance the application of the minimum requirement for own funds and eligible liabilities (MREL) for all banks. The revised Union bank | (1) Directive (EU) 2019/879 of the European Parliament and of the Council ¹ , Regulation (EU) 2019/877 of the European Parliament and of the Council ² and Regulation (EU) 2019/876 of the European Parliament and of the Council ³ amended the Union bank resolution framework, through amendments to Directive 2014/59/EU of the European Parliament and of the Council ⁴ , Regulation (EU) No 806/2014 of the European Parliament and of the Council ⁵ and Regulation (EU) No 575/2013 of the European Parliament and of the Council ⁶ . Those amendments were necessary to implement in the Union the international Total Loss-absorbing Capacity (TLAC) Term Sheet (the ‘TLAC standard’) ⁷ for global systemically important banks and to enhance the application of the minimum requirement for own funds and eligible liabilities (MREL) for all banks. The revised Union bank | (1) Directive (EU) 2019/879 of the European Parliament and of the Council ¹ , Regulation (EU) 2019/877 of the European Parliament and of the Council ² and Regulation (EU) 2019/876 of the European Parliament and of the Council ³ amended the Union bank resolution framework, through amendments to Directive 2014/59/EU of the European Parliament and of the Council ⁴ , Regulation (EU) No 806/2014 of the European Parliament and of the Council ⁵ and Regulation (EU) No 575/2013 of the European Parliament and of the Council ⁶ . Those amendments were necessary to implement in the Union the international Total Loss-absorbing Capacity (TLAC) Term Sheet (the ‘TLAC standard’) ⁷ for global systemically important banks and to enhance the application of the minimum requirement for own funds and eligible liabilities (MREL) for all banks. The revised Union bank |

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| | <p>resolution framework should better ensure that the loss absorption and recapitalisation of banks occurs through private means when those banks become financially unviable and are, subsequently, placed in resolution.</p> <hr/> <p>1. Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (OJ L 150, 7.6.2019, p. 296). 2. Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (OJ L 150, 7.6.2019, p. 226). 3. Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1). 4. Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190). 5. Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225, 30.7.2014, p. 1). 6. Regulation (EU) No 575/2013 of the European Parliament</p> | <p>resolution framework should better ensure that the loss absorption and recapitalisation of banks occurs through private means when those banks become financially unviable and are, subsequently, placed in resolution.</p> <hr/> <p>1. Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (OJ L 150, 7.6.2019, p. 296). 2. 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| | and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1). 7. Financial Stability Board, Principles on Loss-absorbing and Recapitalisation Capacity of Globally Systemically Important Banks (G-SIBs) in Resolution, Total Loss-absorbing Capacity (TLAC) Term Sheet, 9.11.2015. | and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1). 7. Financial Stability Board, Principles on Loss-absorbing and Recapitalisation Capacity of Globally Systemically Important Banks (G-SIBs) in Resolution, Total Loss-absorbing Capacity (TLAC) Term Sheet, 9.11.2015. | and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1). 7. Financial Stability Board, Principles on Loss-absorbing and Recapitalisation Capacity of Globally Systemically Important Banks (G-SIBs) in Resolution, Total Loss-absorbing Capacity (TLAC) Term Sheet, 9.11.2015. |
| Recital 2 | | | |
| 12 | (2) Article 12a of Regulation (EU) No 575/2013 provides that global systemically important institution (G-SII) groups with a resolution strategy under which more than one group entity might be resolved (Multiple Point of Entry (MPE) resolution strategy) are to calculate their risk-based requirement for own funds and eligible liabilities under the theoretical assumption that only one entity of the group would be resolved, with the losses and recapitalisation needs of any subsidiaries of that group being transferred to the resolution entity (Single Point of Entry (SPE) resolution strategy). In line with the TLAC standard, that calculation should take into account all third-country entities belonging to a G-SII that would be resolution entities were they established in the Union. | (2) Article 12a of Regulation (EU) No 575/2013 provides that global systemically important institution (G-SII) groups with a resolution strategy under which more than one group entity might be resolved (Multiple Point of Entry (MPE) resolution strategy) are to calculate their risk-based requirement for own funds and eligible liabilities under the theoretical assumption that only one entity of the group would be resolved, with the losses and recapitalisation needs of any subsidiaries of that group being transferred to the resolution entity (Single Point of Entry (SPE) resolution strategy). <u>A similar requirement is provided in Article 45d(4) of Directive 2014/59/EU, for the additional requirement for own funds and eligible liabilities that may be imposed by resolution authorities pursuant to paragraph 3 of that Article.</u> In line with the TLAC standard, that calculation <u>those calculations</u> should take into account all third-country entities belonging to a G-SII that would be resolution entities were they established in the Union. | (2) Article 12a of Regulation (EU) No 575/2013 provides that global systemically important institution (G-SII) groups with a resolution strategy under which more than one group entity might be resolved (Multiple Point of Entry (MPE) resolution strategy) are to calculate their risk-based requirement for own funds and eligible liabilities under the theoretical assumption that only one entity of the group would be resolved, with the losses and recapitalisation needs of any subsidiaries of that group being transferred to the resolution entity (Single Point of Entry (SPE) resolution strategy). <u>A similar requirement is provided for in Article 45d(4) of Directive 2014/59/EU, for the additional requirement for own funds and eligible liabilities that may be imposed by resolution authorities pursuant to paragraph 3 of that Article.</u> In line with the TLAC standard, that calculation <u>standards, those calculations</u> should take into account all third-country entities belonging to a G-SII that would be resolution entities were they established in the Union. |
| Recital 3 | | | |

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| 13 | <p>(3) According to Article 45h(2), third subparagraph, of Directive 2014/59/EU, and to the TLAC standard, the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy must not be lower than that group's theoretical requirement under an SPE resolution strategy. Regulation (EU) No 575/2013, namely Articles 12a and 92a(3), should be aligned with the corresponding provisions of Directive 2014/59/EU and ensure that resolution authorities always act in accordance with that Directive and consider both the requirements for own funds and eligible liabilities laid down in Regulation (EU) No 575/2013 as well as any additional requirement for own funds and eligible liabilities determined in accordance with Article 45d of Directive 2014/59/EU. This should not prevent resolution authorities from concluding that any adjustment to minimise or eliminate the difference between the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy and that group's theoretical requirement under an SPE resolution strategy, when the former is higher than the latter, would be inappropriate or inconsistent with the G-SII's resolution strategy.</p> | <p>(3) According to Article 45h(2), third subparagraph, of Directive 2014/59/EU, and to the TLAC standard, the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy must not be lower than that group's theoretical requirement under an SPE resolution strategy. Regulation (EU) No 575/2013, namely Articles 12a and 92a(3), should be aligned with the corresponding provisions of Directive 2014/59/EU and ensure that resolution authorities always act in accordance with that Directive and consider both the requirements for own funds and eligible liabilities laid down in Regulation (EU) No 575/2013 as well as any additional requirement for own funds and eligible liabilities determined in accordance with Article 45d of Directive 2014/59/EU. This should not prevent resolution authorities from concluding that any adjustment to minimise or eliminate the difference between the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy and that group's theoretical requirement under an SPE resolution strategy, when the former is higher than the latter, would be inappropriate or inconsistent with the G-SII's resolution strategy.</p> <p><u><i>To ensure consistency between Article 12a of Regulation (EU) No 575/2013 and Article 45h(2) of Directive 2014/59/EU, the calculation referred to in Article 45h(2) should also take into account all third-country entities belonging to a G-SII that would be resolution entities were they established in the Union.</i></u></p> | <p>(3) According to Article 45h(2), third subparagraph, of Directive 2014/59/EU, and to the TLAC standard, the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy must not be lower than that group's theoretical requirement under an SPE resolution strategy. Regulation (EU) No 575/2013, namely Articles 12a and 92a(3), should be aligned with the corresponding provisions of Directive 2014/59/EU and ensure that resolution authorities always act in accordance with that Directive and consider both the requirements for own funds and eligible liabilities laid down in Regulation (EU) No 575/2013 as well as any additional requirement for own funds and eligible liabilities determined in accordance with Article 45d of Directive 2014/59/EU. This should not prevent resolution authorities from concluding that any adjustment to minimise or eliminate the difference between the sum of the actual requirements for own funds and eligible liabilities of a G-SII group with an MPE resolution strategy and that group's theoretical requirement under an SPE resolution strategy, when the former is higher than the latter, would be inappropriate or inconsistent with the G-SII's resolution strategy.</p> <p><u><i>To ensure consistency between Article 12a of Regulation (EU) No 575/2013 and Article 45h(2) of Directive 2014/59/EU, the calculation referred to in Article 45h(2) of that Directive should also take into account all third-country entities belonging to a G-SII that would be resolution entities if they were established in the</i></u></p> |

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| | | | <u>Union.</u> |
| Recital 4 | | | |
| 14 | (4) Article 92b of Regulation (EU) No 575/2013 sets out that the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs that are not resolution entities may inter alia be met with eligible liabilities instruments. However, the eligibility criteria for eligible liabilities instruments laid down in Article 72b(2), points (c), (k), (l) and (m), of Regulation (EU) No 575/2013 presuppose the issuing entity to be a resolution entity. It should be ensured that those material subsidiaries can issue debt instruments that meet all eligibility criteria, as originally intended. | (4) Article 92b of Regulation (EU) No 575/2013 sets out that the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs that are not resolution entities may inter alia be met with eligible liabilities instruments. However, the eligibility criteria for eligible liabilities instruments laid down in Article 72b(2), points (c), (k), (l) and (m), of Regulation (EU) No 575/2013 presuppose the issuing entity to be a resolution entity. It should be ensured that those material subsidiaries can issue debt instruments that meet all eligibility criteria, as originally intended. | (4) Article 92b of Regulation (EU) No 575/2013 sets out that the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs that are not resolution entities may inter alia be met with eligible liabilities instruments. However, the eligibility criteria for eligible liabilities instruments laid down in Article 72b(2), points (c), (k), (l) and (m), of Regulation (EU) No 575/2013 presuppose the issuing entity to be a resolution entity. It should be ensured that those material subsidiaries can issue debt instruments that meet all eligibility criteria, as originally intended. |
| Recital 5 | | | |
| 15 | (5) According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the | (5) According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the | (5) According to Article 72e(4), first subparagraph, of Regulation (EU) No 575/2013, resolution authorities may permit a G-SII with an MPE resolution strategy to deduct certain holdings of own funds and eligible liabilities instruments of its subsidiaries that do not belong to the same resolution group by deducting a lower, adjusted amount specified by the resolution authority. Article 72e(4), second subparagraph, of that Regulation requires that in such cases, the difference between the adjusted amount and the original amount is deducted from the loss absorbing and recapitalisation capacity of the |

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| | <p>subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that is equivalent to internationally agreed standards.</p> | <p>subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that <u>according to the relevant EU resolution authority is in line with</u>is equivalent to internationally agreed standards, <u>more specifically the Financial Stability Board's 'Key Attributes of Effective Resolution Regimes for Financial Institutions'</u>¹ and the TLAC standard.</p> <p><u>1. Financial Stability Board, Key Attributes of Effective Resolution Regimes for Financial Institutions, 15.10.2014.</u></p> | <p>subsidiaries concerned. In line with the TLAC standard, that approach should take into account the risk-based and non-risk-based requirements for own funds and eligible liabilities of the subsidiary concerned. Furthermore, that approach should be applicable to all third-country subsidiaries belonging to that G-SII, as long as those subsidiaries are subject to a local resolution regime that <u>according to the relevant EU resolution authority, is legally enforceable and implements</u>is equivalent to internationally agreed standards, <u>more specifically the Financial Stability Board's 'Key Attributes of Effective Resolution Regimes for Financial Institutions and its TLAC Standard.</u></p> |
| Recital 6 | | | |
| 16 | <p>(6) To operationalise the approach of indirect subscription of internal MREL eligible instruments within resolution groups and to ensure that that approach is prudentially sound, the European Banking Authority (EBA) was mandated under Article 45f(6) of Directive 2014/59/EU to develop draft regulatory technical standards to specify a methodology for such an indirect issuance of eligible instruments. However, as highlighted by the EBA in its letter to the Commission dated 25 January 2021, there were several inconsistencies between the requirements for the delegation laid down in Directive 2014/59/EU and the existing prudential rules laid down in Regulation (EU) No 575/2013,</p> | <p>(6) To operationalise the approach of indirect subscription of internal MREL eligible instruments<u>resources, i.e. of own funds and liabilities that meet the conditions of Article 45f(2) of Directive 2014/59/EU</u>, within resolution groups and to ensure that that approach is prudentially sound, the European Banking Authority (EBA) was mandated under Article 45f(6) of <u>that</u> Directive, <u>as amended by Directive (EU) 2019/879, 2014/59/EU</u> to develop draft regulatory technical standards to specify a methodology for such an indirect issuance<u>subscription</u> of eligible instruments<u>resources</u>. However, as highlighted by the EBA in its letter to the Commission dated 25</p> | <p>(6) To operationalise the approach of indirect subscription of internal MREL eligible instruments within resolution groups and to ensure that that approach is prudentially sound, the European Banking Authority (EBA) was mandated under Article 45f(6) of Directive 2014/59/EU, <u>as amended by Directive (EU) 2019/879</u>, to develop draft regulatory technical standards to specify a methodology for such an indirect issuance<u>subscription</u> of eligible instruments. However, as highlighted by the EBA in its letter to the Commission dated 25 January 2021, there were several inconsistencies between the requirements for the delegation laid down in Directive 2014/59/EU and the existing prudential</p> |

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| | <p>which did not allow the application of the prudential treatment needed for the mandate to be fulfilled as originally intended. More precisely, the EBA noted that Regulation (EU) No 575/2013 did not allow for the deduction of internal MREL eligible instruments and, subsequently, for the application of an appropriate risk weight in all the cases relevant for the mandate under Directive 2014/59/EU. Similar issues were identified in the area of the leverage ratio requirement laid down in Regulation (EU) No 575/2013. In light of those legal constraints, the methodology developed by the EBA should be incorporated directly into Regulation (EU) No 575/2013. Consequently, the mandate to develop draft regulatory technical standards set out in Article 45f(6) of Directive 2014/59/EU should be deleted.</p> | <p>January 2021, there were several inconsistencies between the requirements for the delegation laid down in Directive 2014/59/EU and the existing prudential rules laid down in Regulation (EU) No 575/2013, which did not allow the application of the prudential treatment needed for the mandate to be fulfilled as originally intended. More precisely, the EBA noted that Regulation (EU) No 575/2013 did not allow for the deduction of internal MREL eligible instruments<u>resources</u> and, subsequently, for the application of an appropriate risk weight in all the cases relevant for the mandate under Directive 2014/59/EU. Similar issues were identified in the area of the leverage ratio requirement laid down in Regulation (EU) No 575/2013. In light of those legal constraints, the methodology developed by the EBA should be incorporated directly into Regulation (EU) No 575/2013. Consequently, the mandate to develop draft regulatory technical standards set out in Article 45f(6) of Directive 2014/59/EU should be deleted.</p> | <p>rules laid down in Regulation (EU) No 575/2013, which did not allow the application of the prudential treatment needed for the mandate to be fulfilled as originally intended. More precisely, the EBA noted that Regulation (EU) No 575/2013 did not allow for the deduction of internal MREL eligible instruments and, subsequently, for the application of an appropriate risk weight in all the cases relevant for the mandate under Directive 2014/59/EU. Similar issues were identified in the area of the leverage ratio requirement laid down in Regulation (EU) No 575/2013. In light of those legal constraints, the methodology developed by the EBA should be incorporated directly into Regulation (EU) No 575/2013. Consequently, the mandate to develop draft regulatory technical standards set out in Article 45f(6) of Directive 2014/59/EU, <u>as amended by Directive (EU) 2019/879</u>, should be deleted.</p> |
| Recital 7; Recital 7, part 1 | | | |
| 17 | <p>(7) In the context of the indirect subscription of internal MREL eligible instruments by resolution entities pursuant to the revised Union bank resolution framework, intermediate parents should be required to deduct from their own internal MREL eligible resources the full holding of own funds and eligible liabilities issued by their subsidiaries belonging to the same resolution group. This ensures the proper functioning of the</p> | <p>(7) In the context of the indirect subscription of internal MREL eligible instruments<u>resources</u> by resolution entities pursuant to the revised Union bank resolution framework, intermediate parents<u>entities</u> should be required to deduct from their own<u>the full holding of</u> internal MREL eligible resources the full holding of own funds and eligible liabilities issued by their subsidiaries belonging<u>issued by entities that are not</u></p> | <p>(7) In the context of the indirect subscription of internal MREL eligible instruments by resolution entities pursuant to the revised Union bank resolution framework, intermediate parents<u>entities</u> should be required to deduct from their own<u>the full holding of</u> internal MREL eligible resources <u>that meet the conditions set out in Article 45f(2) of Directive 2014/59/EU, and that are</u>the full holding of own funds and eligible</p> |

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| | <p>internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of the subsidiary for the purposes of compliance by the intermediate parent with its own internal MREL. Additionally, without those deductions, the individual solvency ratios of intermediate parents would not reflect appropriately and prudently their actual loss-absorbing capacity, as those ratios would also include the loss-absorbing capacity of their subsidiaries. This could compromise the proper implementation of the chosen resolution strategy, as the intermediate parent could use up not only its own loss absorption capacity but also that of its subsidiary, before the intermediate parent or the subsidiary are no longer viable. The deductions should first be applied to the eligible liabilities items of the intermediate parents. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate parents, the remaining amount should be deducted from their Tier 2 items. To ensure that the deduction regime remains proportionate, that regime should not be applicable in the exceptional cases where internal MREL is applied on a consolidated basis only.</p> | <p><u>themselves resolution entities and which belong</u> to the same resolution group. This ensures the proper functioning of the internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of the subsidiary <u>those entities</u> for the purposes of compliance by the intermediate parent <u>entity</u> with its own internal MREL. Additionally, Without those deductions, the individual solvency ratios of intermediate parents would not reflect appropriately and prudently their actual loss-absorbing capacity, as those ratios would also include the loss-absorbing <u>proper implementation of the chosen resolution strategy could be compromised, as the intermediate entity could use up not only its own loss absorption and recapitalisation capacity but also that of other entities that are not themselves resolution entities and which belong to the same</u> of their subsidiaries. This could compromise the proper implementation of the chosen resolution strategy, as <u>group, before</u> the intermediate parent could use up not only its own loss absorption capacity but also that of its subsidiary, before the intermediate parent or the subsidiary are no longer viable. The deductions <u>entity or those other entities are no longer viable. To ensure that the obligation to deduct is aligned with the scope of entities that may be used by the resolution entity for the indirect subscription of internal MREL eligible resources, and to avoid regulatory arbitrage, intermediate entities</u> should first be applied to the <u>deduct their holdings of internal MREL</u> eligible liabilities items of the intermediate</p> | <p>liabilities issued by their subsidiaries belonging <u>entities that are not themselves resolution entities and which belong</u> to the same resolution group <u>up to an amount equivalent to the internal MREL requirements of such entities</u>. This ensures the proper functioning of the internal loss-absorbing and recapitalisation mechanisms within a group and avoids the double-counting of the internal MREL eligible resources of the subsidiary for the purposes of compliance by the intermediate parent with its own internal MREL. Additionally, without those deductions, the individual solvency ratios of <u>To ensure that the deduction regime remains proportionate,</u> intermediate parents would not reflect appropriately and prudently their actual loss-absorbing capacity, as those ratios would also include the loss-absorbing capacity of their subsidiaries. This could compromise the proper implementation of the chosen resolution strategy, as the intermediate parent could use up not only its own loss absorption capacity but also that of its subsidiary, before the intermediate parent or the subsidiary are no longer viable. The deductions should first be applied to the <u>should be able to choose the mix of instruments (own funds versus eligible liabilities) with which they fund the acquisition of ownership of internal MREL</u> eligible liabilities items of the intermediate parents. In case the amount to be deducted <u>resources. This</u> would exceed the amount of the eligible liabilities items of the <u>allow</u> intermediate parents, the remaining amount should be deducted from their Tier 2 items. To ensure that the deduction regime remains</p> |

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| | | <p>parents. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate parents, the remaining amount <u>resources issued by all entities belonging to the same resolution group and that may be subject to compliance with internal MREL, and not just the holdings of resources issued by their subsidiaries. The same obligations</u> should be deducted from their Tier 2 items. To ensure that the deduction regime remains proportionate, that regime should not be applicable in the exceptional cases where internal MREL is applied on a consolidated basis only <u>apply in the case of indirect issuance of resources eligible for compliance with the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs laid down in Article 92b of Regulation (EU) No 575/2013, where relevant.</u></p> | <p>proportionate, that regime should not be applicable in the exceptional cases where internal MREL is applied on a consolidated basis only <u>to completely avoid any own funds related deductions as long as they have issued sufficient eligible liabilities.</u></p> |
| Recital 7a; Recital 7, part 2 | | | |
| 17a | | <p><u>(7a) The deductions should first be applied to the eligible liabilities items of the intermediate entities. Where the intermediate entity is required to comply with internal MREL pursuant to Directive 2014/59/EU, the deductions should be applied to the liabilities meeting the conditions of Article 45f(2) of that Directive. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate entities, the remaining amount should be deducted from their Common Equity Tier 1, Additional Tier 1 and Tier 2 items, starting with Tier 2 items in</u></p> | <p><u>The deductions should therefore first be applied to the eligible liabilities items of the intermediate parents. Where the intermediate entity is required to comply with internal MREL pursuant to Directive 2014/59/EU on an individual basis, the deductions should be applied to the eligible liabilities meeting the conditions of Article 45f(2) of that Directive. In case the amount to be deducted would exceed the amount of the eligible liabilities items of the intermediate parents, the remaining amount should be deducted from their Common Equity Tier 1, Additional Tier 1 and Tier 2 items.</u></p> |

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| | | <p><u>accordance with Article 66, point (e), of Regulation (EU) No 575/2013. In such a case, it is necessary that the deductions corresponding to the remaining amount are also applied when calculating own funds for the purposes of the requirements laid down in Regulation (EU) No 575/2013 and Directive 2013/36/EU¹. Otherwise, the solvency ratios of intermediate entities that have issued own funds instruments, rather than eligible liabilities instruments, to fund the acquisition of ownership of internal MREL eligible resources may be overstated. Additionally, by keeping the treatment of holdings of internal MREL eligible resources aligned for prudential and resolution purposes, an undue increase in complexity is avoided, as institutions would be able to continue to calculate, report and disclose one set of total risk exposure amount and total exposure measure for prudential and resolution purposes. Article 49(2) of Regulation (EU) No 575/2013 should thus be amended accordingly.</u></p> <p><u>1. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).</u></p> | <p><u>starting with Tier 2 items in accordance with Article 66, point (e), of Regulation (EU) No 575/2013. In such a case, it is necessary that the deductions corresponding to the remaining amount are also applied when calculating own funds for the purposes of the requirements laid down in Regulation (EU) No 575/2013 and Directive 2013/36/EU^{1a}. Otherwise, the solvency ratios of intermediate entities that have issued own funds instruments, rather than eligible liabilities instruments, to fund the acquisition of ownership of internal MREL eligible resources may be overstated. Additionally, by keeping the treatment of holdings of internal MREL eligible resources aligned for prudential and resolution purposes, an undue increase in complexity is avoided, as institutions would be able to continue to calculate, report and disclose one set of total risk exposure amount and total exposure measure for prudential and resolution purposes. Article 49(2) of Regulation (EU) No 575/2013 should thus be amended accordingly.</u></p> |
| Recital 7b, Recital 7, part 3 | | | |
| 17b | | <p><u>(7b) To ensure that the deduction regime remains proportionate, that regime should not be applicable in the exceptional cases where,</u></p> | <p><u>To further enhance the proportionality of the deduction regime, that regime should not be applicable in the exceptional cases where,</u></p> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | | <u>pursuant to Articles 45f(1), third subparagraph, and 45f(4) of Directive 2014/59/EU, internal MREL is applied on a consolidated basis only, in what concerns the holdings of internal MREL eligible resources issued by entities included in the perimeter of consolidation. The same exception should apply when the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs laid down in Article 92b of Regulation (EU) No 575/2013 is complied with on a consolidated basis, pursuant to Article 11(3a) of Regulation (EU) No 575/2013.</u> | <u>pursuant to Articles 45f(1), third subparagraph, and 45f(4) of Directive 2014/59/EU, internal MREL is applied on a consolidated basis only, in what concerns the holdings of internal MREL eligible resources issued by entities included in the perimeter of consolidation. The same exception should apply when the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs laid down in Article 92b of Regulation (EU) No 575/2013 is complied with on a consolidated basis, pursuant to Article 11(3a) of Regulation (EU) No 575/2013.</u> |
| Recital 8 | | | |
| 18 | (8) The indirect subscription of internal MREL eligible instruments should ensure that, when a subsidiary reaches the point of non-viability, losses are effectively passed on to, and the subsidiary concerned is recapitalised by, the resolution entity. Those losses should thus not be absorbed by the intermediate parent, which should become a mere vehicle to pass through those losses to the resolution entity. Consequently, and to ensure that the outcome of the indirect subscription is equivalent to that of a full direct subscription, as envisaged under the mandate set out in Article 45f(6) of Directive 2014/59/EU, the deducted exposures should receive a 0 % risk weight for the calculation of the total risk exposure amount and be excluded from the calculation of the total exposure measure. | (8) The indirect subscription of internal MREL eligible instruments <u>resources</u> should ensure that, when a subsidiary reaches the point of non-viability, losses are effectively passed on to, and the subsidiary concerned is recapitalised by, the resolution entity. Those losses should thus not be absorbed by the intermediate parent <u>entity</u> , which should become a mere vehicle to pass through those losses to the resolution entity. Consequently, and to ensure that the outcome of the indirect subscription is equivalent to that of a full direct subscription, as envisaged under the mandate set out in Article 45f(6) of Directive 2014/59/EU, <u>for the purposes of calculating the total risk exposure amount of the intermediate entity, risk weights should not be applied to the exposures deducted in accordance with Article 72e(5), first subparagraph, of Regulation (EU)</u> | (8) The indirect subscription of internal MREL eligible instruments should ensure that, when a subsidiary reaches the point of non-viability, losses are effectively passed on to, and the subsidiary concerned is recapitalised by, the resolution entity. Those losses should thus not be absorbed by the intermediate parent, which should become a mere vehicle to pass through those losses to the resolution entity. Consequently, and to ensure that the outcome of the indirect subscription is equivalent to that of a full direct subscription, as envisaged under the mandate set out in Article 45f(6) of Directive 2014/59/EU, the deducted exposures should receive a 0 % risk weight for the calculation of the total risk exposure amount and be excluded from the calculation of the total exposure measure. <u>This treatment of not applying risk weights and</u> |

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| | | <u>No 575/2013. In the same vein, those exposures should the deducted exposures should receive a 0 % risk weight for the calculation of the total risk exposure amount and be excluded from the calculation of the total exposure measure <u>of the intermediate entity.</u></u> | <u>excluding those exposures from the total exposure measure should be strictly limited to exposures that are deducted in accordance to Article 72e(5), first subparagraph, for the sake of operationalising the approach of indirect subscription of internal MREL eligible instruments.</u> |
| Recital 8a | | | |
| 18a | | <p><u>(8a) The templates for the public disclosure of harmonised information on the minimum requirement for own funds and eligible liabilities and on the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs set out in Commission Implementing Regulation (EU) 2021/763¹ should be amended to reflect the new deduction regime for internal MREL eligible resources. The disclosure templates should also be amended to include the total risk exposure amount and the total exposure measure that intermediate entities would have if they did not exclude the exposures deducted under that new deduction regime.</u></p> <p><u>1. Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities (OJ L 168, 12.5.2021, p. 1).</u></p> | <p><u>(8a) The templates for the public disclosure of harmonised information on the minimum requirement for own funds and eligible liabilities and on the requirement for own funds and eligible liabilities for material subsidiaries of non-EU G-SIIs set out in Commission Implementing Regulation (EU) 2021/763^{1a} should be amended to reflect the new deduction regime for internal MREL eligible instruments. The disclosure templates should also be amended to include the total risk exposure amount and the total exposure measure that intermediate entities would have if they did not exclude the exposures deducted under that new deduction regime.</u></p> |
| Recital 9 | | | |

| | Commission Proposal | Council Mandate | EP Mandate |
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| 19 | <p>(9) Since the objectives of this Regulation, namely to fully harmonise the prudential treatment of the holdings by intermediate parents of internal MREL eligible resources of their subsidiaries and to revise in a targeted manner the requirements for own funds and eligible liabilities for G-SIIs and for material subsidiaries of non-EU G-SIIs, cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.</p> | <p>(9) Since the objectives of this Regulation, namely to fully harmonise the prudential treatment of the holdings by intermediate parents<u>entities</u> of internal MREL eligible resources of their subsidiaries<u>entities in the same resolution group</u> and to revise in a targeted manner the requirements for own funds and eligible liabilities for G-SIIs and for material subsidiaries of non-EU G-SIIs, cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.</p> | <p>(9) Since the objectives of this Regulation, namely to fully harmonise the prudential treatment of the holdings by intermediate parents of internal MREL eligible resources of their subsidiaries and to revise in a targeted manner the requirements for own funds and eligible liabilities for G-SIIs and for material subsidiaries of non-EU G-SIIs, cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.</p> |
| Recital 9a | | | |
| 19a | | | <p><u>(9a) In order to duly assess potential unintended consequences of the indirect subscription of instruments eligible for internal MRE including the new deduction regime, and to ensure a proportionate treatment for different types of banking group structures, among others institutions that have an operating company between the holding company and its subsidiaries, and for entities whose resolution plan provides for their winding up under normal insolvency proceedings in case of failure, and a level playing field between different types of</u></p> |

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| | | | <u>banking group structures, in particular groups headed by holding companies that may be particularly affected by the new rules, the Commission should review the implementation of the indirect subscription of internal MREL eligible resources by the different types of banking group structures as soon as possible but not later than by 31 December 2022.</u> |
| Recital 10 | | | |
| 20 | (10) To ensure that institutions have sufficient time to implement the dedicated treatment for the indirect subscription of instruments eligible for internal MREL, including the new deduction regime, the provisions laying down that treatment should become applicable six months after the entry into force of this Regulation. | (10) To ensure that institutions have sufficient time to implement the dedicated treatment for the indirect subscription of instruments eligible for internal MREL <u>internal MREL eligible resources</u> , including the new deduction regime, the provisions laying down that treatment should become applicable six months after the entry into force of this Regulation <u>on 1 January 2024</u> . | (10) To ensure that institutions have sufficient time to implement the dedicated treatment for the indirect subscription of instruments <u>internal MREL</u> eligible for internal MREL <u>resources</u> , including the new deduction regime <u>and that markets can digest additional issuances of internal MREL eligible resources, where needed</u> , the provisions laying down that treatment should become applicable six months after the entry into force of this Regulation <u>on 1 January 2024, in line with the deadline for compliance with the final MREL requirements</u> . |
| Recital 11 | | | |
| 21 | (11) Regulation (EU) No 575/2013 and Directive 2014/59/EU should therefore be amended accordingly, | (11) Regulation (EU) No 575/2013 and Directive 2014/59/EU should therefore be amended accordingly, | (11) Regulation (EU) No 575/2013 and Directive 2014/59/EU should therefore be amended accordingly, |
| Formula | | | |
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| | HAVE ADOPTED THIS REGULATION: | HAVE ADOPTED THIS REGULATION: | HAVE ADOPTED THIS REGULATION: |
| Article 1 | | | |
| 23 | Article 1 Amendments to Regulation (EU) No 575/2013 | Article 1 Amendments to Regulation (EU) No 575/2013 | Article 1 Amendments to Regulation (EU) No 575/2013 |
| Article 1, first paragraph, introductory part | | | |
| 24 | Regulation (EU) No 575/2013 is amended as follows: | Regulation (EU) No 575/2013 is amended as follows: | Regulation (EU) No 575/2013 is amended as follows: |
| Article 1, first paragraph, point (1), introductory part | | | |
| 25 | (1) in Article 4(1), the following point (130a) is inserted: | (1) in Article 4(1), the following point (130a) is inserted: | (1) in Article 4(1), the following point (130a) is inserted: |
| Article 1, first paragraph, point (1), amending provision, first paragraph | | | |
| 26 | ‘ (130a) ‘relevant third-country authority’ means a third-country authority as defined in Article 2(1), point (90), of Directive 2014/59/EU;; ’, | ‘ (130a) ‘relevant third-country authority’ means a third-country authority as defined in Article 2(1), point (90), of Directive 2014/59/EU;2; ’, | ‘ (130a) ‘relevant third-country authority’ means a third-country authority as defined in Article 2(1), point (90), of Directive 2014/59/EU;2; ’, |
| Article 1, first paragraph, point (2), introductory part | | | |
| 27 | (2) Article 12a is replaced by the following: | (2) Article 12a is replaced by the following: | (2) Article 12a is replaced by the following: |

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| Article 1, first paragraph, point (2), amending provision, first paragraph | | | |
| 28 | Article 12a Consolidated calculation for G-SIIs with multiple resolution entities | Article 12a Consolidated calculation for G-SIIs with multiple resolution entities | Article 12a Consolidated calculation for G-SIIs with multiple resolution entities |
| Article 1, first paragraph, point (2), amending provision, second paragraph | | | |
| 29 | Where at least two G-SII entities belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the EU parent institution of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in Article 92a(1), point (a). That calculation shall be undertaken on the basis of the consolidated situation of the EU parent institution as if it were the only resolution entity of the G-SII. | Where at least two G-SII entities belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the EU parent institution of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in Article 92a(1), point (a). That calculation shall be undertaken on the basis of the consolidated situation of the EU parent institution as if it were the only resolution entity of the G-SII. <u>for the following entities:</u> | Where at least two G-SII entities belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the EU parent institution of that G-SII shall calculate the amount of own funds and eligible liabilities referred to in Article 92a(1), point (a). That calculation shall be undertaken on the basis of the consolidated situation of the EU parent institution as if it were the only resolution entity of the G-SII. <u>for the following entities:</u> |
| Article 1, first paragraph, point (2), amending provision, second paragraph(a) | | | |
| 29a | | <u>(a) each resolution entity or third-country entity that would be a resolution entity if it were established in the Union;</u> | <u>(a) each resolution entity or third-country entity that would be a resolution entity if it were established in the Union;</u> |
| Article 1, first paragraph, point (2), amending provision, second paragraph(b) | | | |

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| 29b | | <u>(b) the EU parent institution as if it were the only resolution entity of the G-SII.</u> | <u>(b) the EU parent institution as if it were the only resolution entity of the G-SII.</u> |
| Article 1, first paragraph, point (2), amending provision, third paragraph | | | |
| 29c | | <u>The calculation referred to in point (b) shall be undertaken on the basis of the consolidated situation of the EU parent institution.</u> | <u>The calculation referred to in point (b) shall be undertaken exclusively on the basis of the consolidated situation of the EU parent institution.</u> |
| Article 1, first paragraph, point (2), amending provision, fourth paragraph | | | |
| 30 | Resolution authorities shall act in accordance with Article 45d(4) and Article 45h(2) of Directive 2014/59/EU.; | Resolution authorities shall act in accordance with Article Articles 45d(4) and Article 45h(2) of Directive 2014/59/EU.; | Resolution authorities shall act in accordance with Article Articles 45d(4) and Article 45h(2) of Directive 2014/59/EU.; |
| Article 1, first paragraph, point (3), introductory part | | | |
| 31 | (3) in Article 49(2), the following subparagraph is added: | (3) in Article 49(2), the following subparagraph is added: | (3) in Article 49(2), the following subparagraph is added: |
| Article 1, first paragraph, point (3), amending provision, first paragraph | | | |
| 32 | ‘ This paragraph shall not apply with regard to the deductions set out in Article 72e(5).; | ‘ This paragraph shall not apply with regard to the deductions set out in Article 72e(5).; | ‘ This paragraph shall not apply with regard to the deductions set out in Article 72e(5).; |

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| Article 1, first paragraph, point (4), introductory part | | | |
| 33 | (4) in Article 72b(2), the following subparagraph is added: | (4) in Article 72b(2), the following subparagraph is added: | (4) in Article 72b(2), the following subparagraph is added: |
| Article 1, first paragraph, point (4), amending provision, first paragraph | | | |
| 34 | ‘ For the purposes of Article 92b, references to the resolution entity in points (c), (k), (l) and (m) of this paragraph shall also be understood as references to the institution that is a material subsidiary of the non-EU G-SII.; | ‘ For the purposes of Article 92b, references to the resolution entity in points (c), (k), (l) and (m) of this paragraph shall also be understood as references to the <u>an</u> institution that is a material subsidiary of the <u>a</u> non-EU G-SII. <u>;</u> | ‘ For the purposes of Article 92b, references to the resolution entity in points (c), (k), (l) and (m) of this paragraph shall also be understood as references to the institution that is a material subsidiary of the non-EU G-SII. <u>;</u> |
| Article 1, first paragraph, point (5), introductory part | | | |
| 35 | (5) Article 72e is amended as follows: | (5) Article 72e is amended as follows: | (5) Article 72e is amended as follows: |
| Article 1, first paragraph, point (5)(a), introductory part | | | |
| 36 | (a) paragraph 4 is replaced by the following: | (a) paragraph 4 is replaced by the following: | (a) paragraph 4 is replaced by the following: |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), introductory part | | | |
| 37 | ‘ | ‘ | ‘ |

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| | 4. Where an EU parent institution or a parent institution in a Member State that is subject to Article 92a has direct, indirect or synthetic holdings of own funds instruments or eligible liabilities instruments of one or more subsidiaries which do not belong to the same resolution group as that parent institution, the resolution authority of that parent institution, after duly considering the opinion of the resolution authorities or relevant third-country authorities of any subsidiaries concerned, may permit the parent institution to deduct such holdings by deducting a lower amount specified by the resolution authority of that parent institution. That adjusted amount shall be at least equal to the amount (m) calculated as follows: | 4. Where an EU parent institution or a parent institution in a Member State that is subject to Article 92a has direct, indirect or synthetic holdings of own funds instruments or eligible liabilities instruments of one or more subsidiaries which do not belong to the same resolution group as that parent institution, the resolution authority of that parent institution, after duly considering the opinion of the resolution authorities or relevant third-country authorities of any subsidiaries concerned, may permit the parent institution to deduct such holdings by deducting a lower amount specified by the resolution authority of that parent institution. That adjusted amount shall be at least equal to the amount (m) calculated as follows: | 4. Where an EU parent institution or a parent institution in a Member State that is subject to Article 92a has direct, indirect or synthetic holdings of own funds instruments or eligible liabilities instruments of one or more subsidiaries which do not belong to the same resolution group as that parent institution, the resolution authority of that parent institution, after duly considering the opinion of the resolution authorities or relevant third-country authorities of any subsidiaries concerned, may permit the parent institution to deduct such holdings by deducting a lower amount specified by the resolution authority of that parent institution. That adjusted amount shall be at least equal to the amount (m) calculated as follows: |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), first paragraph | | | |
| 38 | $m_i = \max \{0; OP_i + LP_i - \max \{0; \beta \cdot [O_i + L_i - \max \{r_i \cdot aRWA_i; w_i \cdot aLRE_i\}]\} \}$ | $m_i = \max \{0; OP_i + LP_i - \max \{0; \beta \cdot [O_i + L_i - \max \{r_i \cdot aRWA_i; w_i \cdot aLRE_i\}]\} \}$ | $m_i = \max \{0; OP_i + LP_i - \max \{0; \beta \cdot [O_i + L_i - \max \{r_i \cdot aRWA_i; w_i \cdot aLRE_i\}]\} \}$ |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, introductory part | | | |
| 39 | where: | where: | where: |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, first paragraph | | | |
| 40 | | | |

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| | i = the index denoting the subsidiary; | i = the index denoting the subsidiary; | i = the index denoting the subsidiary; |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, second paragraph | | | |
| 41 | OP_i = the amount of own funds instruments issued by subsidiary i and held by the parent institution; | OP_i = the amount of own funds instruments issued by subsidiary i and held by the parent institution; | OP_i = the amount of own funds instruments issued by subsidiary i and held by the parent institution; |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, third paragraph | | | |
| 42 | LP_i = the amount of eligible liabilities instruments issued by subsidiary i and held by the parent institution; | LP_i = the amount of eligible liabilities instruments issued by subsidiary i and held by the parent institution; | LP_i = the amount of eligible liabilities instruments issued by subsidiary i and held by the parent institution; |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, fourth paragraph, introductory part | | | |
| 43 | β = percentage of own funds instruments and eligible liabilities instruments issued by subsidiary i and held by the parent undertaking calculated as follows: | β = percentage of own funds instruments and eligible liabilities instruments issued by subsidiary i and held by the parent undertaking calculated as follows: | β = percentage of own funds instruments and eligible liabilities instruments issued by subsidiary i and held by the parent undertaking calculated as follows: |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, fourth paragraph, first paragraph | | | |
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| | | <u>$-\beta = (OP_i + LP_i) / (\text{the amount of all own funds instruments and eligible liabilities instruments issued by subsidiary } i)$</u> | <u>$-\beta = (OP_i + LP_i) / (\text{the amount of all own funds instruments and eligible liabilities instruments issued by subsidiary } i)$</u> |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, fourth paragraph, second paragraph | | | |
| 45 | O_i = the amount of own funds of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph; | O_i = the amount of own funds of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph; | O_i = the amount of own funds of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph; |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, fourth paragraph, third paragraph | | | |
| 46 | L_i = the amount of eligible liabilities of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph; | L_i = the amount of eligible liabilities of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph; | L_i = the amount of eligible liabilities of subsidiary i, not taking into account the deduction calculated in accordance with this paragraph; |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, fourth paragraph, fourth paragraph | | | |
| 47 | r_i = the ratio applicable to subsidiary i at the level of its resolution group in accordance with Article 92a(1), point (a), of this Regulation and Article 45c(3), first subparagraph, point (a), of Directive 2014/59/EU or, for third-country subsidiaries, an equivalent resolution requirement applicable to subsidiary i in the third country where it has its head office, insofar as that | r_i = the ratio applicable to subsidiary i at the level of its resolution group in accordance with Article 92a(1), point (a), of this Regulation and Article 45c(3), first subparagraph, point (a), of Directive 2014/59/EU or, for third-country subsidiaries, an equivalent resolution requirement applicable to subsidiary i in the third country where it has its head office, insofar as that | r_i = the ratio applicable to subsidiary i at the level of its resolution group in accordance with Article 92a(1), point (a), of this Regulation and Article 45c(3), first subparagraph, point (a), of Directive 2014/59/EU or, for third-country subsidiaries, an equivalent resolution requirement <u>in accordance with legally enforceable national regulations implementing</u> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation; | requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation; | <u>internationally agreed standards</u> , applicable to subsidiary i in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds <u>under this Regulation</u> , or eligible liabilities <u>under this Regulation</u> <u>in accordance with the international standards, more specifically the Financial Stability Board's 'Key Attributes of Effective Resolution Regimes for Financial Institutions and its TLAC Standard'</u> ; |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, fourth paragraph, fifth paragraph | | | |
| 48 | $aRWA_i$ = the total risk exposure amount of the G-SII entity i calculated in accordance with Article 92(3), taking into account the adjustments set out in Article 12a; | $aRWA_{i,t}$ = the total risk exposure amount of the G-SII entity i calculated in accordance with Article 92(3), taking into account the adjustments set out in Article 12a, <u>or, for third-country subsidiaries, calculated in accordance with the applicable local regulations</u> ; | $aRWA_{i,t}$ = the total risk exposure amount of the G-SII entity i calculated in accordance with Article 92(3), taking into account the adjustments set out in Article 12a <u>of this Regulation, or, for third-country subsidiaries, in accordance with the applicable national regulation</u> ; |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, fourth paragraph, sixth paragraph | | | |
| 49 | w_i = the ratio applicable to subsidiary i at the level of its resolution group in accordance with Article 92a(1), point (b), of this Regulation and of Article 45c(3), first subparagraph, point (b), of Directive 2014/59/EU or, for third-country subsidiaries, an equivalent resolution requirement applicable to subsidiary i in the third country | w_i = the ratio applicable to subsidiary i at the level of its resolution group in accordance with Article 92a(1), point (b), of this Regulation and of Article 45c(3), first subparagraph, point (b), of Directive 2014/59/EU or, for third-country subsidiaries, an equivalent resolution requirement applicable to subsidiary i in the third country | w_i = the ratio applicable to subsidiary i at the level of its resolution group in accordance with Article 92a(1), point (b), of this Regulation and of Article 45c(3), first subparagraph, point (b), of Directive 2014/59/EU or, for third-country subsidiaries, <u>an equivalent resolution requirement</u> <u>in accordance with legally</u> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | where it has its head office, insofar as that requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation; | where it has its head office, insofar as that requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation; | <u>enforceable national regulations implementing internationally agreed standards</u> , applicable to subsidiary i in the third country where it has its head office, insofar as that requirement is met with instruments that would be considered own funds or eligible liabilities under this Regulation; |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), second paragraph, fourth paragraph, seventh paragraph | | | |
| 50 | aLRE _i = the total exposure measure of the G-SII entity i calculated in accordance with Article 429(4). | aLRE _i = the total exposure measure of the G-SII entity i calculated in accordance with Article 429(4), <u>or, for third-country subsidiaries, calculated in accordance with the applicable local regulations</u> . | aLRE _i = the total exposure measure of the G-SII entity i calculated in accordance with Article 429(4) <u>of this Regulation, or, for third-country subsidiaries, calculated in accordance with the applicable national regulation</u> . |
| Article 1, first paragraph, point (5)(a), amending provision, numbered paragraph (4), third paragraph | | | |
| 51 | Where the parent institution is allowed to deduct the adjusted amount in accordance with the first subparagraph, the difference between the amount of holdings of own funds instruments and eligible liabilities instruments referred to in the first subparagraph and that adjusted amount shall be deducted by the subsidiary.; | Where the parent institution is allowed to deduct the adjusted amount in accordance with the first subparagraph, the difference between the amount of holdings of own funds instruments and eligible liabilities instruments referred to in the first subparagraph and that adjusted amount shall be deducted by the subsidiary.; | Where the parent institution is allowed to deduct the adjusted amount in accordance with the first subparagraph, the difference between the amount of holdings of own funds instruments and eligible liabilities instruments referred to in the first subparagraph and that adjusted amount shall be deducted by the subsidiary.; |
| Article 1, first paragraph, point (5)(aa), introductory part | | | |
| 51a | | | <u>(aa) In Article 72e, the following paragraph is</u> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | | | <u>inserted:</u> |
| Article 1, first paragraph, point (5)(aa), amending provision, numbered paragraph (4a) first paragraph | | | |
| 51b | | | " <u>(4a) By way of derogation from paragraph 4 and until 31 December 2024 the resolution authority of a parent institution, after duly considering the opinion of the resolution authorities or relevant third-country authorities of any subsidiaries concerned, may permit that the adjusted amount m_i is calculated by using the following definition of r_i and w_i:</u> |
| Article 1, first paragraph, point (5)(aa), amending provision, numbered paragraph (4a) second paragraph | | | |
| 51c | | | <u>r_i = the total risk-based capital requirement applicable to subsidiary i in the third country where it has its head office, insofar as those requirements are met with instruments that would be considered own funds under this Regulation;</u> |
| Article 1, first paragraph, point (5)(aa), amending provision, numbered paragraph (4a) third paragraph | | | |
| 51d | | | <u>w_i = the total non-risk-based capital requirement applicable to subsidiary i in the third country where it has its head office, insofar as that requirement is met with instruments that</u> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | | | <u>would be considered own funds under this Regulation.</u> |
| Article 1, first paragraph, point (5)(aa), amending provision, numbered paragraph (4a) fourth paragraph | | | |
| 51e | | | <u>The resolution authority may grant the permission referred to in the first subparagraph where the subsidiary is established in a third country that does not yet have in place an applicable local resolution regime and if at least one of the following conditions is met:</u> |
| Article 1, first paragraph, point (5)(aa), amending provision, numbered paragraph (4a) fourth paragraph, point | | | |
| 51f | | | <u>(a) there is no generally applicable current or immediately foreseen material practical or legal impediment to the prompt transfer of assets from the subsidiary to the parent institution;</u> |
| Article 1, first paragraph, point (5)(aa), amending provision, numbered paragraph (4a) fourth paragraph, point | | | |
| 51g | | | <u>(b) the relevant third-country authority of the subsidiary has provided an opinion to the resolution authority of the parent institution that assets equal to the amount to be deducted by the subsidiary in accordance with Article 72e(4), second paragraph, could be transferred from the subsidiary to the parent institution.</u> " |

| | Commission Proposal | Council Mandate | EP Mandate |
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| Article 1, first paragraph, point (5)(b), introductory part | | | |
| 52 | (b) the following paragraph 5 is added: | (b) the following paragraph 5 is added: | (b) the following paragraph 5 is added: |
| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), introductory part | | | |
| 53 | <p>5. Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds and eligible liabilities that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.</p> | <p>5. Institutions and entities required to comply with<u>referred to in</u> Article 45c of Directive 2014/59/EU that are not themselves resolution entities<u>1(1), points (b), (c) and (d), of Directive 2014/59/EU</u> shall deduct from eligible liabilities items their holdings of own funds <u>instruments</u> and eligible liabilities that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.<u>instruments where all of the following conditions are met:</u></p> | <p>5. Institutions and entities required to comply with Article 45c of Directive 2014/59/EU that are not themselves resolution entities shall deduct from eligible liabilities items their holdings of own funds <u>instruments</u> and eligible liabilities that meet the conditions of Article 45f(2) of that Directive of their subsidiaries that belong to the same resolution group.<u>instruments where all of the following conditions are met:</u></p> |
| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), subparagraph a | | | |
| 53a | | <p><u>(a) the own funds instruments and eligible liabilities instruments are held by an institution or entity that is not itself a resolution entity but that is a subsidiary of a resolution entity or of a third-country entity that would be a resolution entity if it were established in the Union;</u></p> | <p><u>(a) the own funds instruments and eligible liabilities instruments are held by an institution or entity that is not itself a resolution entity but that is a subsidiary of a resolution entity or of a third-country entity that would be a resolution entity if it were established in the Union;</u></p> |
| Article 1, first paragraph, point (5)(b), amending provision, | | | |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | numbered paragraph (5), subparagraph b | | |
| 53b | | <u>(b) the institution or entity referred to in point (a) is required to comply with the requirements laid down in Article 92b of this Regulation or in Article 45f of Directive 2014/59/EU;</u> | <u>(b) the institution or entity referred to in point (a) is required to comply with the requirements laid down in Article 92b of this Regulation or in Article 45f of Directive 2014/59/EU;</u> |
| | Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), subparagraph c | | |
| 53c | | <u>(c) the own funds instruments and eligible liabilities instruments held by the institution or entity referred to in point (a) were issued by an institution or entity referred to in Article 92b(1) of this Regulation or in Article 45f(1) of Directive 2014/59/EU that is not itself a resolution entity and that belongs to the same resolution group as the institution or entity referred to in point (a).</u> | <u>(c) the own funds instruments and eligible liabilities instruments held by the institution or entity referred to in point (a) were issued by an institution or entity referred to in Article 92b(1) of this Regulation or in Article 45f(1) of Directive 2014/59/EU that is not itself a resolution entity and that belongs to the same resolution group as the institution or entity referred to in point (a).</u> |
| | Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), first paragraph | | |
| 54 | The deduction shall not apply to institutions and entities that are not themselves resolution entities where they are required to comply with the requirement referred to in Articles 45c and 45d of Directive 2014/59/EU on a consolidated basis. | The deduction shall not apply to institutions and entities that are not themselves resolution entities where they are required to comply with the requirement referred to in Articles 45c and 45d of Directive 2014/59/EU on a consolidated basis. | The deduction <u>established in the first subparagraph</u> shall not apply to institutions and entities that are not themselves resolution entities where they are required <u>be limited to the amount of own funds instruments and eligible liabilities instruments held by the institution or entity referred to in point (a) of the first subparagraph that have been issued by the institution or entity referred to in point (c) of the first subparagraph of this paragraph in order</u> to comply with the |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | | | <i>requirement referred to in Articles 45c and 45d</i> <u>requirements set out in Article 45(2), points (a) and (b),</u> of Directive 2014/59/EU on a consolidated basis. |
| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), first paragraph a | | | |
| 54a | | | <u>When calculating the limit referred to in the second subparagraph, direct issuances of own funds instruments and eligible liabilities instruments from an institution or entity referred to in point (c) of the first subparagraph to the relevant resolution entity shall be accounted for first, and shall reduce the amount required to be deducted under the first sub-paragraph by the amount of own funds instruments and eligible liabilities instruments already directly issued.</u> |
| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), first paragraph b | | | |
| 54b | | <u>By way of derogation from the first subparagraph, holdings of own funds instruments and eligible liabilities instruments shall not be deducted where the institution or entity referred to in point (a) is required to comply with the requirement referred to in point (b) on a consolidated basis and the institution or entity referred to in point (c) is included in the consolidation of the institution or entity referred to in point (a) in accordance with Part One, Title II, Chapter 2.</u> | <u>By way of derogation from the first subparagraph, holdings of own funds instruments and eligible liabilities instruments shall not be deducted where the institution or entity referred to in point (a) is required to comply with the requirement referred to in point (b) on a consolidated basis and the institution or entity referred to in point (c) is included in the consolidation of the institution or entity referred to in point (a) in accordance with Part One, Title II, Chapter 2.</u> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), second paragraph | | | |
| 55 | For the purposes of this paragraph, the reference to eligible liabilities items shall also be understood as a reference to eligible liabilities referred to in Article 45f(2), point (a), of Directive 2014/59/EU.; | For the purposes of this paragraph, the reference to eligible liabilities items shall also be understood as a reference to eligible liabilities referred to in Article 45f(2), point (a), of Directive 2014/59/EU.; <u>any of the following:</u> | For the purposes of this paragraph, the reference to eligible liabilities items shall also be understood as a reference to eligible liabilities referred to in Article 45f(2), point (a), of Directive 2014/59/EU.; |
| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), second paragraph(a) | | | |
| 55a | | <u>(a) eligible liabilities items taken into account for the purposes of complying with the requirement in Article 92b;</u> | <u>(a) eligible liabilities items taken into account for the purposes of complying with the requirement in Article 92b;</u> |
| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), second paragraph(b) | | | |
| 55b | | <u>(b) liabilities that meet the conditions of Article 45f(2), point (a), of Directive 2014/59/EU.</u> | <u>(b) eligible liabilities that meet the conditions of Article 45f(2), point (a), of Directive 2014/59/EU.</u> |
| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), second paragraph a, introductory part | | | |
| 55c | | <u>For the purposes of this paragraph, the reference to own funds instruments and eligible</u> | <u>For the purposes of this paragraph, the reference to own funds instruments and eligible</u> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | | <u><i>liabilities instruments shall be understood as a reference to any of the following:</i></u> | <u><i>liabilities instruments shall be understood as a reference to:</i></u> |
| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), second paragraph a(a) | | | |
| 55d | | <u><i>(a) own funds instruments and eligible liabilities instruments that meet the conditions of Article 92b, paragraphs 2 and 3;</i></u> | <u><i>(a) own funds instruments and eligible liabilities instruments that meet the conditions of Article 92b, paragraphs 2 and 3;</i></u> |
| Article 1, first paragraph, point (5)(b), amending provision, numbered paragraph (5), second paragraph a(b) | | | |
| 55e | | <u><i>(b) own funds and liabilities that meet the conditions of Article 45f(2) of Directive 2014/59/EU.;</i></u> | <u><i>(b) own funds and liabilities that meet the conditions of Article 45f(2) of Directive 2014/59/EU.;</i></u> |
| Article 1, first paragraph, point (6) | | | |
| 56 | (6) in Article 92a, paragraph 3 is deleted; | (6) in Article 92a, paragraph 3 is deleted; | (6) in Article 92a, paragraph 3 is deleted; |
| Article 1, first paragraph, point (7), introductory part | | | |
| 57 | (7) in Article 113, paragraph 1 is replaced by the following: | (7) in Article 113, paragraph 1 is replaced by the following: | (7) in Article 113, paragraph 1 is replaced by the following: |
| Article 1, first paragraph, point (7), amending provision, numbered paragraph (1) | | | |
| 58 | | | |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | <p>1. To calculate risk-weighted exposure amounts, risk weights shall be applied to all exposures, unless deducted from own funds or subject to the treatment set out in Article 72e(5), first subparagraph, in accordance with the provisions of Section 2. The application of risk weights shall be based on the exposure class to which the exposure is assigned and, to the extent specified in Section 2, its credit quality. Credit quality may be determined by reference to the credit assessments of ECAIs or the credit assessments of export credit agencies in accordance with Section 3.;</p> | <p>1. To calculate risk-weighted exposure amounts, risk weights shall be applied to all exposures, unless deducted from own funds or subject to the treatment set out in Article 72e(5), first subparagraph, in accordance with the provisions of Section 2. The application of risk weights shall be based on the exposure class to which the exposure is assigned and, to the extent specified in Section 2, its credit quality. Credit quality may be determined by reference to the credit assessments of ECAIs or the credit assessments of export credit agencies in accordance with Section 3.;</p> | <p>1. To calculate risk-weighted exposure amounts, risk weights shall be applied to all exposures, unless <u>the exposures are</u> deducted from own funds or <u>eligible liabilities</u> subject to the treatment set out in Article 72e(5), first subparagraph, in accordance with the provisions of Section 2. The application of risk weights shall be based on the exposure class to which the exposure is assigned and, to the extent specified in Section 2, its credit quality. Credit quality may be determined by reference to the credit assessments of ECAIs or the credit assessments of export credit agencies in accordance with Section 3.;</p> |
| Article 1, first paragraph, point (8), introductory part | | | |
| 59 | (8) in Article 151, paragraph 1 is replaced by the following: | (8) in Article 151, paragraph 1 is replaced by the following: | (8) in Article 151, paragraph 1 is replaced by the following: |
| Article 1, first paragraph, point (8), amending provision, numbered paragraph (1) | | | |
| 60 | <p>1. The risk-weighted exposure amounts for credit risk for exposures belonging to one of the exposure classes referred to in Article 147(2), points (a) to (e) and point (g), shall, unless deducted from own funds or subject to the treatment set out in Article 72e(5), first subparagraph, be calculated in accordance with Sub-section 2.;</p> | <p>1. The risk-weighted exposure amounts for credit risk for exposures belonging to one of the exposure classes referred to in Article 147(2), points (a) to (e) and point (g), shall, unless deducted from own funds or subject to the treatment set out in Article 72e(5), first subparagraph, be calculated in accordance with Sub-section 2.;</p> | <p>1. The risk-weighted exposure amounts for credit risk for exposures belonging to one of the exposure classes referred to in Article 147(2), points (a) to (e) and point (g), shall, unless <u>the exposures are</u> deducted from own funds or <u>eligible liabilities</u> subject to the treatment set out in Article 72e(5), first subparagraph, be calculated in accordance with Sub-section 2.;</p> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| Article 1, first paragraph, point (9), introductory part | | | |
| 61 | (9) in Article 429a(1), the following point (q) is added: | (9) in Article 429a(1), the following point (q) is added: | (9) in Article 429a(1), the following point (q) is added: |
| Article 1, first paragraph, point (9), amending provision, first paragraph | | | |
| 62 | (q) the amounts that are subject to the treatment set out in Article 72e(5), first subparagraph.. | (q) the amounts <u>exposures</u> that are subject to the treatment set out in Article 72e(5), first subparagraph.? | (q) the amounts <u>exposures</u> that are subject to the treatment set out in Article 72e(5), first subparagraph.? |
| Article 2 | | | |
| 63 | Article 2 Amendment to Directive 2014/59/EU | Article 2 Amendment <u>Amendments</u> to Directive 2014/59/EU | Article 2 Amendment <u>Amendments</u> to Directive 2014/59/EU |
| Article 2, introductory part | | | |
| 63a | | <u>Directive 2014/59/EU is amended as follows:</u> | <u>Directive 2014/59/EU is amended as follows:</u> |
| Article 2, point (1), introductory part | | | |
| 63b | | <u>(1) in Article 45d, paragraph 4 is replaced by the following:</u> | <u>(1) In Article 45d, paragraph 4 is replaced by the following:</u> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | Article 2, point (1), amending provision, numbered paragraph, introductory part | | |
| 63c | | <p>"</p> <p><u>4. For the purposes of Article 45h(2), where more than one G-SII entity belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the relevant resolution authorities shall calculate the amount referred to in paragraph 3:</u></p> | <p>"</p> <p><u>4. For the purposes of Article 45h(2), where more than one G-SII entity belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the relevant resolution authorities shall calculate the amount referred to in paragraph 3:</u></p> |
| | Article 2, point (1), amending provision, numbered paragraphpoint | | |
| 63d | | <p><u>(a) for each resolution entity or third-country entity that would be a resolution entity if it was established in the Union;</u></p> | <p><u>(a) for the Union parent undertaking as if it was the only resolution entity of the G-SII.;</u></p> |
| | Article 2, point (1), amending provision, numbered paragraphpoint | | |
| 63e | | <p><u>(b) for the Union parent undertaking as if it was the only resolution entity of the G-SII.;</u></p> <p>"</p> | <p><u>(b) for each resolution entity or third-country entity that would be a resolution entity if it was established in the Union;</u></p> <p>"</p> |
| | Article 2, first paragraph, introductory part | | |
| 64 | In Article 45f of Directive 2014/59/EU, paragraph | <u>(2)</u> in Article 45f of Directive 2014/59/EU, | <u>(2)</u> In Article 45f of Directive 2014/59/EU, |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | 6 is deleted. | paragraph 6 is deleted. | paragraph 6 is deleted. |
| Article 2, first paragraph a, introductory part | | | |
| 64a | | <u>(3) in Article 45h, paragraph 2 is replaced by the following:</u> | <u>(3) In Article 45h, paragraph 2 is replaced by the following:</u> |
| Article 2, first paragraph a, amending provision, numbered paragraph | | | |
| 64b | | <p>"</p> <p><u>2. Where more than one G-SII entity belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the resolution authorities referred to in paragraph 1 shall discuss and, where appropriate and consistent with the G-SII's resolution strategy, agree on the application of Article 72e of Regulation (EU) No 575/2013 and any adjustment to minimise or eliminate the difference between the sum of the amounts referred to in Article 45d(4), point (a), and Article 12a, point (a), of Regulation (EU) No 575/2013 for individual resolution entities or third-country entities and the sum of the amounts referred to in Article 45d(4), point (b), and Article 12a, point (b), of Regulation (EU) No 575/2013.</u></p> | <p>"</p> <p><u>2. Where more than one G-SII entity belonging to the same G-SII are resolution entities or third-country entities that would be resolution entities if they were established in the Union, the resolution authorities referred to in paragraph 1 shall discuss and, where appropriate and consistent with the G-SII's resolution strategy, agree on the application of Article 72e of Regulation (EU) No 575/2013 and any adjustment to minimise or eliminate the difference between the sum of the amounts referred to in of Article 45d(4), point (a), and Article 12a, point (a), of Regulation (EU) No 575/2013 for individual resolution entities or third-country entities and the sum of the amounts referred to in Article 45d(4), point (b), and Article 12a, point (b), of Regulation (EU) No 575/2013.</u></p> |
| Article 2, first paragraph a, amending provision, numbered paragraph, introductory part | | | |

| | Commission Proposal | Council Mandate | EP Mandate |
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| 64c | | <u><i>Such an adjustment may be applied subject to the following:</i></u> | <u><i>Such an adjustment may be applied subject to the following:</i></u> |
| Article 2, first paragraph a, amending provision, numbered paragraph, point | | | |
| 64d | | <u><i>(a) the adjustment may be applied in respect of differences in the calculation of the total risk exposure amounts between the relevant Member States or third countries by adjusting the level of the requirement;</i></u> | <u><i>(a) the adjustment may be applied in respect of differences in the calculation of the total risk exposure amounts between the relevant Member States or third countries by adjusting the level of the requirement;</i></u> |
| Article 2, first paragraph a, amending provision, numbered paragraph, point | | | |
| 64e | | <u><i>(b) the adjustment shall not be applied to eliminate differences resulting from exposures between resolution groups.</i></u> | <u><i>(b) the adjustment shall not be applied to eliminate differences resulting from exposures between resolution groups.</i></u> |
| Article 2, first paragraph a, amending provision, numbered paragraph | | | |
| 64f | | <u><i>The sum of the amounts referred to in Article 45d(4), point (a), of this Directive and Article 12a, point (a), of Regulation (EU) No 575/2013 for individual resolution entities or third-country entities that would be resolution entities if they were established in the Union shall not be lower than the sum of the amounts referred to in Article 45d(4), point (b), of this Directive and Article 12a, point (b), of Regulation (EU) No</i></u> | <u><i>The sum of the amounts referred to in Article 45d(4), point (a), of this Directive and Article 12a, point (a), of Regulation (EU) No 575/2013 for individual resolution entities or third-country entities that would be resolution entities if they were established in the Union shall not be lower than the sum of the amounts referred to in Article 45d(4), point (b), of this Directive and Article 12a, point (b), of</i></u> |

| | Commission Proposal | Council Mandate | EP Mandate |
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| | | <u>575/2013.</u> | <u>Regulation (EU) No 575/2013.</u> |
| Article 2, first paragraph b, introductory part | | | |
| 64g | | | <u>(4) In Article 129, the following subparagraph is added:</u> |
| Article 2, first paragraph b, amending provision, numbered paragraph | | | |
| 64h | | | <p>"</p> <p><u>By 31 December 2022, the Commission shall review the implementation of the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities by the different types of banking group structures, among others the case where institutions have an operating company between the holding company and its subsidiaries, and review the treatment of entities, the resolution plan of which provides that they are to be wound up under normal insolvency proceedings under the rules governing the minimum requirement for own funds and eligible liabilities. The Commission shall submit a report thereon to the European Parliament and to the Council. Where appropriate, that report shall be accompanied by a legislative proposal.</u></p> <p>"</p> |
| Article 3 | | | |

| | Commission Proposal | Council Mandate | EP Mandate |
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| 65 | Article 3 Entry into force and application | Article 3 Entry into force and application | Article 3 Entry into force and application |
| Article 3, first paragraph | | | |
| 66 | This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. | This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. | This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. |
| Article 3, second paragraph | | | |
| 67 | It shall apply from [OP please insert the date = date of entry into force]. | It shall apply from [OP please insert the date = date of entry into force]. | It shall apply from [OP please insert the date = date of entry into force]. |
| Article 3, third paragraph | | | |
| 68 | However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from [OP please insert the date = 6 months after date of entry into force]. | However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2, <u>point (2)</u> , shall apply from [OP please insert the date = 6 months after date of entry into force] <u>1 January 2024</u> . <u>Article 2, points (1) and (3), shall apply by the date referred to in the second paragraph, first subparagraph.</u> | However, Article 1, point (3), point (5)(b), and points (7), (8) and (9) and Article 2 shall apply from [OP please insert the date = 6 months after date of entry into force] <u>1 January 2024</u> . |
| Article 3, third paragraph a | | | |
| 68a | | <u>2. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 2, points (1) and (3), by [OP please insert the date</u> | |

| | Commission Proposal | Council Mandate | EP Mandate |
|------------------------------|--|--|--|
| | | <u>= 12 months from the date of entry into force]. They shall immediately communicate the text of those measures to the Commission.</u> | |
| Article 3, third paragraph b | | | |
| 68b | | <u>When Member States adopt those measures, they shall contain a reference to this Regulation or shall be accompanied by such reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.</u> | |
| Article 3, third paragraph c | | | |
| 68c | | <u>Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by Article 2, points (1) and (3), of this Regulation.</u> | |
| Article 3, fourth paragraph | | | |
| 69 | This Regulation shall be binding in its entirety and directly applicable in all Member States. | This Regulation shall be binding in its entirety and directly applicable in all Member States. | This Regulation shall be binding in its entirety and directly applicable in all Member States. |
| Formula | | | |
| 70 | Done at Brussels, | Done at Brussels, | Done at Brussels, |
| Formula | | | |

| | Commission Proposal | Council Mandate | EP Mandate |
|---------|-----------------------------|-----------------------------|-----------------------------|
| 71 | For the European Parliament | For the European Parliament | For the European Parliament |
| Formula | | | |
| 72 | The President | The President | The President |
| Formula | | | |
| 73 | For the Council | For the Council | For the Council |
| Formula | | | |
| 74 | The President | The President | The President |