



2015/0270(COD)

4.11.2016

*****I**

DRAFT REPORT

on the Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 806/2014 in order to establish a European Deposit Insurance Scheme
(COM(2015)0586 – C8-0371/2015 – 2015/0270(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Esther de Lange

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ■ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 806/2014 in order to establish a European Deposit Insurance Scheme

(COM(2015)0586 – C8-0371/2015 – 2015/0270(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2015)0586),
 - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0371/2015),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 17 March 2016¹,
 - having regard to its decision of ... on the opening of, and the mandate for, interinstitutional negotiations on the proposal²,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A8-0000/2016),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

¹ OJ C 177, 18.5.2016, p. 21.

² OJ C

Amendment 1

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) In June 2015, the Five Presidents Report on Completing Europe's Economic and Monetary Union pointed out that a single banking system can only be truly single if confidence in the safety of bank deposits is the same irrespective of the Member State in which a bank operates. This requires single bank supervision, single bank resolution and single deposit insurance. The Five Presidents report therefore proposed to complete the Banking Union by establishing a European Deposit Insurance Scheme (EDIS), the third pillar of a fully-fledged Banking Union alongside bank supervision and resolution. Concrete steps in that direction should *already* be taken as a priority, with a *re-insurance* system at the European level for the national deposit guarantee schemes as a first step *towards a fully mutualised approach*. The scope of this reinsurance system should coincide with that of the SSM.

Amendment

(5) In June 2015, the Five Presidents Report on Completing Europe's Economic and Monetary Union pointed out that a single banking system can only be truly single if confidence in the safety of bank deposits is the same irrespective of the Member State in which a bank operates. This requires single bank supervision, single bank resolution and single deposit insurance. The Five Presidents report therefore proposed to complete the Banking Union by establishing a European Deposit Insurance Scheme (EDIS), the third pillar of a fully-fledged Banking Union alongside bank supervision and resolution. Concrete steps in that direction should be taken as a priority, with a *reinsurance* system at the European level for the national deposit guarantee schemes as a first step. The scope of this reinsurance system should coincide with that of the SSM.

Or. en

Amendment 2

Proposal for a regulation

Recital 8

Text proposed by the Commission

(8) Although Directive 2014/49/EU significantly improves the capacity of national schemes to compensate depositors, more efficient deposit guarantee arrangements are needed at the level of the

Amendment

(8) Although Directive 2014/49/EU significantly improves the capacity of national schemes to compensate depositors, more efficient deposit guarantee arrangements are needed at the level of the

Banking Union to ensure sufficient financial means to underpin the confidence of all depositors and thereby safeguard financial stability. EDIS would increase the resilience of the Banking Union against future crises **by sharing risk more widely** and would offer equal protection for insured depositors, supporting the proper functioning of the internal market.

Banking Union to ensure sufficient financial means to underpin the confidence of all depositors and thereby safeguard financial stability. EDIS would increase the resilience of the Banking Union against future crises and would offer equal protection for insured depositors, supporting the proper functioning of the internal market.

Or. en

Amendment 3

Proposal for a regulation Recital 17

Text proposed by the Commission

(17) EDIS **should progressively** evolve from a reinsurance scheme into **a fully mutualised co-insurance** scheme over a number of years. In the context of efforts to deepen the EMU, **together with the work on the establishment of bridge-financing arrangements for the Single Resolution Fund (SRF)** and on **developing** a common fiscal backstop, **this step is necessary to reduce the bank/sovereign links** in individual Member States by means of **steps** towards risk sharing among all the Member States in the Banking Union, and thereby to reinforce the Banking Union in achieving its key objective. However, such risk sharing implied by steps to reinforce Banking Union must proceed in parallel with risk reducing measures designed to break the bank-sovereign link more directly.

Amendment

(17) EDIS **could** evolve from a reinsurance scheme into **an insurance** scheme over a number of years **if and when the conditions set out in this Regulation have been met**. In the context of efforts to deepen the EMU and **to develop** a common fiscal backstop **for the Single Resolution Fund (SRF)**, **that step could contribute to reducing the bank-sovereign link** in individual Member States by means of **a step** towards risk sharing among all the Member States in the Banking Union and thereby to reinforce the Banking Union in achieving its key objective. However, such risk sharing implied by steps to reinforce **the** Banking Union must proceed in parallel with risk reducing measures designed to break the bank-sovereign link more directly.

Or. en

Amendment 4

Proposal for a regulation Recital 18

Text proposed by the Commission

(18) EDIS should be established in ***three sequential*** stages, first a reinsurance scheme that covers a share of the liquidity shortfall ***and of the excess losses*** of participating DGSs, ***followed by a co-insurance*** scheme that covers a gradually increasing share of the ***liquidity shortfall and losses*** of participating DGSs ***and eventually resulting in a full insurance scheme that covers all liquidity needs and losses of participating deposit guarantee schemes.***

Amendment

(18) EDIS should be established in ***two*** stages, first a reinsurance scheme that covers a ***gradually increasing*** share of the liquidity shortfall of participating DGSs ***and an insurance*** scheme that covers a gradually increasing share of the ***excess loss*** of participating DGSs.

Or. en

Amendment 5

Proposal for a regulation Recital 20

Text proposed by the Commission

(20) ***As the Deposit Insurance Fund, in the re-insurance stage, would only provide an additional source of funding and would only weaken the link between banks and their national sovereign, without however ensuring that all depositors in the Banking Union enjoy an equal level of protection, the reinsurance stage should, after three years, gradually progress into a co-insurance scheme and ultimately into a fully mutualised deposit insurance scheme.***

Amendment

deleted

Or. en

Amendment 6

Proposal for a regulation Recital 21

Text proposed by the Commission

(21) While the reinsurance and coinsurance stages would share many common features, ensuring a smooth gradual evolution, pay-outs under the co-insurance stage would be shared between national DGS and the Deposit Insurance Fund as of the first euro of loss. The relative contribution from the Deposit Insurance Fund would gradually increase to 100 percent, resulting in the full mutualisation of depositor risk across the Banking Union after four years.

Amendment

deleted

Or. en

Amendment 7

Proposal for a regulation Recital 22

Text proposed by the Commission

(22) Safeguards should be built into EDIS so as to limit moral hazard risk and to ensure that the coverage by EDIS is only provided where national DGSs act in a prudent manner. Firstly, national DGSs should comply with their obligations under this Regulation, the Directive 2014/49/EU and other relevant EU law, in particular their obligation to build up their funds in accordance with Article 10 of Directive 2014/49/EU as further specified in this Regulation. In order to benefit from coverage by EDIS, participating DGSs need to raise ex-ante contributions in accordance with a precise funding path. This also implies that the possibility of a target level reduction in accordance with Article 10(6) of Directive 2014/49/EU is

Amendment

(22) Safeguards should be built into EDIS so as to limit moral hazard risk and to ensure that the coverage by EDIS is only provided where national DGSs act in a prudent manner. Firstly, national DGSs should comply with their obligations under this Regulation, the Directive 2014/49/EU and other relevant EU law, in particular their obligation to build up their funds in accordance with Article 10 of Directive 2014/49/EU as further specified in this Regulation. In order to benefit from coverage by EDIS, participating DGSs need to raise ex-ante contributions in accordance with a precise funding path. This also implies that the possibility of a target level reduction in accordance with Article 10(6) of Directive 2014/49/EU is

no longer available if the DGS wants to benefit from EDIS. Secondly, in case of a pay-out event or where its funds are used in resolution, a national DGS should bear a fair share of the loss themselves. It should therefore be required to *collect ex-post contributions from its members to replenish its fund and to* repay EDIS to the extent that the initially received funding exceeds the share of loss to be borne by EDIS. Thirdly, following a pay-out event, the national DGS should maximise the proceeds from the insolvency estate and repay the Board and the Board should have sufficient powers to safeguards its rights. Fourthly, the Board should have the powers to recover all or part of funding in case of a participating DGS did not comply with key obligations.

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Or. en

Amendment 8

Proposal for a regulation

Recital 23

Text proposed by the Commission

(23) The Deposit Insurance Fund is an essential element without which the *progressive* establishment of EDIS could not be achieved. Different national systems of funding would not provide for homogenous deposit insurance across the Banking Union. Throughout the *three* stages, the Deposit Insurance Fund should help ensuring the stabilising role of DGSs, a uniform high level of protection to all depositors in a harmonised framework throughout the Union and avoiding the creation of obstacles for the exercise of fundamental freedoms or the distortion of competition in the internal market due to different levels of protection at national level.

Amendment

(23) The Deposit Insurance Fund is an essential element without which the establishment of EDIS could not be achieved. Different national systems of funding *alone* would not provide for homogenous deposit insurance across the Banking Union. Throughout the *two* stages, the Deposit Insurance Fund should help ensuring the stabilising role of *participating* DGSs, a uniform high level of protection to all depositors in a harmonised framework throughout the Union and avoiding the creation of obstacles for the exercise of fundamental freedoms or the distortion of competition in the internal market due to different levels of protection at national level.

Amendment 9**Proposal for a regulation****Recital 24***Text proposed by the Commission*

(24) The Deposit Insurance Fund should be financed by **direct** contributions from **banks**. Decisions taken within **the** EDIS, requiring the use of the Deposit Insurance Fund or of a national deposit guarantee scheme should not impinge on the fiscal responsibilities of the Member States. In that regard, only extraordinary public financial support should be considered to be an impingement on the budgetary sovereignty and fiscal responsibilities of the Member States.

Amendment

(24) The Deposit Insurance Fund should be financed by contributions from **participating DGSs**. Decisions taken within EDIS, requiring the use of the Deposit Insurance Fund or of a national deposit guarantee scheme should not impinge on the fiscal responsibilities of the Member States. In that regard, only extraordinary public financial support should be considered to be an impingement on the budgetary sovereignty and fiscal responsibilities of the Member States.

Or. en

Amendment 10**Proposal for a regulation****Recital 25***Text proposed by the Commission*

(25) This Regulation establishes the modalities for the use of the Deposit Insurance Fund and the general criteria to determine the fixing and calculation of **ex ante and ex post** contributions and lays down the powers of the Board for using and managing the Deposit Insurance Fund.

Amendment

(25) This Regulation establishes the modalities for the use of the Deposit Insurance Fund and the general criteria to determine the fixing and calculation of **ex ante** contributions and lays down the powers of the Board for using and managing the Deposit Insurance Fund.

Or. en

Amendment 11

Proposal for a regulation Recital 26

Text proposed by the Commission

(26) Contributions would be **directly** levied on **banks** to finance the Deposit Insurance Fund. The Board would collect the contributions and administer the Deposit Insurance Fund, while national DGSs would continue to collect national contributions and administer national funds. In order to ensure fair and harmonised contributions for participating **banks** and provide incentives to operate under a model which presents less risk, both contributions to EDIS and to national DGS should be calculated on the basis of covered deposits and a risk-adjustment factor per **bank**. During **the re-insurance period** the risk-adjustment factor should consider the degree of risk incurred by a **bank relative to all other banks affiliated to the same** participating DGS. **Once the stage of co-insurance is reached, the risk-adjustment factor should consider the degree of risk incurred by a bank relative to all other banks** established in the participating Member States. This would ensure that, overall, EDIS is cost-neutral for banks and national DGSs and avoid any redistribution of contributions during the build-up phase of the Deposit Insurance Fund.

Amendment

(26) Contributions would be levied on **participating DGSs** to finance the Deposit Insurance Fund. The Board would collect the contributions and administer the Deposit Insurance Fund, while national DGSs would continue to collect national contributions and administer national funds **using their own methodology**. In order to ensure fair and harmonised contributions for participating **DGSs** and provide incentives to operate under a model which presents less risk, both contributions to EDIS and to national DGS should be calculated on the basis of covered deposits and a risk-adjustment factor per **participating DGS**. During **both stages**, the risk-adjustment factor should consider the degree of risk incurred by a participating **DGS and its affiliated credit institutions relative to all other participating DGSs and their affiliated credit institutions** established in the participating Member States. This would ensure that, overall, EDIS is cost-neutral for banks and national DGSs and avoid any redistribution of contributions during the build-up phase of the Deposit Insurance Fund.

Or. en

Amendment 12

Proposal for a regulation Recital 27

Text proposed by the Commission

(27) In principle, contributions should

Amendment

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be collected from the industry prior to, and independently of, any deposit insurance action. When prior funding is insufficient to cover the losses or costs incurred by the use of the Deposit Insurance Fund, ***additional contributions should be collected to bear the additional cost or loss. Moreover, the Deposit Insurance Fund*** should be able to contract borrowings or other forms of support from credit institutions, financial institutions or other third parties in the event that the ex-ante ***and ex post*** contributions are not immediately accessible or do not cover the expenses incurred by the use of the Deposit Insurance Fund in relation to deposit insurance actions.

be collected from the industry prior to, and independently of, any deposit insurance action. When prior funding is insufficient to cover the losses or costs incurred by the use of the Deposit Insurance Fund, ***the Board*** should be able to contract borrowings or other forms of support from credit institutions, financial institutions or other third parties in the event that the ex-ante contributions are not immediately accessible or do not cover the expenses incurred by the use of the Deposit Insurance Fund in relation to deposit insurance actions.

Or. en

Amendment 13

Proposal for a regulation

Recital 28

Text proposed by the Commission

(28) In order to reach a critical mass and to avoid ***pro-cyclical*** effects which would arise if the Deposit Insurance Fund had to rely ***solely on ex post*** contributions in a systemic crisis, it is indispensable that the ex-ante available financial means of the Deposit Insurance Fund amount at least to a certain minimum target level.

Amendment

(28) In order to reach a critical mass and to avoid ***procyclical*** effects which would arise if the Deposit Insurance Fund had to rely ***on ex-post*** contributions in a systemic crisis, it is indispensable that the ex-ante available financial means of the Deposit Insurance Fund amount at least to a certain minimum target level.

Or. en

Amendment 14

Proposal for a regulation

Recital 29

Text proposed by the Commission

(29) The **initial and final** target level of the Deposit Insurance Fund should be established as a percentage of the total minimum target levels of participating **DGS**. **It should progressively reach 20% of four ninth** of the total minimum target levels **by the end of the reinsurance period and the sum of all minimum target levels by the end of the co-insurance period**. The possibility to apply for approval to authorise a lower target level in accordance with Article 10(6) of Directive 2014/49/EU should not be considered when setting the initial or final target levels of the Deposit Insurance Fund. An appropriate time frame should be set to reach the target level for the Deposit Insurance Fund.

Amendment

(29) The target level of the Deposit Insurance Fund should be established as a percentage of the total minimum target levels of participating **DGSs**. **The target level of the Deposit Insurance Fund should reach 50 %** of the total minimum target levels **that participating DGSs are to reach in accordance with the first subparagraph of Article 10(2) of Directive 2014/49/EU**. The possibility to apply for approval to authorise a lower target level in accordance with Article 10(6) of Directive 2014/49/EU should not be considered when setting the initial or final target levels of the Deposit Insurance Fund. An appropriate time frame should be set to reach the target level for the Deposit Insurance Fund.

Or. en

Amendment 15

Proposal for a regulation Recital 46

Text proposed by the Commission

(46) In order for EDIS to function in an effective manner as of [...], the provisions concerning the payment of contributions to the Deposit Insurance Fund, the establishment of all the relevant procedures and any other operational and institutional aspects should apply from **XX**.

Amendment

(46) In order for EDIS to function in an effective manner as of **1 January 2019**, the provisions concerning the payment of contributions to the Deposit Insurance Fund, the establishment of all the relevant procedures and any other operational and institutional aspects should apply from **3 July 2017**.

Or. en

Amendment 16

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Regulation (EU) No 806/2014

Article 1 – paragraph 2 – introductory part

Text proposed by the Commission

2. In addition, this Regulation establishes a European Deposit Insurance Scheme ('EDIS') in *three successive* stages:

Amendment

2. In addition, this Regulation establishes a European Deposit Insurance Scheme ('EDIS') in *two* stages:

Or. en

Amendment 17

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Regulation (EU) No 806/2014

Article 1 – paragraph 2 – indent 1

Text proposed by the Commission

- a reinsurance scheme that, *to a certain extent*, provides *funding and covers a share of the losses of* participating deposit guarantee schemes in accordance with Article 41a;

Amendment

- a reinsurance scheme that provides *a gradually increasing level of liquidity support for* participating deposit guarantee schemes in accordance with Article 41a;

Or. en

Amendment 18

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Regulation (EU) No 806/2014

Article 1 – paragraph 2 – indent 2

Text proposed by the Commission

- *a co-insurance scheme that, to a gradually increasing extent, provides funding and covers losses of participating deposit guarantee schemes in accordance*

Amendment

deleted

with Article 41c;

Or. en

Amendment 19

Proposal for a regulation

Article 1 – paragraph 1 – point 2

Regulation (EU) No 806/2014

Article 1 – paragraph 2 – indent 3

Text proposed by the Commission

- *a full* insurance scheme that ***provides the funding*** and covers *the losses* of participating deposit guarantee schemes in accordance with Article ***41e***.

Amendment

- *an* insurance scheme that ***covers the liquidity shortfall*** and covers *a gradually increasing level of excess loss* of participating deposit guarantee schemes in accordance with Article ***41h and Article 41ha***.

Or. en

Amendment 20

Proposal for a regulation

Article 1 – paragraph 1 – point 4 – point a

Regulation (EU) No 806/2014

Article 3 – paragraph 1 – point 57

Text proposed by the Commission

(57) 'available financial means of the DIF' means cash, deposits and low-risk assets which can be liquidated within a period not exceeding that referred to in Article 8(1) of the Directive 2014/49/EU.

Amendment

(57) 'available financial means of the DIF' means cash, deposits, ***irrevocable payment commitments from participating DGSs*** and low-risk assets which can be liquidated within a period not exceeding that referred to in Article 8(1) of the Directive 2014/49/EU.

Or. en

Amendment 21

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41a – title

Text proposed by the Commission

Partial funding and excess loss cover

Amendment

Liquidity support

Or. en

Amendment 22

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41a – paragraph 1

Text proposed by the Commission

1. ***As from the date of application set out in Article 99(5a)***, participating DGSs are reinsured by EDIS in accordance with this Chapter for a period of ***three*** years ('reinsurance period').

Amendment

1. Participating DGSs are reinsured by EDIS in accordance with this Chapter for a period of ***at least five*** years ('reinsurance period'), ***from 1 January 2019 to the commencement of the insurance period referred to in Chapter 3.***

Or. en

Amendment 23

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41a – paragraph 2

Text proposed by the Commission

2. ***In case*** a participating DGS encounters a payout event or is used in resolution in accordance with Article 79 of this Regulation, it may claim funding from the DIF ***of up to 20%*** of its liquidity

Amendment

2. ***Where*** a participating DGS encounters a payout event or is used in resolution in accordance with Article 79 of this Regulation, it may claim funding from the DIF ***for*** its liquidity shortfall as set out in Article 41b. ***The share of liquidity***

shortfall as set out in Article 41b.

shortfall coverage a participating DGS may claim from the DIF is set out in paragraph 2a.

Or. en

Amendment 24

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41a – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. *The share of coverage under the second paragraph shall increase during the reinsurance period as follows:*

- *in the first year of the reinsurance period it shall be 20 %;*
- *in the second year of the reinsurance period it shall be 40 %;*
- *in the third year of the reinsurance period it shall be 60 %;*
- *in the fourth year of the reinsurance period it shall be 80 %;*
- *in the fifth and subsequent years of the reinsurance period it shall be 100 %.*

Or. en

Amendment 25

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41a – paragraph 3

Text proposed by the Commission

Amendment

3. *The DIF shall also cover 20% of the excess loss of the participating DGS as*

deleted

set out in Article 41c. The participating DGS shall repay the amount of funding it obtained under paragraph 2 of this Article, less the amount of excess loss cover, in accordance with the procedure set out in Article 41o.

Or. en

Amendment 26

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41a – paragraph 4

Text proposed by the Commission

Amendment

4. *Neither the funding nor the excess loss cover shall exceed the lower of 20% of the initial target level of the DIF as set out in Article 74b(1) of this Regulation and 10 times the target level of the participating DGS as defined in the first subparagraph of Article 10(2) of Directive 2014/49/EU.*

deleted

Or. en

Amendment 27

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41b – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) *the amount of extraordinary contributions as defined in Article 10(8) of the Directive 2014/49/EU the participating DGS can raise within three days from the payout event.*

deleted

Or. en

Amendment 28

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41c

Text proposed by the Commission

Amendment

Article 41c

deleted

Excess loss

1. In case the participating DGS encounters a payout event, its excess loss shall be calculated as the total amount it repaid to depositors in accordance with Article 8 of Directive 2014/49/EU less:

(a) the amount the participating DGS recovered from subrogating to the rights of depositors in winding up or reorganisation proceedings under the first sentence of Article 9(2) of Directive 2014/49/EU;

(b) the amount of available financial means the participating DGS should have at the time of the payout event if it had raised ex-ante contributions in accordance with Article 41j;

(c) the amount of ex-post contributions the participating DGS may raise in accordance with the first sentence of the first subparagraph of Article 10(8) of Directive 2014/49/EU within one calendar year, which shall contain the amount raised in accordance with point (b) of Article 41b(1) of this Regulation.

2. In case the funds of the participating DGS are used in resolution proceedings, its excess loss shall be the amount determined by the resolution authority in accordance with Article 79 less:

(a) the amount of any difference the participating DGS was paid in accordance with Article 75 of Directive 2014/59/EU;

(b) the amount of available financial means the participating DGS should have at the time of the determination if it had raised ex-ante contributions in accordance with Article 41j.

Or. en

Amendment 29

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Chapter 2

Text proposed by the Commission

Amendment

Chapter 2

deleted

Co-insurance

[...]

Or. en

Amendment 30

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Chapter 3 – title

Text proposed by the Commission

Amendment

Full insurance

Insurance

Or. en

Amendment 31

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41g a (new)

Article 41g a

Entry into application of this Chapter

1. This Chapter shall apply from no earlier than the latest of the following dates:

(a) the date of application, or, where relevant, the expiry of the transposition period of the international standard for Total Loss Absorbing Capacity (TLAC), for Global Systemically Important Banks (G-SIBs), and of revised rules in relation to a minimum requirement for own funds and eligible liabilities (MREL), for all credit institutions affiliated to the participating DGSs;

(b) the date of application, or, where relevant, the expiry of the transposition period of an insolvency ranking for credit institutions, harmonised at Union level, in relation to subordinated debt;

(c) the date of application, or, where relevant, the expiry of the transposition period of a framework for business insolvency, harmonised at Union level, in relation to the early restructuring of companies in order to prevent and better handle the pressing issue of non-performing loans;

(d) the date of application, or, where relevant, the expiry of the transposition period of an act amending Regulation (EU) No 575/2013 and Directive 2013/36/EU, resulting in a binding leverage ratio requirement with additional requirements for G-SIBs.

2. Without prejudice to paragraph 1, the Commission is empowered to adopt a delegated act in accordance with Article 93 in order to supplement this Regulation by establishing the exact date of application of this Chapter. That empowerment shall be based on a verification, to be conducted in 2023, of

compliance with the following conditions:

(a) the completion by the Commission, by 31 December 2021, of a review of the European supervisory architecture for credit institutions, resulting in the application of legislation introducing moratorium powers for supervisors and resolution authorities in respect of credit institutions affiliated to the participating DGSs;

(b) adherence by all credit institutions to the minimum capital requirements in the baseline scenario of an Asset Quality Review (AQR) for all credit institutions affiliated to the participating DGSs in 2023;

(c) publication by the Commission, by 31 December 2023, of an impact assessment in relation to the entry into application of this Chapter;

(d) proper consideration, as a minimum, of international standards on the prudential treatment of sovereign debt held by credit institutions by 31 December 2023.

That delegated act shall set a date of application for this Chapter that shall, in any event, be no earlier than 1 January 2024 and, where that date is exceeded, no later than one year from the time all the conditions of this Article are met.

Or. en

Justification

To be inserted at the beginning of Chapter 3.

Amendment 32

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41h – title

Text proposed by the Commission

Amendment

Funding and loss cover

Liquidity support and excess loss cover

Or. en

Amendment 33

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41h – paragraph 1

Text proposed by the Commission

Amendment

1. As from the **end** of the **co-insurance** period, **the** participating **DGS** shall be **fully** insured by EDIS in accordance with this Chapter.

1. From the **commencement** of the **insurance** period, participating **DGSs** shall be insured by EDIS in accordance with this Chapter.

Or. en

Amendment 34

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41h – paragraph 2

Text proposed by the Commission

Amendment

2. In case a participating DGS encounters a payout event or is used in resolution in accordance with Article 109 of Directive 2014/59/EU or Article 79 of this Regulation, it may claim funding from the DIF for its liquidity **need** as defined by Article **41f** of this Regulation.

2. In case a participating DGS encounters a payout event or is used in resolution in accordance with Article 109 of Directive 2014/59/EU or Article 79 of this Regulation, it may claim funding from the DIF for its liquidity **shortfall** as defined by Article **41b** of this Regulation. **The share of liquidity shortfall coverage a participating DGS may claim from the DIF shall be 100 %.**

Or. en

Amendment 35

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41h – paragraph 3

Text proposed by the Commission

3. *The DIF shall also cover the loss of the participating DGS as defined by Article 41g. The participating DGS shall repay the amount of funding it obtained under paragraph 2, less the amount of loss cover, in accordance with the procedure set out in Article 41o.*

Amendment

3. *In case a participating DGS encounters a payout event or is used in resolution in accordance with Article 109 of Directive 2014/59/EU or Article 79 of this Regulation, it may claim a share of excess loss funding from the DIF in accordance with Article 41ha. The share of excess loss coverage a participating DGS may claim from the DIF is set out in paragraph 3a of this Article.*

Or. en

Amendment 36

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41h – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. *The share of coverage under paragraph 3 shall increase during the insurance period as follows:*

- *in the first year of the insurance period it shall be 20%;*
- *in the second year of the insurance period it shall be 40%;*
- *in the third year of the insurance period it shall be 60%;*
- *in the fourth year of the insurance period it shall be 80%;*
- *in the fifth and subsequent years*

of the insurance period it shall be 100%.

Or. en

Amendment 37

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41h a (new)

Text proposed by the Commission

Amendment

Article 41h a

Excess loss

Where the participating DGS encounters a payout event, its excess loss shall be calculated as the total amount it repaid to depositors in accordance with Article 8 of Directive 2014/49/EU less:

(a) the amount the participating DGS recovered from subrogating to the rights of depositors in winding up or reorganisation proceedings under the first sentence of Article 9(2) of Directive 2014/49/EU; and

(b) the amount of available financial means the participating DGS should have at the time of the payout event if it had raised ex-ante contributions in accordance with Article 41j.

Or. en

Amendment 38

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41j - paragraph 1

Text proposed by the Commission

Amendment

1. A participating DGS shall only be

1. A participating DGS shall only be

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reinsured, *co-insured* or *fully* insured by EDIS during the year following any of the dates set out below, if, by that date, its available financial means raised by contributions referred to in Article 10(1) of Directive 2014/49/EU amount to at least the following percentages of the total amount of covered deposits of all credit institutions affiliated to the participating DGS:

- by 3 July 2017: **0.14%**;
- by 3 July 2018: **0.21%**;
- by 3 July 2019: **0.28%**;
- by 3 July 2020: **0.28%**;
- by 3 July 2021: **0.26%**;
- by 3 July 2022: **0.20%**;
- by 3 July 2023: **0.11%**;
- by 3 July 2024: **0%**.

reinsured or insured by EDIS during the year following any of the dates set out below, if, by that date, its available financial means raised by contributions referred to in Article 10(1) of Directive 2014/49/EU amount to at least the following percentages of the total amount of covered deposits of all credit institutions affiliated to the participating DGS:

- by 3 July 2017: **0,05 %**;
- by 3 July 2018: **0,10 %**;
- by 3 July 2019: **0,15 %**;
- by 3 July 2020: **0,20 %**;
- by 3 July 2021: **0,25 %**;
- by 3 July 2022: **0,30 %**;
- by 3 July 2023: **0,35 %**;
- by 3 July 2024: **0,40 %**.

Or. en

Amendment 39

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 411 – paragraph 2 – point c

Text proposed by the Commission

(c) in case of a payout event, an estimate of the extraordinary contributions it can raise within three days from that event;

Amendment

deleted

Or. en

Amendment 40

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Text proposed by the Commission

Amendment

2. In case the Board was informed in accordance with Article 41k, prior to, or simultaneously with, the notification referred to in paragraph 1, about one or more other likely payout events or uses in resolution, it may extend the period of paragraph 1 up to seven days. If, during this extended period, additional payout events or uses in resolution are notified in accordance with Article 41k and the total funding that could be claimed from the DIF might exceed its available financial means, the funding provided for each notified payout event or use in resolution shall be equal to the available financial means of the DIF multiplied by the ratio of (a) to (b):

(a) the amount of funding that the relevant participating DGS could claim from the DIF for the payout event or use in resolution if there were no other notified payout event or use in resolution;

(b) the sum of all amounts of funding that each relevant participating DGS could claim from the DIF for each payout event or use in resolution if there were no other notified payout event or use in resolution.

Or. en

Justification

Due to the fact that after every single disbursement from the DIF the Board shall raise the equivalent amount of funding via alternative means (e.g. capital markets using the superpreference of deposits as collateral), of which the participating DGS shall bear the lendings costs, each disbursement should be treated equal as such and there is no need to extend the period of paragraph 1.

Amendment 41

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41m – paragraph 3

Text proposed by the Commission

3. The Board shall immediately inform the participating DGS about its decision under *paragraphs 1 and 2*. The participating DGS may request a review of the Board's decision within 24 hours after it has been informed. It shall state the reasons why it considers an amendment to the Board's decision necessary, in particular with respect to the extent of coverage by EDIS. The Board shall take a decision on the request within another 24 hours.

Amendment

3. The Board shall immediately inform the participating DGS about its decision under *paragraph 1*. The participating DGS may request a review of the Board's decision within 24 hours after it has been informed. It shall state the reasons why it considers an amendment to the Board's decision necessary, in particular with respect to the extent of coverage by EDIS. The Board shall take a decision on the request within another 24 hours.

Or. en

Amendment 42

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41n – paragraph 1 – point b

Text proposed by the Commission

(b) the funds shall be due *immediately after* the determination of the Board in Article 41m.

Amendment

(b) the funds shall be due *within one working day* of the determination of the Board *referred to* in Article 41m.

Or. en

Amendment 43

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41n – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(b a) within 3 months of the determination referred to in Article 41m the Board shall establish a repayment plan that ensures that the funding provided by the Board under Article 41n will be repaid in full within six years by the participating DGS.

Or. en

Amendment 44

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41o – title

Text proposed by the Commission

Amendment

Repayment of funding and determination of excess loss ***and loss***

Repayment of funding and determination of excess loss

Or. en

Amendment 45

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41o – paragraph 1

Text proposed by the Commission

Amendment

1. The participating DGS shall repay the funding provided by the Board under Article 41n, less the amount of any excess loss cover in case of coverage under Article ***41a or any loss cover in case of coverage under Article 41d or Article 41h.***

1. The participating DGS shall repay the funding provided by the Board under Article 41n, less the amount of any excess loss cover in case of coverage under Article ***41h and Article 41ha.***

Or. en

Amendment 46

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41o – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The repayment plan initially established by the Board in accordance with Article 41n shall, to the largest extent possible, be based on the expected recoveries from the insolvency or resolution procedure of the credit institution concerned.

Or. en

Amendment 47

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41o – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. The following conditions for the repayment plan shall apply:

(a) the minimum annual repayment by the participating DGS shall be 10 % of the funding provided by the Board under Article 41n; and

(b) each year, the Board shall reassess the level of expected recoveries and recalibrate the repayment plan for the remaining years in accordance with that assessment.

Or. en

Amendment 48

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41o – paragraph 2

Text proposed by the Commission

2. Until the termination of the insolvency or resolution procedure, the Board shall determine, on an annual basis, the amount the participating DGS has already recovered from the insolvency procedure or has already been paid in accordance with Article 75 of Directive 2014/59/EU. The participating DGS shall provide to the Board all information necessary to make this determination. ***The participating DGS shall pay to the Board a share of that amount which corresponds to the share that is covered by EDIS in accordance with Article 41a, Article 41d or Article 41h.***

Amendment

2. Until the termination of the insolvency or resolution procedure, the Board shall determine, on an annual basis, the amount the participating DGS has already recovered from the insolvency procedure or has already been paid in accordance with Article 75 of Directive 2014/59/EU. The participating DGS shall provide to the Board all information necessary to make this determination.

Or. en

Amendment 49

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41o – paragraph 3

Text proposed by the Commission

3. ***In case of coverage under Article 41a, the participating DGS shall also pay to the Board, by the end of the first calendar year after the funding was provided, an amount equal to the ex-post contributions that the participating DGS may raise within one calendar year in accordance with the first sentence of the first subparagraph of Article 10(8) of Directive 2014/49/EU, less the amount of ex-post contributions it raised in***

Amendment

deleted

accordance with point (b) of Article 41b(1) of this Regulation.

Or. en

Amendment 50

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41o – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. In the case of coverage under the insurance period, during each yearly assessment by the Board as regards to the expected recoveries from the credit institution concerned, the level of expected excess loss shall also be determined. On the basis of this assessment the repayment plan shall be recalibrated so as to allow the full repayment of all subfunds, as referred to in Article 74a(3a).

This includes any repayments and new contributions to be raised by the participating DGSs for their respective subfunds to ensure that, in the event of excess loss, the target level of funding of the DIF shall be maintained within the same period of six years.

Or. en

Amendment 51

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41o – paragraph 3 b (new)

3 b. *The repayment plan shall also establish the refunding path for the participating DGS to return to its target level as set out in Article 41j.*

The minimum yearly refunding of the participating DGS to return to its target level shall be 0,05 % of covered deposits or the amount remaining until the target level has been reached.

In the event of insufficient funds, the repayment plan shall provide that the repayment of the funds provided by the DIF to the participating DGS shall take priority over the refunding of the participating DGS.

Or. en

Amendment 52

Proposal for a regulation

Article 1 – paragraph 1 – point 10

Regulation (EU) No 806/2014

Article 41o – paragraph 4

4. After the termination of the insolvency procedure or resolution procedure of the credit institution concerned, the Board shall without delay determine the excess loss in accordance with Article **41d or the loss in accordance with Article 41h**. Where this determination results in **a repayment** obligation of the participating DGS that differs from the amounts repaid in accordance with **the second and third paragraph**, the difference shall be settled between the Board and the participating DGS without delay.

4. After the termination of the insolvency procedure or resolution procedure of the credit institution concerned, the Board shall without delay determine the excess loss in accordance with Article **41h and Article 41ha**. Where this determination results in **an** obligation of the participating DGS that differs from the amounts repaid in accordance with **this Article**, the difference shall be settled between the Board and the participating DGS without delay.

Or. en

Amendment 53

Proposal for a regulation

Article 1 – paragraph 1 – point 19

Regulation (EU) No 806/2014

Article 50 – paragraph 1 – point c

Text proposed by the Commission

(c) decide on the ***necessity to raise extraordinary ex post contributions in accordance with Article 71, on the*** voluntary borrowing between financing arrangements in accordance with Article 72, on alternative financing means in accordance with Articles 73 and 74, and on the mutualisation of national financing arrangements in accordance with Article 78, involving support of the Fund above the threshold referred to in point (c) of this paragraph;

Amendment

(c) decide on the voluntary borrowing between financing arrangements in accordance with Article 72, on alternative financing means in accordance with Articles 73 and 74, and on the mutualisation of national financing arrangements in accordance with Article 78, involving support of the Fund above the threshold referred to in point (c) of this paragraph;

Or. en

Amendment 54

Proposal for a regulation

Article 1 – paragraph 1 – point 22

Regulation (EU) No 806/2014

Article 52 – paragraph 3

Text proposed by the Commission

3. By way of derogation from paragraph 1 of this Article, decisions referred to in Article 50(1) or Article 50a(1), ***which involve the raising of ex-post contributions in accordance with Article 71 or Article 74d,*** on voluntary borrowing between financing arrangements in accordance with Article 72 or Article 74f, on alternative financing means in accordance with Article 73, Article 74 or Article 74g, as well as on the mutualisation of national financing arrangements in

Amendment

3. By way of derogation from paragraph 1 of this Article, decisions referred to in Article 50(1) or Article 50a(1) on voluntary borrowing between financing arrangements in accordance with Article 72 or Article 74f, on alternative financing means in accordance with Article 73, Article 74 or Article 74g, as well as on the mutualisation of national financing arrangements in accordance with Article 78, exceeding the use of the financial means available in the SRF or in the DIF,

accordance with Article 78, exceeding the use of the financial means available in the SRF or in the DIF, shall be taken by a majority of two thirds of the Board members, representing at least 50 % of contributions during the transitional period until the SRF is fully mutualised and respectively the DIF has reached its final target level and by a majority of two thirds of the Board members, representing at least 30 % of contributions from then on. Each voting member shall have one vote. In the event of a tie, the Chair shall have a casting vote.

shall be taken by a majority of two thirds of the Board members, representing at least 50 % of contributions during the transitional period until the SRF is fully mutualised and respectively the DIF has reached its final target level and by a majority of two thirds of the Board members, representing at least 30 % of contributions from then on. Each voting member shall have one vote. In the event of a tie, the Chair shall have a casting vote.

Or. en

Amendment 55

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74a – paragraph 1

Text proposed by the Commission

1. The DIF is hereby established. It shall be filled by contributions owed to the Board by *credit institutions affiliated to* participating DGSs. The contributions shall be calculated and invoiced, *on behalf of* the Board, *by participating DGSs*.

Amendment

1. The DIF is hereby established. It shall be filled by *risk-based* contributions owed to the Board by participating DGSs. The *risk-based* contributions shall be calculated and invoiced *by* the Board.

Or. en

Amendment 56

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74a – paragraph 1a (new)

Text proposed by the Commission

Amendment

1 a. The risk-based contributions to be

paid by credit institutions to participating DGSs shall be calculated and invoiced by the participating DGSs.

Or. en

Amendment 57

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74a – paragraph 3a (new)

Text proposed by the Commission

Amendment

- 3 a. The DIF shall consist of:**
- (a) individual risk-based subfunds, which are to be filled by each participating DGS;**
 - (b) a joint risk-based subfund, which is to be filled by all participating DGSs.**

Or. en

Amendment 58

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74a – paragraph 3b (new)

Text proposed by the Commission

Amendment

- 3b. When liquidity shortfall as set out in Article 41b or excess loss as set out in Article 41h and Article 41ha is made available to a participating DGS, this shall be financed from:**
- (a) in the first instance, the individual risk-based subfund of the participating DGS that receives the support;**
 - (b) in the second instance and after the individual risk-based subfund is**

exhausted, the joint risk-based subfund;
(c) in the third instance and after the joint risk-based subfund is exhausted, the individual risk-based subfunds of all other participating DGSs, proportionate to the level of covered deposit of the participating DGSs.

Or. en

Justification

It is important to note that the use of these subfunds does not limit the ability of the DIF to provide funding in the event of unavailable deposits.

Amendment 59

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74b – paragraph 1

Text proposed by the Commission

1. By *the end of the reinsurance period* the available financial means of the DIF shall reach *an initial* target level of *20% of four ninth* of the *sum of the* minimum target *levels* that participating DGSs shall reach in accordance with the first subparagraph of Article 10(2) of Directive 2014/49/EU.

Amendment

1. By **3 July 2024** the available financial means of the DIF shall reach *a* target level of **50 %** of the *aggregated* minimum target *level* that participating DGSs shall reach in accordance with the first subparagraph of Article 10(2) of Directive 2014/49/EU.

Or. en

Justification

The target level for the DIF is equal to the sum of the target level of the two parts set out in Article 74a - paragraph 3a.

Amendment 60

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Text proposed by the Commission

Amendment

1a. The target level for each individual risk-based subfund shall be equal to 25 % of the minimum target level that participating DGSs shall reach in accordance with the first subparagraph of Article 10(2) of Directive 2014/49/EU.

Or. en

Justification

The target level for each individual risk-based subfund shall be based on the level of covered deposits per participating DGS. Aggregated, these target levels by definition equal the same target level when considering covered deposits of all participating DGSs.

Amendment 61

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74b – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. The target level for the joint risk-based subfund shall be equal to 25 % of the aggregated minimum target level that participating DGSs shall reach in accordance with the first subparagraph of Article 10(2) of Directive 2014/49/EU.

Or. en

Amendment 62

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74b – paragraph 1 c (new)

Text proposed by the Commission

Amendment

1c. The individual risk-based subfunds and the joint risk-based subfund shall each adhere to the following funding path as a percentage of covered deposits:

- *by 3 July 2017: 0,025 %;*
- *by 3 July 2018: 0,05 %;*
- *by 3 July 2019: 0,075 %;*
- *by 3 July 2020: 0,10 %;*
- *by 3 July 2021: 0,125 %;*
- *by 3 July 2022: 0,150 %;*
- *by 3 July 2023: 0,175 %;*
- *by 3 July 2024: 0,20 %.*

Or. en

Amendment 63

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74b – paragraph 2

Text proposed by the Commission

Amendment

2. By the end of the co-insurance period the available financial means of the DIF shall reach the sum of the minimum target levels that participating DGSs shall reach under the first subparagraph of Article 10(2) of Directive 2014/49/EU.

deleted

Or. en

Amendment 64

Proposal for a regulation

Article 1 – paragraph 1 – point 34

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Text proposed by the Commission

Amendment

3. *During the reinsurance and co-insurance periods contributions to the DIF calculated in accordance with Article 74c shall be spread out in time as evenly as possible until the respective target level is reached.*

deleted

Or. en

Amendment 65

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74b – paragraph 4

Text proposed by the Commission

Amendment

4. *After the target level specified in paragraph 2 has been reached for the first time and where the available financial means have subsequently been reduced to less than two-thirds of the target level, the contributions calculated in accordance with Article 74c shall be set at a level allowing to reach the target level within six years.*

deleted

Or. en

Justification

Treatment of situations when available financial means have been reduced are treated elsewhere.

Amendment 66

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74b – paragraph 5

Text proposed by the Commission

Amendment

5. *The Commission shall be empowered to adopt delegated acts in accordance with Article 93 to specify the following:*

deleted

(a) *criteria for the spreading out in time of the contributions to the DIF calculated under paragraph 2;*

(b) *criteria for establishing the annual contributions provided for in paragraph 4.*

Or. en

Amendment 67

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 1

Text proposed by the Commission

Amendment

1. Each year *during the reinsurance and co-insurance period*, the Board shall, after consulting the ECB and the national competent authority and in close cooperation with the participating DGSs and designated authorities, determine for each participating DGS the total amount of ex-ante contributions that it may claim from the *credit institutions affiliated to the* respective participating DGS in order to reach the target levels provided for in Article 74b. The total amount of contributions shall not exceed the target levels provided for in Article 74b *(1) and (2)*.

1. Each year, the Board shall, after consulting the ECB and the national competent authority and in close cooperation with the participating DGSs and designated authorities, determine for each participating DGS the total amount of ex-ante contributions that it may claim from the respective participating DGS in order to reach *or maintain* the target levels provided for in Article 74b. The total amount of contributions shall not exceed the target levels provided for in Article 74b.

Or. en

Amendment 68

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 2

Text proposed by the Commission

2. During the reinsurance period each participating DGS shall calculate, on the basis of the total amount determined by the Board under paragraph 1, the contribution of each credit institution affiliated to it. It shall apply the risk-based method established by the delegated act according to the second subparagraph of paragraph 5.

After the reinsurance period, the Board itself shall calculate the contribution of each credit institution affiliated to a participating DGS. The Board shall apply the risk-based method established by the delegated act according to the third subparagraph of paragraph 5.

In all stages of EDIS the participating DGS shall invoice, on behalf of the Board, the contribution of each credit institution on an annual basis. Credit institutions shall pay the invoiced amount directly to the Board. The contributions shall become due on 31 May of each year.

Amendment

2. In both stages of EDIS, the Board shall invoice and collect the required contributions of the participating DGSs. For their part, the participating DGSs shall invoice and collect the contribution of each affiliated credit institution. Both the Board and the participating DGS shall do so on an annual basis. The contributions shall become due on 31 May of each year.

As regards the individual risk-based subfund, participating DGSs may collect the required amount of risk-based contributions from affiliated credit institutions using their own methodology.

As regards the joint risk-based subfund, the Board shall determine the required total amount of risk-based contributions to be raised by the participating DGSs using an additional risk-based methodology to determine the share to be paid by each participating DGS in accordance with paragraph 5.

Up to 30 % of the contributions from participating DGSs to the DIF may be comprised of irrevocable payment commitments.

Or. en

Amendment 69

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Text proposed by the Commission

Amendment

4. The contributions that credit institutions affiliated to a participating DGS pay into the DIF in accordance with this Article shall count towards the minimum target level that the participating DGS shall reach in accordance with the first subparagraph of Article 10(2) of Directive 2014/49/EU. If the participating DGS, by 3 July 2024 or any later date, has followed the funding path set out in Article 41j and credit institutions affiliated to it paid to the DIF all ex-ante contributions that, until 3 July 2024, had to be paid to the DIF, these contributions shall constitute the full contribution owed in order to reach the target level in accordance with the first subparagraph of Article 10(2) of Directive 2014/49/EU.

deleted

Member States may provide that a participating DGS may consider the contributions that credit institutions affiliated to it paid into the DIF when setting the level of their ex-ante contributions or may reimburse these credit institutions from its available financial means to the extent they exceed the amounts set out in Article 41j on the relevant date.

Or. en

Amendment 70

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 1

Text proposed by the Commission

Amendment

The Commission **shall be** empowered to

The Commission **is** empowered to adopt **a**

adopt delegated *acts* in accordance with Article 93 in order to *specify* a risk-based method for the calculation of contributions *in accordance with* paragraph 2 of this Article.

delegated *act* in accordance with Article 93 in order to *supplement this Regulation by specifying, in accordance with this paragraph*, a risk-based method for the calculation of *risk-based* contributions of *participating DGSs to the joint risk-based subfund as referred to in* paragraph 2 of this Article.

Or. en

Amendment 71

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 2

Text proposed by the Commission

It shall adopt *one* delegated act specifying the method for the calculation of contributions payable *to* participating DGSs *and, for the reinsurance period only, to the DIF. In this* delegated act the calculation shall be based on the amount of covered deposits and the degree of risk incurred by each *credit institution* relative to all other *credit institutions affiliated to the same* participating *DGS*.

Amendment

It shall adopt *that* delegated act specifying the method for the calculation of *risk-based* contributions payable *by* participating DGSs *to the joint risk-based subfund. In that* delegated act the calculation *of these contributions* shall be based on the amount of covered deposits and the degree of risk incurred by each *participating DGS* relative to all other participating *DGSs*.

Or. en

Amendment 72

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

The risk-based contributions to be paid by participating DGSs to the joint risk-based subfund shall range between 50 % and

200 % aggregate risk weighting (ARW) of covered deposits.

Or. en

Justification

In accordance with EBA guidelines on methods for calculating contributions to deposit guarantee schemes (EBA/GL/2015/10).

Amendment 73

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 2 b (new)

Text proposed by the Commission

Amendment

On the basis of that delegated act and in accordance with the criteria laid down in subparagraph 4, the Board shall place participating DGSs in one of the following seven different ARW categories:

(a) 50 % ARW of risk-based contributions to the joint risk-based subfund;

(b) 75 % ARW of risk-based contributions to the joint risk-based subfund;

(c) 100 % ARW of risk-based contributions to the joint risk-based subfund;

(d) 125 % ARW of risk-based contributions to the joint risk-based subfund;

(e) 150 % ARW of risk-based contributions to the joint risk-based subfund;

(f) 175 % ARW of risk-based contributions to the joint risk-based subfund;

(g) 200 % ARW of risk-based contributions to the joint risk-based

subfund.

The Board shall place at least one participating DGS in each of those seven ARW categories.

Or. en

Amendment 74

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 2 c (new)

Text proposed by the Commission

Amendment

The Board may set a wider interval upon the duly justified grounds that the limitation of the interval to 50%-200% does not sufficiently reflect the differences in business models and risk profiles of participating DGSs and would artificially group together participating DGSs with very different risk profiles.

Or. en

Justification

In accordance with EBA guidelines on methods for calculating contributions to deposit guarantee schemes (EBA/GL/2015/10).

Amendment 75

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 3

Text proposed by the Commission

Amendment

It shall adopt a second delegated act specifying the method for the calculation of the contributions payable to the DIF as from the co-insurance period. In this

deleted

second delegated act the calculation shall be based on the amount of covered deposits and the degree of risk incurred by each credit institution relative to all other credit institutions referred to in point (b) of Article 2(2).

Or. en

Amendment 76

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 4 – introductory part

Text proposed by the Commission

Both delegated *acts* shall include a calculation formula, specific indicators, risk classes for *members*, thresholds for risk weights assigned to specific risk classes, and other necessary elements. The degree of risk shall be assessed on the basis of the following criteria:

Amendment

The delegated *act referred to in the first subparagraph* shall include a calculation formula, specific indicators, risk classes for *participating DGSs*, thresholds for risk weights assigned to specific risk classes, and other necessary elements. The degree of risk shall, **as a minimum**, be assessed on the basis of the following criteria:

Or. en

Amendment 77

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 4 – point a

Text proposed by the Commission

(a) the level of loss absorbing capacity of *the institution*;

Amendment

(a) the level of loss absorbing capacity of *credit institutions affiliated to a participating DGS*;

Or. en

Amendment 78

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 4 – point b

Text proposed by the Commission

(b) the *institution's ability* to meet *its* short- and long-term obligations;

Amendment

(b) the *ability of credit institutions affiliated to a participating DGS* to meet *their* short- and long-term obligations;

Or. en

Amendment 79

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 4 – point c

Text proposed by the Commission

(c) the stability and variety of *the* institutions *sources of funding and its* unencumbered highly liquid assets’;

Amendment

(c) the stability and variety of *sources of funding of credit* institutions *affiliated to a participating DGS and their* unencumbered highly liquid assets;

Or. en

Amendment 80

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 4 – point d

Text proposed by the Commission

(d) the quality of the *institution's assets*;

Amendment

(d) the quality of the *assets of credit institutions affiliated to a participating DGS*;

Or. en

Amendment 81

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 4 – point e

Text proposed by the Commission

(e) the *institution's* business model and management;

Amendment

(e) the business model and management *of credit institutions affiliated to a participating DGS*;

Or. en

Amendment 82

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 4 – point f

Text proposed by the Commission

(f) the degree to which the *institution's assets* are encumbered.

Amendment

(f) the degree to which the *assets of credit institutions affiliated to a participating DGS* are encumbered;

Or. en

Amendment 83

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 4 – point fa (new)

Text proposed by the Commission

Amendment

(f a) *the potential for a participating DGS to achieve a full and timely recovery from insolvency procedures*;

Amendment 84

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74c – paragraph 5 – subparagraph 4 – point fb (new)

Text proposed by the Commission

Amendment

(fb) the level and diversification of exposure to sovereign debt by credit institutions affiliated to a participating DGS.

Or. en

Amendment 85

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74d

Text proposed by the Commission

Amendment

Article 74d

deleted

Extraordinary ex-post contributions

1. Where, after the reinsurance period, the available financial means are not sufficient to cover the losses, costs or other expenses incurred by the DIF following a payout event, extraordinary ex-post contributions from the credit institutions affiliated to participating DGSs shall be raised in order to cover the additional amounts. Notwithstanding paragraphs 2 and 3, the amount of ex-post contributions to be raised shall be equal to the shortfall of available financial means but shall not exceed the maximum share of total covered deposits of all credit institutions within the scope of EDIS laid down by delegated act of the

Commission in accordance with paragraph 5.

2. *The Board shall itself calculate the contribution of each credit-institution affiliated to each participating DGS. It shall apply the risk-based method specified in the delegated act adopted by the Commission in accordance with the third subparagraph of Article 74c(5).*

The third subparagraph of Article 74c(2) shall apply by analogy.

3. *The Board shall, on its own initiative after consulting the relevant competent authority, or upon proposal by the relevant competent authority, defer, in whole or in part, in accordance with the delegated acts referred to in paragraph 4, an institution's payment of extraordinary ex-post contributions if it is necessary to protect its financial position. Such a deferral shall not be granted for a period of longer than six months but may be renewed on request of the institution. The contributions deferred pursuant to this paragraph shall be made later at a point in time when the payment no longer jeopardises the institution's financial position.*

4. *The Commission shall be empowered to adopt delegated acts in accordance with Article 93 to specify the annual limits referred to in paragraph 1 and the circumstances and conditions under which the payment of ex-post contributions by an entity referred to in point (b) of Article 2(2) may be partially or entirely deferred pursuant to paragraph 3 of this Article.*

Or. en

Amendment 86

Proposal for a regulation
Article 1 – paragraph 1 – point 34

Text proposed by the Commission

Amendment

Article 74d a

Attribution of repaid funding to subfunds

- 1. The Board shall attribute the received repayments of the funding provided to a participating DGS for a particular insolvency or resolution case to the different subfunds of the DIF.***
- 2. To the extent necessary, received repayments will first be used to repay any alternative funding that was contracted by the Board for the purpose of providing funding to a participating DGS for a particular insolvency or resolution case.***
- 3. Once all alternative funding is repaid, the allocation of the received repayments shall occur in the reverse order of the hierarchy established by Article 74a(3b). This allocation shall be based on the amount of funding provided from each subfund to a participating DGS for a particular insolvency or resolution case.***

Or. en

Amendment 87

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74f – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) the extraordinary ex-post contributions provided for in Article 74d are not immediately accessible;

deleted

Or. en

Amendment 88

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74g – paragraph 1

Text proposed by the Commission

1. The Board may contract for the DIF borrowings or other forms of support from institutions, financial institutions or other third parties, which offer better financial terms, at the most appropriate time so as to optimise the cost of funding and preserve its reputation. ***The proceeds of such borrowings shall be used exclusively to meet payment obligations towards participating DGSs, in the event that the amounts raised in accordance with Articles 74c and 74d are not immediately accessible or do not cover the amounts claimed from the DIF in relation to payout events.***

Amendment

1. The Board may contract for the DIF borrowings or other forms of support from institutions, financial institutions or other third parties, which offer better financial terms, at the most appropriate time so as to optimise the cost of funding and preserve its reputation.

Or. en

Amendment 89

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74g – paragraph 1a (new)

Text proposed by the Commission

Amendment

1 a. Where the Board decides to make a disbursement from the DIF to the participating DGS, the Board shall raise temporary funding by alternative means, such as from capital markets, to the equivalent of that determined disbursement in order to maintain at all times the target level and the lending capacity of the DIF. The temporary

funding shall cover the period between the provision of liquidity shortfall to a participating DGS and the repayment in accordance with Articles 41n, 41o and 74d a. The borrowing costs of such lending shall be borne by the affiliated participating DGS.

The DIF shall subrogate to the claims which the participating DGS has, in accordance with Article 9(2) of Directive 2014/49/EU, on the credit institution concerned. It may use those claims as collateral for raising the alternative means of funding. This is without prejudice to the role of the participating DGS in collecting the deposit claims which it subrogated to in accordance with Article 9(2) of Directive 2014/49/EU.

The repayment of the funding provided in accordance with Article 41o, shall be used to repay the funds raised from alternative means, including interest payments.

Or. en

Justification

As regards access to capital markets, deposits of the credit institution concerned are superpreferred and the participating DGS subrogates into these claims of the credit institutions, the claims should be available as collateral for the Board to raise funding from alternative means.

Amendment 90

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74g – paragraph 2

Text proposed by the Commission

2. The borrowing or other forms of support referred to in paragraph 1 shall be fully **recouped** in accordance with Articles 74c and **74d**.

Amendment

2. The borrowing or other forms of support referred to in paragraph 1 shall be fully **repaid** in accordance with **paragraph 1a and** Articles 74c and **74da**.

Amendment 91

Proposal for a regulation

Article 1 – paragraph 1 – point 34

Regulation (EU) No 806/2014

Article 74g – paragraph 3

Text proposed by the Commission

3. Any expenses incurred by the use of the borrowings specified in paragraph 1 shall be borne by ***Part III of the budget of the Board and not by the Union budget or the participating Member States.***

Amendment

3. Any expenses incurred by the use of the borrowings specified in paragraph 1 shall be borne by the participating ***DGS concerned.***

EXPLANATORY STATEMENT

Introduction

On 24 November 2015, the European Commission proposed a European Deposit Insurance Scheme (EDIS) as the third and final pillar of the Banking Union. Three successive stages are envisaged in the Commission proposal: a reinsurance scheme during a first period of three years, a co-insurance scheme during a second period of four years and finally, full insurance for credit institutions in the steady state.

At the request of Parliament and Council, on 10 October 2016, the Commission published a supplementary *Effects Analysis* on EDIS. By looking at (stress) scenarios for 99.86 % of EU28 banks' total assets, the Commission's analysis shows that all three options analysed - i.e. mandatory reinsurance, mandatory lending and a mutualised fund - would deliver a significantly stronger deposit insurance system than under a system of purely national schemes with voluntary lending.

As a result, different options to complete the Banking Union and improve the functioning of the Single Market are conceivable. This is of importance because it gives multiple possibilities for negotiations; it is not a question of being in favour or against EDIS. It is more a question of which kind of EDIS could become a reality and what are the necessary features that EDIS must have in order to succeed in its adoption process? The most important first step is to achieve a broad majority within the European Parliament.

Risk sharing and risk reduction

The European Commission considers that risk reduction should go in parallel with the introduction of EDIS; the proposal is accompanied by a communication that sets out further measures to reduce risks in the banking sector. The European Parliament has gone further than that. In its resolution of 10 March 2016 on the Banking Union - Annual report 2015, the Parliament notes that “...*the creation of a European Deposit Insurance Scheme (EDIS) requires the implementation of the single rulebook as well as of the first and second pillars of the BU, as well as the transposition of the BRRD and the Deposit Guarantee Schemes Directive (DGSD) by all the participating Member States and **further measures to achieve a substantial reduction of risks in the European banking system;***”.

Therefore, this report combines the Commission and Parliament approaches to propose a *parallel* process with clear *conditions*. The reinsurance period - that includes full coverage of 'liquidity shortfall' - would be introduced in 2019 but the second and final stage would only be introduced after the fulfilment of certain conditions clearly specified in the draft report. These conditions are not proposed to avoid advancing to the final stage of EDIS. On the contrary, they are proposed with the honest conviction that they will increase the robustness of our banking sector and will help to ensure financial stability.

Revamping the Commission proposal to make EDIS happen

To find an agreement on EDIS requires achieving a balance in three key areas: content, timing and conditionality - strongly divergent views on these areas will require important negotiating

efforts from all sides. Here it is important to reiterate the results of the Commission Effects Analysis of October: all policy options analysed represent a clear improvement in relation to the present situation. This is an important point to realise if we are to abandon maximalist positions.

Content, timing and conditionality are linked. They are communicating vessels. The more ambitious the content is, the more conditionality it requires. The more conditionality we introduce, the longer it will take before EDIS can function fully and credibly. In the meantime, there is a problem of liquidity that must urgently be addressed.

In both phases, EDIS would insure participating DGSs instead of individual credit institutions.

The first phase as proposed in the report - the *reinsurance period* - therefore lasts longer, but unlike the Commission's proposal it provides up to 100 % of liquidity shortfall to participating DGSs. While the participating DGSs continue to increase their funding capacity by following a concrete funding path, the liquidity problems would be addressed in a credible manner. The revamping of this first stage will give us the opportunity to make progress in the area of risk reduction, with a credible system of reinsurance / liquidity support already in place. Should we already make the beginning of EDIS dependent on the introduction of all risk reduction measures, the delay would be long and the liquidity issue would not be addressed.

The second and final phase - the *insurance period* - would begin after the conditions set out in the report to reduce risks in the banking sector have been met. The European Commission would be empowered to adopt a delegated act to establish the exact date of application of the insurance period. In this final stage, an increasing level of excess loss of participating DGSs will be covered, achieving 100 % coverage after five years. Funding that cannot be repaid with proceeds from insolvency proceedings does not have to be repaid.

Deposit Insurance Fund (DIF)

To emphasise that this proposal is a shared responsibility, I propose a binary approach with funding at both the national and European level. The total funding capacity, however, remains the same: 0.8 % of covered deposits. That percentage will be distributed in equal amounts between the DIF and the respective (national) funds of participating DGSs. This system does not endanger the effectiveness of the Commission proposal as the Commission very clearly shows in its Effects Analysis. And, equally important, this allows well-functioning systems to continue to work using their own methodology for contributions and payouts, including the use of alternative measures.

The 0.4 % of covered deposits making up the DIF shall consist of individual subfunds and a joint risk-based subfund. Participating DGSs each fill their individual subfund within the DIF (n times 0.2 % CovDep) and contribute to filling the joint risk-based subfund of the DIF (0.2 % aggregate CovDep). Using EBA guidelines, contributions to the joint risk-based subfund shall have an individual spread of 50 % - 200 % of the average contributions (on an aggregate basis). Participating DGSs shall each be placed by the Commission in one of seven categories on the basis of a list of criteria set out in my draft report.

If a participating DGS encounters a payout event, this will be financed in a specific order. In the first instance, the (national) fund of the DGS shall be used. Following that, the (European) DIF will provide the funding. Firstly, the individual subfund of the participating DGS that receives the support will be used; secondly, the joint risk-based subfund will be used; and finally, all other individual subfunds within the DIF of all other participating DGSs will be used, proportionate to the level of covered deposits of the respective participating DGSs. For the repayment of the funds, this order is reversed.

It is very important to note that the use of these subfunds does not limit the ability of the DIF to provide funding in a payout event. The subfunds are not comparable to the compartments of the SRF. The construction will create the necessary incentives by establishing a certain order - both when accessing the fund and in case of returns from the insolvent estate in question - and is thus an important tool to limit moral hazard.

A second element with regard to contributions is that emergency ex-post levies on the banking sector have the risk of being very procyclical and should be avoided. It is wiser to provide the Board (of the SRB) with increased possibilities to find alternative means of financing should the DIF not be in possession of sufficient funds.

To ensure budget neutrality, the option of payment commitments has been introduced.

Conclusion

The Banking Union needs to be completed step-by-step. We are all aware of the political difficulties to conclude an agreement in this area. The proposed path is realistic as well as effective and will hopefully provide an opportunity to go forward with the negotiations, in the interest of European citizens and a stable banking sector.