Commission Delegated Regulation (EU) 2017/2188 of 11 August 2017 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council as regards the waiver on own funds requirements for certain covered bonds (Text with EEA relevance)

COMMISSION DELEGATED REGULATION (EU) 2017/2188

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(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms[(1)], and in particular Article 503(4) thereof,

Whereas:

(1) Article 496 of Regulation (EU) No 575/2013 allows competent authorities to waive, for certain covered bonds and until 31 December 2017, the threshold of 10 % referred to in Article 129(1)(d)(ii) of that Regulation and Article 129(1)(f)(ii) of that Regulation.

(2) Article 503(4) of Regulation (EU) No 575/2013 obliges the Commission to review the appropriateness of that possibility for the competent authorities and to decide whether that possibility should be made permanent. The Commission requested the European Banking Authority to provide technical advice on that issue. That request resulted in the 'Report on EU Covered Bond Frameworks and Capital Treatment'. The Commission used that report to further assess the supervisory and regulatory arrangements applicable to covered bonds and subsequently presented to the European Parliament and the Council a report on Article 503 of Regulation (EU) No 575/2013.

(3) It appeared from that report that only a limited number of national covered bond frameworks allow the inclusion of residential or commercial mortgage-backed securities or intra-group pooled covered bond structures. However, since some institutions rely in their business models on the use of the waiver granted by competent authorities, it is appropriate for reasons of legal certainty to allow the competent authorities to extend the waiver referred to in Article 496(1) of Regulation (EU) No 575/2013 beyond the date mentioned in that provision. Article 496(1) of Regulation (EU) No 575/2013 should therefore be amended to repeal the date mentioned in that provision, with the understanding however that the possibility for competent authorities to grant a waiver may have to be reassessed in the context of a future covered bonds framework.

(4) For reasons of legal certainty, it is appropriate to provide for a permanent derogation from the date following the expiry of the current derogation,

HAS ADOPTED THIS REGULATION:

Article 1

In Article 496(1) of Regulation (EU) No 575/2013, the introductory sentence is replaced by the following:

> Competent authorities may waive in full or in part the 10 % limit for senior units issued by French Fonds Communs de Créances or by securitisation entities which are equivalent to French Fonds Communs de Créances laid down in points (d) and (f) of Article 129(1), provided that both of the following conditions are fulfilled:.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2018.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 11 August 2017.

For the Commission

The President

Jean-Claude JUNCKER