



**COUNCIL OF
THE EUROPEAN UNION**

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REPORT

from : Presidency
to : Coreper (Part II) / Council

No. Cion prop.: 13284/11 EF 112 ECOFIN 531 CODEC 1284 + ADD1, ADD2
13285/11 EF 113 ECOFIN 532 CODEC 1285

Subject : Revised capital requirements rules (CRD IV)
a) Proposal for a Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms
b) Proposal for a Directive of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate
= *Information from the Presidency*

I. INTRODUCTION

1. The objectives of this legislative package are, *inter alia*, to:
 - a) ensure that the effectiveness of the regulation of credit institutions and investment firms in the EU is strengthened and that financial stability is enhanced;
 - b) contain the pro-cyclicality of the financial system ensuring a high level of protection of investors and depositors and for the benefit of the operators on these markets;
 - c) transpose the agreements reached by the Basel Committee on Banking Supervision (i.e. the Basel III requirements), as endorsed by the G20 leaders.

2. The ECOFIN Council has agreed its general approach on the above-mentioned Commission proposals for a Regulation (CRR)¹ and on a Directive (CRD4)² on 15 May 2012. The Committee on Economic and Monetary Affairs of the European Parliament has voted on its report on 14 May 2012.
3. Since May 2012, the negotiations on this legislative package between the Council and the European Parliament have been ongoing.
4. The ECOFIN Council of 20 July 2012 and of 9 October 2012 was updated by the Presidency on the latest developments and of its objective to reach a political agreement between the legislators by December 2012.
5. The European Council of 18-19 October 2012 called for the rapid conclusion of the single rule book, including agreement on the proposals on bank capital requirements (CRR/CRD IV) by the end of the year.³

II. STATE OF PLAY

6. To date, the Presidency has made a significant progress in the negotiations on this legislative package, during a large number of political and technical trilogue meetings held during its term.⁴
7. As part of the future overall agreement on this legislative package, the Presidency **has significantly advanced the negotiations** on many of the outstanding issues.

¹ Doc. 10099/12 EF 120 ECOFIN 418 CODEC 1349.

² Doc. 10100/12 EF 121 ECOFIN 419 CODEC 1350.

³ Doc. EUCO 156/12 CO EUR 15 CONCL 3, point 9.

⁴ More than 10 political trilogues and more than 20 technical trilogues.

8. The aim of the Presidency has been throughout the negotiations to reach a compromise acceptable to all parties, while ensuring that the balance struck in the Council in the general approach is kept regarding key provisions, such as rules applicable to situations of macro-prudential or systemic risk identified at the level of a member State and rules on the "home-host" balance.
9. Overall, the scope of negotiations has been **narrowed down to a limited number of outstanding issues**, and the aim now is to reach an overall political agreement on the CRD4 and CRR proposals.
10. The Presidency remains fully committed to finalise under its term the agreement on the outstanding issues and expects to continue in the negotiations with the same level of constructive approach that has so far been manifested by all parties to these negotiations.

III. CONCLUSION

11. Against this background the Council is invited to take note of the progress achieved to date.
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