

**Amendment 9****Sander Loones**

on behalf of the ECR Group

**Ramon Tremosa i Balcells**

on behalf of the ALDE Group

**Sven Giegold**

on behalf of the Verts/ALE Group

**Report****Danuta Maria Hübner**

Banking Union - Annual Report 2016

2016/2247(INI)

**A8-0019/2017****Motion for a resolution****Paragraph 4***Motion for a resolution*

4. Considers that there are risks associated with sovereign debt; notes as well that in some Member States financial institutions have over-invested in bonds issued by their own government, leading to excessive ‘home bias’ while one of the main objectives of the BU is to break the bank-sovereign-risk nexus; notes that an appropriate prudential treatment of sovereign debt might create incentives for banks to better manage their sovereign exposures; ***notes, however, that government bonds play a critical role as a source of high-quality, liquid collateral and in the conduct of monetary policy, and that modifying their prudential treatment, especially if no phasing-in approach is envisaged, could have a significant effect on both the financial sector and the public sector, and that this necessitates a careful consideration of the pros and cons of a revision of the current framework before any proposal is made; takes note of the various policy options set out in the report of the High Level Working Group on the prudential treatment of sovereign exposures discussed at the informal ECOFIN***

*Amendment*

4. Considers that there are risks associated with sovereign debt, ***which so far have not been addressed***; notes as well that in some Member States financial institutions have over-invested in bonds issued by their own government, leading to excessive ‘home bias’ while one of the main objectives of the BU is to break the bank-sovereign-risk nexus; ***considers, therefore, that regulatory treatment of sovereign debt should be modified to reflect sovereign risk***; notes that an appropriate prudential treatment of sovereign debt might create incentives for banks to better manage their sovereign exposures; ***supports the recommendations of the ESRB to revise the treatment of sovereign and interbank exposures; believes, in this respect, that measures to address concentration risk, including a large exposure limit, possibly combined with the introduction of non-zero risk weights, have to be introduced for sovereigns in order to curb the interdependence between banks and governments***; considers that the EU regulatory framework should be consistent with the international standard; awaits, therefore the results, of the FSB’s work on

*meeting of 22 April 2016*; considers that the EU regulatory framework should be consistent with the international standard; awaits, therefore the results, of the FSB's work on sovereign debt with great interest in order to guide future decisions; considers that the European framework should enable market discipline in delivering sustainable policies and providing high- quality and liquid assets for the financial sector and safe liabilities for governments; stresses that, in parallel with the reflections on sovereign debt, reflection should take place on convergence on a wider range of economic issues, on state aid rules and on risks such as misconduct, including financial crime;

sovereign debt with great interest in order to guide future decisions; considers that the European framework should enable market discipline in delivering sustainable policies and providing high- quality and liquid assets for the financial sector and safe liabilities for governments; stresses that, in parallel with the reflections on sovereign debt, reflection should take place on convergence on a wider range of economic issues, on state aid rules and on risks such as misconduct, including financial crime;

Or. en

8.2.2017

A8-0019/10

**Amendment 10**

**Sander Loones**

on behalf of the ECR Group

**Ramon Tremosa i Balcells**

on behalf of the ALDE Group

**Sven Giegold**

on behalf of the Verts/ALE Group

**Report**

**Danuta Maria Hübner**

Banking Union - Annual Report 2016

2016/2247(INI)

**A8-0019/2017**

**Motion for a resolution**

**Paragraph 39**

*Motion for a resolution*

39. Recalls the need to adhere to state aid rules when dealing with future banking crises, and that extraordinary public support must be both precautionary and temporary in nature and cannot be used to offset losses that an institution has incurred or is likely to incur in the near future; calls for the definition of efficient procedures between the SRB and the Commission for decision-making in the event of a resolution, especially concerning the timeframe; takes the view that the flexibility embedded within the current framework should be clarified, and recalls that it should be better exploited in order to address specific situations, without hindering genuine resolution of banks which are insolvent, in particular in the case of preventive and alternative measures involving the use of DGS funds provided for in the Deposit Guarantee Schemes Directive (DGSD) Article 11(3) and (6); calls on the Commission, therefore, to reconsider its interpretation of the relevant state aid rules in an effort to guarantee that the preventive and alternative measures provided for by the European legislator in

*Amendment*

39. Recalls the need to adhere to state aid rules when dealing with future banking crises, and that *the exception of* extraordinary public support must be both precautionary and temporary in nature and cannot be used to offset losses that an institution has incurred or is likely to incur in the near future; calls for the definition of efficient procedures between the SRB and the Commission for decision-making in the event of a resolution, especially concerning the timeframe; takes the view that the flexibility embedded within the current framework should be clarified, and recalls that it should be better exploited in order to address specific situations, without hindering genuine resolution of banks which are insolvent, in particular in the case of preventive and alternative measures involving the use of DGS funds provided for in the Deposit Guarantee Schemes Directive (DGSD) Article 11(3) and (6); calls on the Commission, therefore, to reconsider its interpretation of the relevant state aid rules in an effort to guarantee that the preventive and alternative measures provided for by the European legislator in

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the DGSD can actually be implemented; notes that specific situations have been treated differently without clear justification; reminds the Commission that a report assessing the continuing need for allowing precautionary recapitalisations and the conditionality attached to such measures was due by 31 December 2015; calls on the Commission to submit such a report as soon as possible;

the DGSD can actually be implemented; notes that specific situations have been treated differently without clear justification; reminds the Commission that a report assessing the continuing need for allowing precautionary recapitalisations and the conditionality attached to such measures was due by 31 December 2015; calls on the Commission to submit such a report as soon as possible;

Or. en