Basic information

2015/0295(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Prudential requirements for credit institutions and investment firms: exemptions for commodity dealers Amending Regulation (EU) No 575/2013 2011/0202(COD) **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.04 Banks and credit 2.50.05 Insurance, pension funds 2.50.08 Financial services, financial reporting and auditing 2.50.10 Financial supervision	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	LOONES Sander (ECR)	21/01/2016
	Shadow rapporteur PIETIKÄINEN Sirpa (PPE) FERREIRA Elisa (S&D) THEURER Michael (ALDE) MATIAS Marisa (GUE/NGL) LAMBERTS Philippe (Verts/ALE) KAPPEL Barbara (ENF)	

Council of the European Union

Council configuration	Meetings	Date
Education, Youth, Culture and Sport	3471	2016-05-30

European Commission

Commission DG	Commissioner
Internal Market, Industry, Entrepreneurship and SMEs	BIEŃKOWSKA Elżbieta

European Economic and Social Committee

Key events

Date	Event	Reference	Summary
16/12/2015	Legislative proposal published	COM(2015)0648	Summary
18/01/2016	Committee referral announced in Parliament, 1st reading		
08/03/2016	Vote in committee, 1st reading		
21/03/2016	Committee report tabled for plenary, 1st reading	A8-0064/2016	Summary
11/05/2016	Decision by Parliament, 1st reading	T8-0214/2016	Summary
11/05/2016	Results of vote in Parliament		
30/05/2016	Act adopted by Council after Parliament's 1st reading		
08/06/2016	Final act signed		
08/06/2016	End of procedure in Parliament		
29/06/2016	Final act published in Official Journal		

Technical information

Procedure reference	2015/0295(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EU) No 575/2013 2011/0202(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 114
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/05356

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE576.876	11/02/2016	
Committee report tabled for plenary, 1st reading/single reading		A8-0064/2016	21/03/2016	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0214/2016	11/05/2016	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00013/2016/LEX	08/06/2016	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2015)0648	16/12/2015	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	CON/2016/0010 OJ C 130 13.04.2016, p. 0001	03/03/2016	Summary
EESC	Economic and Social Committee: opinion, report	CES0642/2016	27/04/2016	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Regulation 2016/1014
OJ L 171 29.06.2016, p. 0153 Summary

Prudential requirements for credit institutions and investment firms: exemptions for commodity dealers

2015/0295(COD) - 03/03/2016 - European Central Bank: opinion, guideline, report

OPINION OF THE EUROPEAN CENTRAL BANK on a proposal for a regulation amending Regulation (EU) No 575/2013 as regards exemptions for commodity dealers.

The ECB considered that while the large exposures and own funds requirements of Regulation (EU) No 575/2013 do not seem to be tailor-made for commodity dealers, a decision to extend the exemptions from these prudential requirements should take into consideration any potential systemic risks posed by commodity dealers. Such risks could stem from a number of sources.

The ECB has **so far not identified any concrete indications of systemic risk created by commodity dealers** that would make it strictly necessary at this stage to remove the exemptions for requirements concerning large exposures and own funds that apply at present.

Despite the considerable growth of the commodity derivatives markets over the past 15 years, there is no conclusive evidence, according to the ECB, that commodity derivatives trading has adverse effects on the wider financial system.

However, a **detailed impact analysis** appears to be a necessary step in terms of taking the most appropriate decision regarding the removal or the temporary extension of the exemptions. In particular, the ECB stated that consideration should be given to **level playing-field** issues relative to credit institutions which trade in commodities.

The ECB considered that the exemptions should indeed only be of temporary nature. The European Commission is expected to present a proposal for a comprehensive review of the prudential regulation of investment firms. The rationale for, and the objective of, a temporary extension of the exemptions should be confined to the avoidance of significant regulatory changes before such a comprehensive review, which should be carried out as soon as possible.

Prudential requirements for credit institutions and investment firms: exemptions for commodity dealers

2015/0295(COD) - 11/05/2016 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 547 votes to 60, with 50 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards exemptions for commodity dealers.

Parliament adopted its position at first reading under the ordinary legislative procedure, **taking over the Commission proposal**.

Regulation (EU) nº 575/2013 of the European Parliament and of the Council (CRR) **exempt commodity dealers from large exposures requirements and from own funds requirements respectively**. Both exemptions expire on 31 December 2017.

The prudential framework applicable to investment firms (including commodity dealers) is **currently under review**. The finalisation of the review and the adoption of new legislation that may be required in light of that review will be concluded only after 31 December 2017.

Therefore, the proposed Regulation seeks to **extend the exemptions** laid down in the CRR for commodity dealers from the large exposures and own funds requirements **until 31 December 2020** and accordingly, amend Regulation 575/2013.

Prudential requirements for credit institutions and investment firms: exemptions for commodity dealers

2015/0295(COD) - 21/03/2016 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Sander LOONES (ECR, BE) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards exemptions for commodity dealers.

The committee recommended that the European Parliament adopt its position at first reading, **taking over the Commission proposal**.

To recall, the proposed Regulation aims to extend the exemptions laid down in the CRR for commodity dealers from the large exposures and own funds requirements and accordingly, amend Regulation 575/2013.

The prudential framework applicable to investment firms (including commodity dealers) laid down in the CRR and Directive 2013/36/EC ('the Capital Requirements Directive') is currently under review.

However, it is highly improbable that any legislation that may result from this review can be prepared, adopted and applied before the current exemptions expire (31 December 2017).

This situation could force them to significantly increase the amount of own funds that they need to have in order to continue their activities and could therefore increase the related costs of performing those activities.

In order to prevent this situation from arising, the Commission considered it necessary to extend the existing exemptions laid down in the CRR and that account should be taken of the amount of time that will be necessary to conclude the investment firms review and to prepare, adopt and apply any legislation that may result from that review.

Prudential requirements for credit institutions and investment firms: exemptions for commodity dealers

2015/0295(COD) - 16/12/2015 - Legislative proposal

PURPOSE: to extend the period during which commodity dealers are exempted from certain requirements laid down in Regulation (EU) nº 575/2013 on capital requirements (the 'Capital Requirements Regulation' or 'CRR').

PROPOSED ACT: Regulation of the European Parliament and of the council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Articles 493(1) and 498(1) of Regulation (EU) nº 575/2013 ('CRR') **exempt commodity dealers from large exposures requirements and from own funds requirements respectively**. Both exemptions expire on 31 December 2017. This 'sunset clause' was originally included in the CRR in order to allow time for regulators to determine a prudential regulation adapted to the risk profile of commodity dealers. To this end, the CRR mandates the Commission to prepare reports by the end of 2015. On the basis of those reports, the Commission may decide to submit proposals to amend the CRR.

The prudential framework applicable to investment firms (including commodity dealers) laid down in the CRR and Directive 2013/36/EC ('the Capital Requirements Directive') is **currently under review**. The results will determine the appropriate prudential treatment of commodity dealers. The investment firms review is a complex project. The finalisation of the review and the adoption of new legislation that may be required in light of that review will be concluded only after 31 December 2017.

It is therefore **highly improbable that any legislation that may result from this review can be prepared, adopted and applied before the current exemptions expire**. This has implications for commodity dealers: if no specific prudential framework that may result from the investment firm review would be in place by then, they would be subject to the full CRR/CRD requirements starting from 1 January 2018. This could force them to significantly increase the amount of own funds that they need to have in order to continue their activities and could therefore increase the related costs of performing those activities.

To prevent this situation arising, the Commission feels it opportune to extend the existing exemptions laid down in the CRR, while taking into account the amount of time that will be necessary to conclude the investment firms review and to prepare, adopt and apply any legislation that may result from that review.

CONTENT: the proposed provisions aim to **extend the exemptions laid down in the CRR for commodity dealers from the large exposures and own funds requirements** and accordingly, amend Regulation 575/2013.

These exemptions apply until **31 December 2020** or the date of entry into force of any amendments, whichever is the earlier.

Prudential requirements for credit institutions and investment firms: exemptions for commodity dealers

2015/0295(COD) - 08/06/2016 - Final act

PURPOSE: to extend the period during which commodity dealers are exempted from certain requirements laid down in Regulation (EU) nº 575/2013 on capital requirements (the 'Capital Requirements Regulation' or 'CRR').

LEGISLATIVE ACT: Regulation (EU) 2016/1014 of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards exemptions for commodity dealers.

CONTENT: this Regulation amends Regulation (EU) nº 575/2013 in order to **extend the exemptions** laid down in the CRR for **commodity dealers** from the large exposures and own funds requirements. These exemptions apply until **31 December 2020** or the date of entry into force of any amendments, whichever is the earlier.

To recall, Regulation (EU) nº 575/2013 of the European Parliament and of the Council exempt commodity dealers from large exposures requirements and from own funds requirements respectively. Both exemptions expire on 31 December 2017.

The prudential framework applicable to investment firms (including commodity dealers) is currently under review. The results will determine the appropriate prudential treatment of commodity dealers. The finalisation of the review and the adoption of new legislation that may be required in light of that review will be concluded only after 31 December 2017.

A decision to apply the requirements for large exposures and own funds requirements to commodity dealers should be a thoroughly reasoned one, based on conclusions of the investment firms review, and should be clearly expressed in legislation.

ENTRY INTO FORCE: 19.7.2016.