



EUROPEAN COMMISSION

*Brussels, 05.05.2021
C(2021) 3280 final*

Dear President,

The Commission would like to thank the Camera dei Deputati for its Opinion on the Proposals for:

- a directive amending Directive 2014/65/EU as regards information requirements, product governance and position limits to help the recovery from the COVID-19 pandemic {COM (2020) 280};*
- a regulation amending Regulation (EU) 2017/1129 as regards the EU recovery prospectus and targeted adjustments for financial intermediaries to help the recovery from the COVID-19 pandemic {COM(2020) 281};*
- a regulation amending Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation to help the recovery from the COVID-19 pandemic {COM (2020) 282};*
- a regulation amending Regulation (EU) No 575/2013 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 pandemic {COM(2020) 283}.*

All proposals form part of the Capital Markets Recovery Package ('CMRP'), a broader package of measures designed to enhance the role capital markets can play in the recovery in the aftermath of the crisis resulting from the COVID-19 pandemic. The CMRP aims to facilitate and increase investments in and lending to the real economy, as well as to facilitate a rapid recapitalisation of companies.

*The **Proposal amending the Prospectus Regulation**, among others, creates the temporary "EU Recovery Prospectus", a short form simplified prospectus intended to facilitate the recapitalisation of companies affected by the economic shock caused by the COVID-19 pandemic. The simplified Recovery Prospectus would bear several advantages for issuers, investors and authorities as regards to its production, readability and scrutiny (by competent authorities). It would only be available for share issuances*

*Mr Roberto FICO
President of the Camera dei Deputati
Piazza Montecitorio
IT – 00100 ROME*

and for issuers previously listed on an exchange or an SME growth market for at least 18 months. The EU Recovery Prospectus will enable companies to issue capital more easily and, therefore, to reduce their debt-to-equity ratios, thereby helping them stay solvent and become more resilient.

The co-legislators agreed to limit the EU Recovery prospectus to the time of the economic recovery. However, the final Regulation includes a review clause for the EU Recovery prospectus regime to assess its efficiency and effectiveness and consider whether its duration should be extended. The **Regulation (EU) 2021/337**¹ amending Regulation (EU) 2017/1129 as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries and Directive 2004/109/EC as regards the use of the single electronic reporting format for annual financial reports, to support the recovery from the COVID-19 crisis was published in the Official Journal on 26 February 2021.

As regards the amendments to the **Directive on Markets in Financial Instruments**, which were also published in the Official Journal on 26 February 2021, the Camera dei Deputati in its Opinion recalls that that they should not weaken the situation of retail investors and small savers. The Camera dei Deputati suggests limiting the exemptions from product governance rules so that the exemptions apply only to professional clients/accredited investors or else to holders of products designated as non-complex under MiFID II rules and issued on an execution-only basis. The Commission is pleased to confirm that neither the proposal issued by the Commission nor the amendments adopted by the co-legislators² touch upon the existing level of protection of retail clients. In particular, the exemption from the product governance requirement was limited to bonds with a make-whole-clause. This ensures that investors are provided with a payment equal to the sum of the net present value of the remaining coupon payments and the principal amount of the bond that they would have received if the bond had not been called.

The Camera dei Deputati finds in its Opinion that the measures aimed at reviving the **securitisation** market are the most significant changes of the Capital Markets Recovery Package. In this respect, the Commission welcomes that the Italian Parliament shares the Commission's views about the importance of securitisation for the economic recovery as a tool to support lending and to help banks deal with their non-performing loans. The amendments to the securitisation framework extend and build upon the existing framework in terms of supervisory powers of national and European authorities. The Commission would also like to recall that in December 2020 it adopted a strategy to prevent a future build-up of non-performing loans across the European Union³.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R0337>.

² Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 amending Directive 2014/65/EU as regards information requirements, product governance and position limits, and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms, to help the recovery from the COVID-19 crisis; <https://eur-lex.europa.eu/eli/dir/2021/338>.

³ https://ec.europa.eu/info/publications/201216-non-performing-loans-action-plan_en

The Camera dei Deputati further considers that the capital requirements for securitisations of non-performing exposures ('NPE securitisations') should be adapted. The Commission shares this view. This is why its CMRP proposal included modifications to the regulatory treatment of NPE securitisations under Regulation (EU) No 575/2013. The modifications proposed by the Commission reflected both the new international standards adopted by the Basel Committee in November 2020 and European specificities, through the implementation of the recommendations made by the European Banking Authority in its Opinion of October 2019⁴. The Commission considers that the final text agreed by the European Parliament and the Council will significantly increase the risk sensitivity of the regulatory treatment of NPE securitisations, while maintaining a prudentially sound securitisation framework.

The Commission looks forward to continuing the political dialogue with the Camera dei Deputati in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Mairead McGuinness
Member of the Commission*

⁴https://www.eba.europa.eu/sites/default/documents/files/document_library/Opinion%20on%20the%20regulatory%20treatment%20of%20NPE%20securitisations.pdf