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[1] Text with EEA relevance.

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Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other acts are printed in bold type and preceded by an asterisk.

[1] Text with EEA relevance.

II

(Non-legislative acts)

REGULATIONS

COMMISSION DELEGATED REGULATION (EU) 2022/439

of 20 October 2021

supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the specification of the assessment methodology competent authorities are to follow when assessing the compliance of credit institutions and investment firms with the requirements to use the Internal Ratings Based Approach

(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 and amending Regulation (EU) No 648/2012 ([1]), and in particular the third subparagraph of Article 144(2), the third subparagraph of Article 173(3) and the third subparagraph of Article 180(3) thereof,

Whereas:

(1) The requirement in Regulation (EU) No 575/2013 that competent authorities assess the compliance of an institution with the requirements to use the Internal Ratings Based (IRB) Approach relates to all of the requirements for the use of the IRB Approach, irrespective of their degree of materiality, and concerns compliance with the requirements at all times. As a result, that requirement does not only relate to the assessment of the initial application of an institution for the permission to use the rating systems for the purpose of the calculation of own funds requirements, but also to: the assessment of any additional applications of an institution for the permission to use the rating systems implemented according to the institution's approved plan of sequential implementation of the IRB Approach; the assessment of the application for material changes to the internal approaches that the institution has received permission to use in accordance with Article 143(3) of that Regulation and Commission Delegated Regulation (EU) No 529/2014 ([2]); changes to the IRB Approach that require notification in accordance with Article 143(4) of Regulation (EU) No 575/2013 and Delegated Regulation (EU) No 529/2014; the ongoing review of the IRB Approach that the institution has received permission to use in accordance with Article 101(1) of Directive 2013/36/EU of the European Parliament and of the Council ([3]); the assessment of applications for permission to

([1]) OJ L 176, 27.6.2013, p. 1.

([2]) Commission Delegated Regulation (EU) No 529/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for assessing the materiality of extensions and changes of the Internal Ratings Based Approach and the Advanced Measurement Approach (OJ L 148, 20.5.2014, p. 36).

([3]) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

return to the use of less sophisticated approaches in accordance with Article 149 of Regulation (EU) No 575/2013. Competent authorities should apply the same criteria to all of these particular aspects of the assessment of compliance with the requirements to use the IRB Approach. The rules that set out that assessment methodology should therefore apply to all of those cases, in order to ensure harmonisation of assessment methodologies by competent authorities and avoid the risk of regulatory arbitrage.

(2) The assessment methodology should consist in methods to be used by the competent authorities, either as optional or mandatory, and provide for criteria that are subject to the verification by the competent authorities.

(3) In order to ensure a consistent assessment of compliance with the requirements to be fulfilled for using the IRB Approach throughout the Union, it is necessary that competent authorities apply the same methods for that assessment. As a result, it is necessary to lay down a set of methods to be applied by all competent authorities. However, given the nature of the model assessment and the diversity and particularities of the models, competent authorities should also apply their supervisory discretion in the application of those methods with regard to the specific models under examination. The assessment methodology in this Regulation should specify the minimum criteria for competent authorities to verify compliance with the requirements to use the IRB Approach and lay down an obligation for the competent authorities to verify any other relevant criteria necessary for that purpose. Furthermore, in certain cases where the competent authority has carried out recent assessments for similar rating systems in the same class of exposures, it is appropriate to allow use of the results of such assessments, rather than the competent authority having to repeat them, if the competent authority after applying its discretion finds that those remain materially unchanged. This should avoid complexity, unnecessary burdens and duplication of work.

(4) Where the competent authorities are to assess the compliance of an institution with the requirements to use the IRB Approach for other purposes than the initial application for permission, competent authorities should only apply those rules that are relevant to the scope of the assessment for those other purposes and should in each case use the conclusions from the previous assessments as the starting point.

(5) Where the assessment relates to applications for the permissions referred to in Article 20(1)(a) of Regulation (EU) No 575/2013, the implementing technical standards referred to in paragraph 8 of that Article in relation to the joint decision process apply.

(6) Competent authorities are required to verify compliance of institutions with the specific regulatory requirements for the use of the IRB Approach, as well as evaluate the overall quality of the solutions, systems and approaches implemented by an institution, and request constant improvements and adaptations to changed circumstances in order to achieve continuous compliance with those requirements. Such an assessment requires, to a large extent, that the competent authorities exercise their discretion. Rules for the assessment methodology should, on the one hand, allow the competent authorities to exercise their discretion by carrying out additional checks to those specified in this Regulation, as necessary, and should, on the other hand, ensure harmonisation and comparability of supervisory practices across different jurisdictions. For the same reasons, competent authorities should have the necessary flexibility to apply the most appropriate optional method or any other method necessary for verifying particular requirements, having regard, among others, to the materiality of the types of exposures covered by each rating system, the complexity of the models, the particularities of the situation, the specific solution implemented by the institution, the quality of evidence provided by the institution, the resources available to the competent authorities themselves. Furthermore, for the same reasons competent authorities should be able to carry out additional tests and verifications necessary in case of doubts regarding the fulfilment of the requirements of the IRB Approach in accordance with the principle of proportionality, having regard to the nature, size and complexity of an institution's business and structure.

(7) In order to ensure consistency and comprehensiveness of the assessment of the overall IRB Approach, in the case of subsequent requests for permission on the basis of the approved sequential implementation plan of an institution, competent authorities should base their assessment at least on the rules on the use and experience test, assignment to grades or pools, rating systems and risk quantification, as these aspects of the assessment relate to every individual rating system of the IRB Approach.

(8) In order to assess the adequacy of the application of the IRB Approach all rating systems and related processes should be verified where an institution has delegated tasks, activities or functions relating to the design, implementation and validation of rating systems to a third party or has obtained a rating system or pooled data from a third party vendor. In particular, it should be verified that adequate controls have been implemented at the institution and that full documentation is available. Furthermore, as the management body of the institution is ultimately responsible for the delegated processes and the performance of rating systems obtained from a third party vendor, it should be verified that the institution should has sufficient in-house understanding of the delegated processes and purchased rating systems. All tasks, activities and functions that have been delegated and the rating systems obtained from the third party vendors should therefore be assessed by the competent authorities in a manner similar to where the IRB Approach has been developed fully via internal processes of the institution.

(9) In order to prevent the institutions from only partially completing the sequential implementation of the IRB Approach for an extended period of time, the competent authorities should verify the appropriateness of the time limit for the implementation of the so-called 'roll-out plan', compliance with this deadline and the necessity of changes to the roll-out plan. It should be verified that all exposures covered by the roll-out plan have a defined and reasonable maximum timeframe for implementation of the IRB Approach.

(10) It is important to assess the robustness of the validation function and so the independence from the credit risk control unit, the completeness, frequency and adequacy of the methods and procedures and the soundness of the reporting process in order to verify that an objective assessment of the rating systems takes place and that there is a limited incentive to disguise the model deficiencies and weaknesses. When verifying whether an adequate level of independence of the validation function is in place, the competent authorities should take into account the size and complexity of the institution.

(11) As the rating systems are the core of the IRB Approach, and their quality may impact significantly the level of own funds requirements, the performance of the rating systems should be regularly reviewed. Given that estimates of risk parameters have to be subject to review at least annually and that rating systems should be regularly assessed by competent authorities and by the internal audit function, and given that, in order for this task to be performed, input from the validation function is necessary, it is appropriate to verify that the validation of the performance of the rating systems covering material portfolios and back-testing of all other rating systems is performed at least annually.

(12) All areas of the IRB Approach are to be effectively covered by internal audits. Nevertheless, it should be verified that the internal audit resources are used efficiently with focus on the most risky areas. Some flexibility is important particularly in the case of institutions that use numerous rating systems. As a consequence, competent authorities should verify that annual reviews are performed in order to determine areas that require more thorough reviews during the year.

(13) In order to ensure a minimum level of harmonisation in relation to the scope of use of the rating systems (the so-called 'use test'), competent authorities should verify that the rating systems are incorporated in the relevant processes of the institution within the broader processes of risk management, credit approval and decision-making processes, internal capital allocation, and corporate governance functions. These are basic areas where internal processes require the use of risk parameters, therefore if there are differences between the risk parameters used in those areas and those used for the purpose of the calculation of own funds requirements, it should be verified that they are justified.

(14) In relation to experience test requirements, while assessing whether the rating systems used by the institution prior to the application to use the IRB Approach were 'broadly in line' with the IRB requirements, competent authorities should verify in particular that during at least three years before the use of the IRB Approach, the rating system has been used in the internal risk measurement and management processes of the institution and that it has been subject to monitoring, internal validation and internal audit. Such specification of the assessment methodology is necessary to ensure a minimum level of harmonisation. Competent authorities should verify that rating systems have been implemented in at least the most basic areas of use to ensure that the rating systems have been effectively used by the institution and that both the personnel and the management are accustomed to those parameters and understand well their meaning and weaknesses. Finally, monitoring, validation and internal audit during the experience period should show that the rating systems were compliant with the basic requirements of the IRB Approach and that they were gradually improved during that time.

(15) Independence of the process of assignment of exposures to grades or pools is required for non-retail exposures because the application of human judgement is typically necessary in the process. In the case of retail exposures the assignment process is usually fully automatic, based on objective information about the obligor and his transactions. The correctness of the assignment process is ensured by proper implementation of the rating system in the institution's IT systems and procedures. Nevertheless if overrides are allowed, human judgement has to be applied in the rating process. As a result, and given that those responsible for origination or renewal of exposures are typically inclined to assign better ratings in order to increase sales and volumes of credits, where overrides are used, including in the case of retail exposures, it should be verified that the assignment has been approved by an individual or by a committee independent from the persons responsible for the origination or renewal of exposures.

(16) Where ratings are older than 12 months or where the review of the assignment has not been performed in due time according to the institution's policy, the competent authorities should verify that conservative adjustments have been performed in terms of the risk-weighted assets calculation. The reasons for that are multiple. If the rating is outdated or based on outdated information the risk assessment might not be accurate. In particular, if the situation of the obligor has deteriorated during the last 12 months it is not reflected in the rating, and the risk is underestimated. In addition, according to the general rule relating to the estimation of the risk parameters, where the estimation of risk parameters is based on insufficient data or assumptions, a wider margin of conservatism should be adopted. The same rule should apply to the process of assignment of exposures to grades or pools, i.e. where insufficient information has been taken into account in the assignment process, additional conservatism should be adopted in the calculation of risk weights. The method of applying additional conservatism in the calculation of risk weights should not be specified as the institution may adjust either the rating, the risk parameter estimation or the risk weight directly. The adjustment should be proportional to the length of the period during which the rating or the information underlying the rating is out-of-date.

(17) The institutions are required to document the specific definitions of default and loss used internally and ensure consistency with the definitions set out in Regulation (EU) No 575/2013. When assessing this consistency, the competent authorities should verify that institutions have clear policies that specify when an obligor or facility is classified as being in default. These policies need to be consistent with the general principles regarding the identification of default. The EBA has adopted Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013. These policies should also be embedded into the institutions' risk management processes and systems since Regulation (EU) No 575/2013 requires in particular that internal ratings, i.e. including the assignment to a default rating grade, play an essential role in the risk management and other internal processes of an institution, which should also be the subject of verification by the competent authorities.

(18) The information on the performance of an obligor and on the exposures in default and those not in-default, is the basis for the institution's internal processes, for the quantification of risk parameters and for the calculation of own funds requirements. Therefore, not only the identification of defaulted obligors but also the process of reclassification of defaulted obligors to non-defaulted status need to be robust and effective. The competent authorities should verify that the prudent reclassification process ensures that obligors are not reclassified to a non-defaulted status where the institution expects that the exposure will probably return to default in a short period of time.

(19) In order to provide competent authorities with a consistent and accurate overview of the rating systems that the institution has been using as well as the improvement of the rating systems over time, it is necessary for competent authorities to assess the completeness of the register of the current and historical versions of rating systems used by the institution ('register of rating systems'). Having regard to the fact that the requirements of the experience test relate to the preceding three years from the time of consideration of an application for approval of an internal model, and that the competent authorities are to carry out an overall review of the internal model on a regular basis, and at least every three years, it is appropriate for competent authorities to verify that such a register of rating systems covers at least the versions of the internal models used by the institution over the three preceding years.

(20) Human judgement is applied at various stages of the development and use of rating systems. Reasonable application of human judgement can increase the quality of the model and the accuracy of its predictions. Nevertheless, since human judgement changes the estimates based on prior experience in a subjective manner, the application of human judgement should be subject to control. The competent authorities should therefore verify that the application of human judgement is justified by its positive contribution to the accuracy of predictions. Thus, a large number of overrides of the results of the model might indicate that some important information is not included in the rating system. Therefore, competent authorities should verify that the number of overrides and their justification are regularly analysed by the institutions and that any detected weaknesses of the model are adequately addressed in the model review.

(21) In all cases, the competent authorities should assess whether the institution has adopted sufficient margin of conservatism in their estimates of risk parameters. This margin of conservatism should take into account any identified deficiencies in data or methods used in the risk quantification and increased uncertainty that might result for example from the changes in the lending or recovery policies. Where an institution ceases to comply with the requirements for the IRB Approach, the competent authorities should verify whether it fulfils the requirement that the rating systems are corrected in a timely manner. The application of the margin of conservatism should not be used as an alternative to correcting the models and ensuring their full compliance with the requirements of Regulation (EU) No 575/2013.

(22) With regard to risk quantification, it is desirable that the PD estimates are relatively stable over time in order to avoid the excessive cyclicality of own funds requirements. Competent authorities should verify that the PD estimates are based on the long-run average of yearly default rates. In addition, as the own funds should help institutions survive in a time of stress, the risk estimates should take into account the possible deterioration in the economic conditions even in the times of prosperity. Finally, whenever there is an increased uncertainty that results from insufficient data, competent authorities should verify that an additional margin of conservatism has been adopted. If the length of available time series does not encompass the expected variability of default rates, appropriate methods should be adopted to account for the missing data.

(23) The LGD estimation is based on the average realised LGDs weighted by the number of defaults. If the exposure value is a relevant risk driver, it should be considered among other potential risk drivers for the segregation or risk differentiation of LGD in order to ensure that the parameter is calculated for homogenous pools or facility grades. Competent authorities should verify that this approach is adequately applied, as it ensures consistency with the calculation of the PD parameter and a meaningful application of the risk weight formula. Regulation (EU) No 575/2013 distinguishes the method of estimating LGD for individual exposures for the purpose of risk-weighted exposure amounts from the average of LGD estimates calculated at the portfolio level. Differently from the individual LGD estimation, the LGD floor for retail exposures secured by immovable property, applied at the overall portfolio level, is defined as an exposure-weighted average LGD. In order to ensure adequate levels of risk parameters for exposures secured by immovable property competent authorities should verify that the LGD floors are applied correctly.

(24) Defaulted exposures that, after the return to non-defaulted status, are reclassified as defaulted within a short period of time should be treated as defaulted from the first moment when the default occurred, as the temporary reclassification to non-defaulted status is most likely performed on the basis of incomplete information about the real situation of the obligor. As a result, the treatment of multiple defaults as a single default better represents the real default experience. Competent authorities should therefore verify that in the estimation of risk parameters

multiple defaults of the same obligor within a short period of time are treated as a single default. Furthermore, the treatment of multiple defaults by the same obligor as separate defaults might lead to significant errors in risk parameter estimates, because higher default rates would lead to higher PD estimates. On the other hand the LGD would be underestimated, because the first defaults by the obligor would be treated as cure cases with no loss related to them, whereas the institution did suffer a loss. Additionally, due to the link between PD and LGD estimates and in order to ensure realistic estimation of expected loss, the treatment of multiple defaults should be consistent for the purpose of PD and LGD estimation.

(25) The scope of information available to the institution with regard to defaulted exposures is significantly different from that regarding performing exposures. In particular, two additional risk drivers are available for the defaulted exposures, namely the time in-default and realised recoveries. Therefore, the estimation of LGD carried out before the default is not sufficient, because the risk estimates should take into account all significant risk drivers. Additionally, for defaulted exposures it is already known what the economic conditions were at the moment of default. Furthermore, LGD for defaulted exposures should reflect the sum of expected loss under current economic circumstances and possible unexpected loss that might occur during the recovery period. Therefore, competent authorities should verify that the LGD for defaulted exposures ('LGD in-default') is estimated either directly or as a sum of best estimate of expected loss ('EL_{BE}') and an add-on that captures the unexpected loss that might occur during the recovery period. Irrespective of the approach applied the estimation of the LGD in-default should take into account the information on the time in-default and recoveries realised until the time of estimation and consider a possible adverse change in economic conditions during the expected length of the recovery process.

(26) In the case of institutions using own-LGD estimates internal requirements for collateral management should be generally consistent with the requirements of Section 3, Chapter 4, Title II in Part three of Regulation (EU) No 575/2013. Competent authorities should focus on the requirements of collateral valuation and legal certainty because it is important to ensure regular and reliable valuation of collateral, and that the valuation reflects the real market value under current market conditions. The frequency and character of revaluation should be adjusted to the type of collateral, as outdated or inaccurate evaluation might lead to the underestimation of risk relating to the credit exposures. It is also crucial to ensure that the collateral is legally effective and enforceable in all relevant jurisdictions. In the contrary case, the exposure should be treated as unsecured; if such collateral is recognised in the risk quantification, it may lead to the underestimation of risk.

(27) Competent authorities should verify that for the purpose of the advanced IRB Approach, i.e. where own-LGD estimates are used, guarantors are considered eligible where they are rated using a rating system approved under the IRB Approach; other guarantors may also be eligible, provided that they are classified as an institution, a central government or central bank, or a corporate entity that has a credit assessment by an ECAI, and the guarantee meets the requirements set out in Section 3, Chapter 4, Title II in Part Three of Regulation (EU) No 575/2013, which are also applicable for the Standardised Approach.

(28) In the assessment of the process of assignment of exposures to exposure classes, specific requirements should be laid down for the verification by the competent authorities for the assignment of exposures to retail exposures because of their preferential treatment in terms of risk-weighted exposure amounts calculation. Some exposure classes are defined on the basis of the characteristics of the transaction and others on the basis of the type of obligor; as a result, there may be exposures that fulfil the criteria of more than one exposure class. Competent authorities should therefore verify that the institution applies the correct sequencing of classification in order to ensure a consistent and unequivocal assignment of exposures to exposure classes.

(29) The competent authorities should verify that the results of the stress tests are taken into account in the risk and capital management processes, because the integration of the stress tests results in the decision-making processes ensures that the scenarios and their impact on own funds requirements are developed and performed in a meaningful manner and that forward-looking aspects of own funds requirements are taken into account in the management of the institution.

(30) Institutions that use own-LGD and own conversion factors estimates should calculate effective maturity of the exposures under the IRB Approach for the purpose of the calculation of own funds requirements. In the case of revolving exposures, an institution is at risk for a longer period than the repayment date of the current drawing, given that the borrower may redraw additional amounts. Therefore, competent authorities should verify that the calculation of effective maturity of revolving exposures is based on the expiry date of the facility.

(31) The calculation of the difference between expected loss amounts on the one hand and credit risk adjustments, additional value adjustments and other own funds reductions on the other hand ('IRB shortfall') should be performed on an aggregate level separately for the portfolio of defaulted exposures and the portfolio of exposures that are not in default. The separation between defaulted and non-defaulted exposures is necessary in order to ensure that the negative amounts resulting from the calculation performed for the defaulted portfolio are not used to offset the positive amounts resulting from the calculation performed for the portfolio of exposures that are not in default. Apart from that the overall calculation is in line with the general concept of own funds, according to which the own funds should be fully available to cover unexpected losses in case of insolvency of the institution. Since the amounts of credit risk adjustments, additional value adjustments and other own funds reductions included in the calculation of the IRB shortfall have already been deducted from own funds to cover the expected losses ('EL'), their excess part on the total EL is fully available to cover losses identified on all defaulted exposures. Therefore, competent authorities should verify that the adjustments to own funds based on the IRB shortfall are calculated and applied correctly.

(32) Unreliable, inaccurate, incomplete or outdated data may lead to errors in the risk estimation and in the calculation of own funds requirements. Furthermore, when used in the risk management processes of the institution such data may also lead to poor credit and management decisions. In order to ensure the reliability and a high quality of data the infrastructure and procedures relating to the collection and storing of data should be well documented and contain a full description of the characteristics and the sources of data in order to ensure their proper use in the internal processes and the processes for the calculation of own funds requirements. Hence competent authorities should verify the quality and documentation of data used in the process of estimation of risk parameters, in the assignment of exposures to grades or pools and in the calculation of own funds requirements.

(33) The quality of data, the accuracy of risk estimation and the correctness of calculation of own funds requirements are highly dependent on the reliability of the IT systems used for the purpose of the IRB Approach. Furthermore, the continuity and consistency of the risk management processes and the calculation of own funds requirements can only be ensured when the IT systems used for those purposes are safe, secure and reliable and the IT infrastructure is sufficiently robust. It is therefore necessary that competent authorities also verify the reliability of the institution's IT systems and the robustness of the IT infrastructure.

(34) Competent authorities should verify that as far as possible non-overlapping observations of returns on equity exposures are used both for the development and validation of internal models for equity exposures. Non-overlapping observations ensure higher quality of predictions, given that all observations are assigned the same weight and the observations are not closely correlated to each other.

(35) The use of the IRB Approach requires the approval of the competent authorities, and any material changes to that approach have to be approved. As a result, competent authorities should verify that the internal process of management and in particular the internal process of approving such changes ensure that only changes that are in accordance with Regulation (EU) No 575/2013 and Delegated Regulation (EU) No 529/2014 are implemented and, in that context, that the classification of changes is consistent in order to avoid any regulatory arbitrage.

(36) The provisions of this Regulation are closely linked, since they all deal with aspects of the assessment methodology that competent authorities are to apply when assessing the compliance of an institution with the IRB Approach. To ensure coherence between those provisions, which should enter into force at the same time, and to facilitate a comprehensive view and compact access to them by persons subject to them, it is desirable to include all of the regulatory technical standards relating to the assessment methodology of the IRB Approach required by Regulation (EU) No 575/2013 in a single regulation.

(37) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.

(38) The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council ([4]),

HAS ADOPTED THIS REGULATION:

CHAPTER 1

GENERAL PROVISIONS ON THE ASSESSMENT METHODOLOGY

Article 1

Assessment of compliance with requirements to use the Internal Ratings Based Approach

1. Competent authorities shall apply this Regulation for the assessment of the compliance of an institution with the requirements to use the Internal Ratings Based Approach ('IRB Approach') as follows:

(a) for the purposes of assessing initial applications for permission to use the IRB Approach as provided for in Article 144 of Regulation (EU) No 575/2013, competent authorities shall apply all provisions of this Regulation;

(b) for the purposes of assessing applications for permission to extend the IRB Approach in accordance with the approved sequential implementation plan as provided for in Article 148 of Regulation (EU) No 575/2013, competent authorities shall apply Chapters 4, 5, 7 and 8 and any other part of this Regulation that is relevant to that request;

(c) for the purposes of assessing applications for prior permission to carry out changes as referred to in Article 143(3) of Regulation (EU) No 575/2013, competent authorities shall apply all parts of this Regulation that are relevant to those changes;

(d) for the purposes of assessing changes to rating systems and internal models approaches to equity exposures which have been notified in accordance with Article 143(4) of Regulation (EU) No 575/2013, competent authorities shall apply all parts of this Regulation that are relevant to those changes;

(e) for the purposes of conducting ongoing reviews of the use of the IRB Approach pursuant to Article 101 of Directive 2013/36/EU, competent authorities shall apply all parts of this Regulation that are relevant to that review;

(f) for the purposes of assessing applications for permission to revert to the use of less sophisticated approaches in accordance with Article 149 of Regulation (EU) No 575/2013, competent authorities shall apply Articles 6 to 8 of this Regulation.

([4]) Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

2. In addition to the criteria laid down in the provisions of this Regulation referred to in paragraph 1, the competent authorities shall verify any other relevant criteria necessary for the assessment of the compliance with the requirements to use the IRB Approach.

Article 2

Methods to be applied by competent authorities

1. For the purposes of assessing initial applications for permission to use the IRB Approach, competent authorities shall apply all compulsory methods set out in this Regulation. They may also apply other methods set out in this Regulation in accordance with paragraph 7 and any other methods in accordance with paragraph 8.

2. For the purposes of assessing applications for permission to extend the IRB Approach in accordance with a sequential implementation plan, competent authorities shall apply all compulsory methods set out in Chapters 4, 5, 7 and 8. They may also apply other methods set out in this Regulation in accordance with paragraph 7 and any other methods in accordance with paragraph 8.

3. For the purposes of assessing applications for prior permission to carry out changes to the IRB Approach, competent authorities shall review the documents required to be submitted by institutions with regards to the change in accordance with Article 8 of Delegated Regulation (EU) No 529/2014. They may also apply any methods set out in this Regulation in accordance with paragraphs 7 and any other methods in accordance with paragraph 8.

4. For the purposes of assessing changes to rating systems and internal models approaches to equity exposures which have been notified, competent authorities shall review the documents required to be submitted by institutions with regard to the change in accordance with Article 8 of Delegated Regulation (EU) No 529/2014 and may apply any methods set out in this Regulation in accordance with paragraph 7 and any other methods in accordance with paragraph 8.

5. For the purposes of conducting ongoing reviews of the use of the IRB Approach, competent authorities may apply any methods set out in this Regulation in accordance with paragraph7 and any other methods in accordance with paragraph 8.

6. For the purposes of assessing the applications to revert to the use of less sophisticated approaches, competent authorities may apply any of the methods set out in Chapter 2 of this Regulation in accordance with paragraph 7 and any other methods in accordance with paragraph 8.

7. Where this Regulation provides for optional use of methods, the competent authorities may apply any of those methods which are suitable and appropriate to the nature, size and degree of complexity of the institution's business and organisational structure, taking into account:

(a) the materiality of the types of exposures covered by rating systems;

(b) the complexity of the rating models and risk parameters and their implementation.

8. In addition to the methods set out in this Regulation, competent authorities may use other methods, which are suitable and appropriate to the nature, size and degree of complexity of the institution's business and organisational structure, where this is necessary for the assessment of compliance with the requirements to use the IRB Approach.

9. When applying the methods set out in this Regulation, competent authorities may take into account results from recent assessments made by themselves or by other competent authorities, if those assessments fulfil both of the following conditions:

(a) the assessment was based wholly or in part on the compulsory methods;

(b) the subject of the assessment included the same or a similar rating system in the same class of exposures.

Article 3

Quality of documentation

1. In order to verify the compliance of the institution with the documentation requirement set out in point (e) of Article 144(1) of Regulation (EU) No 575/2013, competent authorities shall verify that the documentation of the rating systems as defined in point (1) of Article 142(1) of Regulation (EU) No 575/2013 ('rating systems'):

(a) is sufficiently detailed and accurate for it to be efficiently used;

(b) is approved at the appropriate management level of the institution;

(c) contains, with regard to each document, at least a record of the type of document, the author, the reviewer, the authorising agent, the owner, the dates of development and of approval, the version number and the history of changes to the document;

(d) allows third parties to examine and confirm the functioning of the rating systems and, in particular, to examine and confirm that:

(i) the documentation of the rating system design is sufficiently detailed to allow third parties to understand the reasoning behind all aspects of the rating system, including the assumptions, the mathematical formulas and, where human judgement is involved, the decisions, as well as the procedures for the development of the rating system;

(ii) the documentation of the rating system is sufficiently detailed to allow third parties to understand the operation, limitations and key assumptions of each rating model and each risk parameter and to replicate the model development;

(iii) the documentation of the rating process is sufficiently detailed to allow third parties to understand the method of assigning exposures to grades or pools and their actual assignment to grades or pools and to replicate the assignment.

2. For the purposes of paragraph 1, the competent authority shall verify that the institution has in place policies outlining specific standards for documentation ensuring:

(a) that the internal documentation is sufficiently detailed and accurate;

(b) that specific persons or units are assigned responsibility to ensure that the documentation is complete, consistent, accurate, updated, approved as appropriate and secure;

(c) that the institution adequately documents its policies, procedures and methodologies relating to the application of the IRB Approach.

Article 4

Third party involvement

1. In order to assess compliance with the requirement regarding the soundness and the integrity of the rating systems laid down in Article 144(1) of Regulation (EU) No 575/2013 where an institution has delegated tasks, activities or functions relating to the design, implementation and validation of its rating systems to a third party, or has purchased a rating system or pooled data from a third party, the competent authority shall verify that that delegation or purchase does not hinder the application of this Regulation and shall verify that:

(a) senior management of the institution as defined in point (9) of Article 3(1) of Directive 2013/36/EU ('senior management') as well as the management body of the institution or the committee designated by that management body are actively involved in the supervision and decision-making regarding the tasks, activities or functions delegated to the third party or regarding the rating systems obtained from third parties;

(b) the staff of the institution has sufficient knowledge and understanding of the tasks, activities or functions delegated to third parties and of the structure of data and rating systems obtained from third parties;

(c) continuity of the outsourced functions or processes is ensured, including by means of appropriate contingency planning;

(d) internal audit or other control of the tasks, activities and functions delegated to third parties is not limited or inhibited by the involvement of the third party;

(e) the competent authority is granted full access to all relevant information.

2. Where a third party is involved in the tasks of developing a rating system and risk estimation for an institution, the competent authority shall verify that:

(a) points (a) to (e) of paragraph 1 are satisfied;

(b) the validation activities with regard to those rating systems and those risk estimates are not performed by that third party;

(c) the third party provides the institution with the information necessary for those validation activities to be performed.

3. Where, for the purposes of developing a rating system and risk parameter estimation, the institution uses data that is pooled across institutions, and a third party develops the rating system, the third party may assist the institution in its validation activities by performing those tasks of validation which require access to the pooled data.

4. For the purposes of applying paragraphs 1, 2 and 3, competent authorities shall apply all of the following methods:

(a) review the agreements with the third party and other relevant documents which specify the tasks of the third party;

(b) obtain written statements from or interview the relevant staff of the institution or the third party to whom the task, activity or function is delegated;

(c) obtain written statements from or interview senior management or the management body of the institution or the third party to whom the task, activity or function is delegated, or the committee of the institution designated by the management body;

(d) review other relevant documents of the institution or of the third party, where necessary.

Article 5

Temporary non-compliance with the requirements of the IRB Approach

For the purposes of the application of Article 146(a) of Regulation (EU) No 575/2013, the competent authority shall:

(a) review whether the institution's plan for a timely return to compliance is sufficient to remedy the non-compliance and whether the time schedule is reasonable taking into account all of the following:

  (i) the materiality of the non-compliance;

  (ii) the extent of the measures required to return to compliance;

  (iii) the resources available to the institution;

(b) monitor on a regular basis the progress in the realisation of the institution's plan for a timely return to compliance;

(c) verify the institution's compliance with the relevant requirements after the implementation of the plan, by applying the assessment methodologies laid down in this Regulation.

CHAPTER 2

ASSESSMENT METHODOLOGY FOR SEQUENTIAL IMPLEMENTATION PLANS AND PERMANENT PARTIAL USE OF THE STANDARDISED APPROACH

Article 6

General

1. In order to assess the compliance of an institution with the conditions for implementing the IRB Approach laid down in Article 148 of Regulation (EU) No 575/2013 and the conditions for permanent partial use laid down in Article 150 of that Regulation, competent authorities shall verify both of the following:

(a) that the institution's initial coverage and plan for sequential implementation of the IRB Approach are adequate, in accordance with Article 7;

(b) that the exposure classes, types of exposures or business units where the Standardised Approach is applied are eligible for permanent exemption from the IRB Approach.

2. For the purposes of the verification under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the institution's plan for sequential implementation of the IRB Approach;

(b) review the institution's relevant internal policies and procedures, including the calculation methods for the share of exposures to be covered by the sequential implementation of the IRB Approach and the permanent exemption from the IRB Approach;

(c) review the roles and responsibilities of the units and management bodies involved in the assignment of individual exposures to the IRB Approach or the Standardised Approach;

(d) review the relevant minutes of meetings of the institution's internal bodies, including the management body, or committees;

(e) review the relevant findings of the internal audit function or of other control functions of the institution;

(f) review the relevant progress reports on the effort made by the institution to correct shortcomings and mitigate risks detected during audits;

(g) obtain written statements from the relevant staff and senior management of the institution or interview them.

3. For the purposes of the verification under paragraph 1, competent authorities may:

(a) review the functional documentation of the IT systems used in the process of the assignment of individual exposures to the IRB Approach or the Standardised Approach;

(b) conduct sample testing and review documents relating to the characteristics of the obligors and to the origination and maintenance of the exposures included in the sample;

(c) review other relevant documents of the institution.

Article 7

Sequential implementation of the IRB Approach

1. When assessing the initial coverage and the institution's plan for sequential implementation of the IRB Approach in accordance with Article 148 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the sequential implementation plan includes at least the following:

   (i) a specification of the range of application of each rating system, as well as of the types of exposures which are rated using each rating model;

(ii) the planned dates of application of the IRB Approach with regard to each type of exposures;

(iii) information on the total exposure values at the time of the assessment and risk-weighted exposure amounts calculated in accordance with the approach applied at the time of the assessment to each type of exposures;

(b) the sequential implementation plan comprises all exposures of the institution, and, where applicable, its parent undertaking, and all exposures of the subsidiaries of the institution, unless the exposures are assessed in accordance with Article 8;

(c) the implementation is planned to be performed in accordance with the second and third subparagraphs of Article 148(1) of Regulation (EU) No 575/2013;

(d) where the institution is permitted to use the IRB Approach for any exposure class, that it uses the IRB Approach for equity exposures except in the cases specified in Article 148(5) of Regulation (EU) No 575/2013;

(e) the sequence and time periods of the implementation of the IRB Approach are specified on the basis of the real capabilities of the institution, having regard to the availability of data, rating systems and experience periods as referred to in Article 145 of Regulation (EU) No 575/2013 and are not used selectively for the purpose of achieving reduced own funds requirements;

(f) the sequence of the implementation of the IRB Approach ensures that implementation with regard to the credit exposures relating to the institution's core business is given priority;

(g) a definite time limit for the implementation of the IRB Approach is set for each type of exposures and business units and is reasonable on the basis of the nature and scale of the institution's activities.

2. Competent authorities shall determine whether the time limit referred to in point (g) of paragraph 1 is reasonable based on all of the following:

(a) the complexity of the institution's operations, including those of the parent undertaking and its subsidiaries;

(b) the number of business units and business lines within the institution, and, where applicable, its parent undertaking and the subsidiaries of the institution;

(c) the number and complexity of the rating systems to be implemented by all entities covered by the sequential implementation plan;

(d) the plans to implement rating systems in subsidiaries located in third countries where significant legal or other difficulties for the approval of IRB models exist;

(e) the availability of accurate, appropriate and complete time series;

(f) the institution's operational capability to develop and implement the rating systems;

(g) the institution's prior experience in managing specific types of exposures.

3. When assessing the institution's compliance with the plan for sequential implementation of the IRB Approach, which has been subject to permission of the competent authorities in accordance with Article 148 of Regulation (EU) No 575/2013, competent authorities may consider changes to the sequence and time period appropriate only if one or more of the following conditions are met:

(a) there are significant changes in the business environment and in particular changes in strategy, mergers and acquisitions;

(b) there are significant changes in the relevant regulatory requirements;

(c) material weaknesses in the rating systems have been identified by the competent authority, or by the internal audit or the validation function;

(d) the elements referred to in paragraph 2 have changed significantly, or any of the elements referred to in paragraph 2 were not taken into account adequately in the plan for sequential implementation of the IRB Approach which was approved.

Article 8

Conditions for permanent partial use

1. When assessing the institution's compliance with the conditions for permanent partial use of the Standardised Approach in relation to the exposures referred to in points (a) and (b) of Article 150(1) of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the availability of external data for representative counterparties is assessed and taken into account by the institution;

(b) the cost to the institution of developing a rating system for the counterparties in the relevant exposure class is assessed taking into account the size of the institution and the nature and scale of its activities;

(c) the operational capability of the institution to develop and implement a rating system is assessed taking into account the nature and scale of the institution's activity.

2. When assessing the institution's compliance with the conditions for permanent partial use of the Standardised Approach in relation to the exposures referred to in point (c) of Article 150(1) of Regulation (EU) No 575/2013, competent authorities shall verify that the institution has verified and taken into account at least one of the following:

(a) that the exposures, including the number of separately managed portfolios and business lines are not homogenous enough to allow the development of a robust and reliable rating system;

(b) that the risk-weighted exposure amount calculated in accordance with the Standardised Approach is significantly higher than the expected risk-weighted exposure amount calculated in accordance with the IRB Approach;

(c) that the exposures relate to a business unit or business line of the institution which is planned to be discontinued;

(d) that the exposures include portfolios subject to proportional consolidation of partly-owned subsidiaries, in accordance with Article 18 of Regulation (EU) No 575/2013.

3. When assessing the institution's compliance with the conditions for permanent partial use of the Standardised Approach, competent authorities shall verify that the institution monitors compliance with the requirements of Article 150 of Regulation (EU) No 575/2013 on a regular basis.

CHAPTER 3

ASSESSMENT METHODOLOGY FOR THE FUNCTION OF VALIDATION OF INTERNAL ESTIMATES AND OF THE INTERNAL GOVERNANCE AND OVERSIGHT OF AN INSTITUTION

SECTION 1

General provisions

Article 9

General

1. In order to assess whether an institution is compliant with the requirements on internal governance, including requirements on senior management and management body, internal reporting, credit risk control and internal audit, oversight and validation, competent authorities shall verify all of the following:

(a) the robustness of the arrangements, mechanisms and processes of validation of rating systems of an institution and the appropriateness of the personnel responsible for the performance of the validation ('validation function') as referred to in points (c) and (f) of Article 144(1), point (d) of Article 174, Article 185 and Article 188 of Regulation (EU) No 575/2013, in respect of:

(i) the independence of the validation function, in accordance with Article 10;

(ii) the completeness and frequency of the application of the validation process, in accordance with Article 11;

(iii) the adequacy of the methods and procedures of the validation function, in accordance with Article 12;

(iv) the soundness of the reporting process and the process for addressing the validation conclusions, findings and recommendations in accordance with Article 13;

(b) the internal governance and oversight of the institution, including the credit risk control unit and the internal audit of the institution, as referred to in Articles 189, 190 and 191 of Regulation (EU) No 575/2013 in respect of:

(i) the role of senior management and the management body, in accordance with Article 14;

(ii) the management reporting, in accordance with Article 15;

(iii) the credit risk control unit, in accordance with Article 16;

(iv) the internal audit, in accordance with Article 17.

2. For the purposes of the verification under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the relevant internal policies and procedures of the institution;

(b) review the relevant minutes of the institution's internal bodies, including the management body, or committees;

(c) review the relevant reports relating to the rating systems, as well as any conclusions and decisions taken on the basis of those reports;

(d) review the relevant reports on the activities of the credit risk control, internal audit, oversight and validation functions prepared by the staff responsible for each of those functions or by any other control function of the institution, as well as the conclusions, findings and recommendations of those functions;

(e) obtain written statements from or interview the relevant staff and senior management of the institution.

3. For the assessment of the validation function, in addition to the methods referred to in paragraph 2, competent authorities shall apply all of the following methods:

(a) review the roles and responsibilities of all staff involved in the validation function;

(b) review the adequacy and appropriateness of the annual validation work plan;

(c) review the validation manuals used by the validation function;

(d) review the process of categorisation of the findings and the relevant recommendations in accordance with their materiality;

(e) review the consistency of the conclusions, findings and recommendations of the validation function;

(f) review the role of the validation function in the internal approval procedure of rating systems and all related changes;

(g) review the action plan of each relevant recommendation, also in terms of its follow-up, as approved by the appropriate management level.

4. For the assessment of the credit risk control unit, referred to in point (c) of Article 144(1) and Article 190 of Regulation (EU) No 575/2013, in addition to the requirements referred to in paragraph 2, competent authorities shall apply all of the following methods:

(a) review the roles and responsibilities of all relevant staff and senior management of the credit risk control unit;

(b) review the relevant reports submitted by the credit risk control unit and the senior management, to the management body or to the designated committee thereof.

5. For the assessment of the internal audit or another comparable independent auditing unit as referred to in Article 191 of Regulation (EU) No 575/2013 in addition to the requirements referred to in paragraph 2, competent authorities shall apply all of the following methods:

(a) review the relevant roles and responsibilities of all relevant staff involved in the internal audit;

(b) review the adequacy and appropriateness of the annual internal audit work plan;

(c) review the relevant auditing manuals and work programs and the findings and recommendations included in the relevant audit reports;

(d) review the action plan of each relevant recommendation, also in terms of its follow-up, as approved at the appropriate management level.

6. In addition to the methods listed in paragraph 2, competent authorities may review other relevant documents of the institution for the purposes of the verification under paragraph 1.

SECTION 2

Methodology for assessing the validation function

Article 10

Independence of the validation function

1. When assessing the independence of the validation function for the purposes of Article 144(1)(f), Article 174(d), Article 185 and Article 188 of Regulation (EU) No 575/2013, competent authorities shall verify that the unit responsible for the validation function or, where there is no separate unit dedicated only to the validation function, the staff performing the validation function fulfils all of the following:

(a) the validation function is independent from the personnel and management function responsible for originating or renewing exposures and for the model design or development;

(b) the staff performing the validation function is different from the staff responsible for the design and development of the rating system, and from the staff responsible for the credit risk control function;

(c) it reports directly to senior management.

2. For the purposes of paragraph 1, where the unit responsible for the validation function is organisationally separate from the credit risk control unit and each unit reports to different members of the senior management, competent authorities shall verify, both of the following:

(a) that the validation function has adequate resources, including experienced and qualified personnel to perform its tasks;

(b) that the remuneration of the staff and senior managers responsible for the validation function is not linked to the performance of the tasks relating to either credit risk control or to originating or renewing exposures.

3. For the purposes of paragraph 1, where the unit responsible for the validation function is organisationally separate from the credit risk control unit, and both units report to the same member of the senior management, competent authorities shall verify all of the following:

(a) that the validation function has adequate resources, including experienced and qualified personnel to perform its tasks;

(b) that the remuneration of the staff and senior managers responsible for the validation function is not linked to the performance of the tasks relating to either credit risk control or to originating or renewing exposures;

(c) that there is a decision-making process in place to ensure that the conclusions, findings and recommendations of the validation function are properly taken into account by the senior management of the institution;

(d) that no undue influence is exercised on the conclusions, findings and recommendations of the validation function;

(e) that all necessary corrective measures to address the conclusions, findings and recommendations of the validation function are decided and implemented in a timely manner;

(f) that internal audit regularly assesses the fulfilment of the conditions referred to in points (a) to (e).

4. For the purposes of paragraph 1, where there is no separate unit responsible for the validation function, competent authorities shall verify all of the following:

(a) that the validation function has adequate resources, including experienced and qualified personnel to perform its tasks;

(b) that the remuneration of the staff and senior managers responsible for the validation function is not linked to the performance of the tasks relating to either credit risk control or to originating or renewing exposures;

(c) that there is a decision-making process in place to ensure that the conclusions, findings and recommendations of the validation function are properly taken into account by the senior management of the institution;

(d) that no undue influence is exercised on the conclusions, findings and recommendations of the validation function;

(e) that all necessary corrective measures to address the conclusions, findings and recommendations of the validation function are decided and implemented in a timely manner;

(f) that internal audit regularly assesses the fulfilment of the conditions referred to in points (a) to (e);

(g) that there is effective separation between the staff performing the validation function and the staff performing the other tasks;

(h) that the institution is not a global or other systemically important institution in the meaning of Article 131 of Directive 2013/36/EU.

5. When assessing the independence of the validation function, competent authorities shall also assess whether the choice of the institution with regard to the organisation of the validation function as referred to in paragraphs 2, 3 and 4 is adequate, taking into account the nature, size and scale of the institution and the complexity of the risks inherent in its business model.

Article 11

Completeness and frequency of the validation process

1. When assessing the completeness of the validation function for the purposes of the requirements laid down in Article 144(1)(f), Article 174(d), Article 185 and Article 188 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the institution has defined and documented a complete validation process for all rating systems;

(b) the institution performs the validation process referred to in point (a) with an adequate frequency.

2. When assessing the completeness of the validation process as referred to in paragraph 1(a), competent authorities shall verify that the validation function:

(a) critically reviews all the aspects of the specification of the internal ratings and risk parameters, including the procedures for data collection and data cleansing, the choices of the methodology and model structure, and the process for the selection of the variables;

(b) verifies the adequacy of the implementation of internal ratings and risk parameters in IT systems and that grade and pool definitions are consistently applied across departments and geographic areas of the institution;

(c) verifies the performance of the rating systems taking into account at least risk differentiation and quantification and the stability of the internal ratings and risk parameters and the model specifications;

(d) verifies all changes relating to internal ratings and risk parameters and their materiality in accordance with the Delegated Regulation (EU) No 529/2014 and that it consistently follows up on its own conclusions, findings and recommendations.

3. When assessing whether the frequency of the validation process referred to in paragraph 1(b) is adequate, competent authorities shall verify that the validation process is performed regularly for all rating systems of the institution following an annual work plan and that:

(a) for all rating systems the processes required by Article 185(b) and Article 188(c) of Regulation (EU) No 575/2013 ('back-testing') are performed at least once annually;

(b) for the rating systems covering material types of exposures, the verification of the performance of the rating systems as referred to in paragraph 2(c), takes place at least once annually.

4. Where an institution applies for permission to use the internal ratings and risk parameters of a rating system or for any material changes to internal ratings and risk parameters of a rating system, competent authorities shall verify that the institution performs the validation referred to in paragraph 2(a), (b) and (c) before the rating system is used for the calculation of own funds requirements and for internal risk management purposes.

Article 12

Adequacy of the methods and procedures of the validation function

When assessing the adequacy of the validation methods and procedures for the purposes of the requirements laid down in Article 144(1)(f), Article 174(d), Article 185 and Article 188 of Regulation (EU) No 575/2013, competent authorities shall verify that those methods and procedures allow for a consistent and meaningful assessment of the performance of the internal rating and risk estimation systems, and shall verify that:

(a) the validation methods and procedures are appropriate for assessing the accuracy and consistency of the rating system;

(b) the validation methods and procedures are appropriate to the nature, degree of complexity and range of application of the institution's rating systems and data availability;

(c) the validation methods and procedures clearly specify the validation objectives, standards and limitations, contain a description of all validation tests, data sets, and data cleansing processes, set out data sources and reference time periods, and set the fixed targets and tolerances for defined metrics, for the initial and regular validation respectively;

(d) the validation methods used, and in particular the tests performed, the reference data set used for the validation and the respective data cleansing, are applied consistently over time;

(e) the validation methods include back-testing, and benchmarking as set out in Article 185(c) and Article 188(d) of Regulation (EU) No 575/2013;

(f) the validation methods take account of the way business cycles and the related systematic variability in default experience are considered in the internal ratings and risk parameters, especially regarding PD estimation.

Article 13

Soundness of the reporting process and the process for addressing the validation conclusions, findings and recommendations

When assessing the soundness of the reporting process and the process to address the validation conclusions, findings and recommendations, for the purposes of the requirements laid down Article 144(1)(f), Article 174(d), Article 185 and Article 188 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the validation reports identify and describe the validation methods used, the tests performed, the reference data set used and the respective data cleansing processes and include the results of those tests, the conclusions of the validation, the findings and the respective recommendations;

(b) the conclusions, findings and recommendations of the validation reports are directly communicated to senior management and to the management body of the institution or to the committee designated by it;

(c) the conclusions, findings and recommendations of the validation reports are reflected in changes and improvements in the design of internal ratings and risk estimates, including in the situations described in the first sentence of Article 185(e) and Article 188(e) of Regulation (EU) No 575/2013;

(d) the decision-making process of the institution takes place at the appropriate management level.

SECTION 3

Methodology for assessing internal governance and oversight

Article 14

The role of senior management and management body

When assessing the institution's corporate governance as referred to in Article 189 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the decision-making process of the institution, its hierarchy, reporting lines- and levels of responsibility are clearly laid down in the internal documentation of the institution and consistently reflected in the minutes of its internal bodies;

(b) both the management body or the committee designated by it and the senior management approve at least the following material aspects of the rating systems:

  (i) all relevant policies relating to the design and implementation of rating systems and the application of the IRB Approach, including the policies relating to all material aspects of the rating assignment and risk parameter estimation and validation processes;

  (ii) all relevant risk management policies, including those relating to IT infrastructure and contingency planning;

  (iii) the risk parameters of all rating systems used in internal risk management processes and in the calculation of own funds requirements;

(c) the management body or the committee designated by it sets an appropriate organisational structure for the sound implementation of the rating systems by way of a formal decision;

(d) the management body or the committee designated by it approves by way of a formal decision the specification of the acceptable level of risk, taking into account the internal rating system scheme of the institution;

(e) the senior management has a good understanding of all rating systems of the institution, of their design and operation, of the requirements for the IRB Approach and of the institution's approach to meeting those requirements;

(f) the senior management notifies the management body or the committee designated by it of material changes to or exceptions from established policies that materially impact the operations of the institution's rating systems;

(g) the senior management is in a position to ensure on an ongoing basis the good functioning of the rating systems;

(h) the senior management takes relevant measures where weaknesses of the rating systems are identified by the credit risk control, the validation, the internal audit or any other control function.

Article 15

Management reporting

When assessing the adequacy of the management reporting as referred to in Article 189 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the management reporting includes information about all of the following:

(i) the risk profile of the obligors or exposures, by grade;

(ii) the migration across grades;

(iii) an estimation of the relevant risk parameters per grade;

(iv) a comparison of realised default rates, and, where own estimates are used, of realised LGDs and realised conversion factors against expectations;

(v) stress test assumptions and results;

(vi) the performance of the rating process, areas needing improvement and the status of efforts to improve previously identified deficiencies of the rating systems;

(vii) validation reports;

(b) the form and the frequency of management reporting are adequate having regard to the significance and the type of the information and to the level the recipient occupies in the hierarchy, taking into account the institution's organisational structure;

(c) the management reporting facilitates the senior management's monitoring of the credit risk in the overall portfolio of exposures covered by the IRB Approach;

(d) the management reporting is proportionate to the nature, size, and degree of complexity of the institution's business and organisational structure.

Article 16

Credit risk control unit

1. When assessing the internal governance and oversight of the institution in relation to the credit risk control unit referred to in Article 190 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the credit risk control unit or units are separate and independent of the personnel and management functions responsible for originating or renewing exposures;

(b) the credit risk control unit or units are functional and adequate for their tasks.

2. For the purposes of the verification under paragraph 1(a), competent authorities shall verify that:

(a) the credit risk control unit or units are distinct organisational structures within the institution;

(b) the head of the credit risk control unit or the heads of such units are part of the senior management;

(c) the credit risk management function is organised taking into account the principles set out in Article 76(5) of Directive 2013/36/EU;

(d) the staff and the senior management responsible for the credit risk control unit or units are not responsible for originating or renewing exposures;

(e) senior managers of the credit risk control unit or units and of units responsible for originating or renewing exposures report to different members of the management body of the institution or of the committee designated by it;

(f) the remuneration of the staff and senior management responsible for the credit risk control unit or units is not linked to the performance of the tasks relating to originating or renewing exposures.

3. For the purposes of the verification under paragraph 1(b), competent authorities shall verify that:

(a) the credit risk control unit or units are proportionate to the nature, size and degree of complexity of the business and organisational structure of the institution, and in particular to the complexity of the rating systems and their implementation;

(b) the credit risk control unit or units have adequate resources, and experienced and qualified personnel to undertake all relevant activities;

(c) the credit risk control unit or units are responsible for the design or selection, implementation and oversight and the performance of the rating systems, as required by the second sentence of Article 190(1) of Regulation (EU) No 575/2013, and that the areas of responsibility of that unit or those units include those listed in Article 190(2) of that Regulation;

(d) the credit risk control unit or units regularly inform the senior management of the performance of the rating systems, of areas needing improvement, and of the status of efforts to improve previously identified deficiencies.

Article 17

Internal audit

1. When assessing the internal governance and oversight of the institution in relation to the internal audit or another comparable independent auditing unit, as referred to in Article 191 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the internal audit or the other comparable independent auditing unit reviews the following, at least annually:

  (i) all rating systems of the institution;

  (ii) the operations of the credit risk control function;

  (iii) the operations of the credit approval process;

  (iv) the operations of the internal validation function;

(b) the review under point (a) facilitates the specification in the annual work plan of areas that require a detailed review of compliance with all requirements applicable to the IRB Approach laid down in Articles 142 to 191 of Regulation (EU) No 575/2013;

(c) the internal audit or the other comparable independent auditing unit are functional and adequate for their tasks.

2. For the purposes of the verification under paragraph 1(c), competent authorities shall verify that:

(a) the internal audit or the other comparable independent auditing unit provides sufficient information to the senior management and the management body of the institution on the compliance of the rating systems with all applicable requirements for the IRB Approach;

(b) the internal audit or the other comparable independent auditing unit is proportionate to the nature, size and degree of complexity of the institution's business and organisational structure, and in particular to the complexity of the rating systems and their implementation;

(c) the internal audit or the other comparable independent auditing unit has adequate resources, and experienced and qualified personnel to undertake all relevant activities;

(d) the internal audit or the other comparable independent auditing unit is not involved in any aspect of the operation of the rating systems which it reviews in accordance with paragraph 1(a);

(e) the internal audit or the other comparable independent auditing unit is independent from the personnel and management responsible for originating or renewing exposures and reports directly to senior management;

(f) the remuneration of the staff and senior management responsible for the internal audit function is not linked to the performance of the tasks relating to originating or renewing exposures.

CHAPTER 4

ASSESSMENT METHODOLOGY FOR USE TEST AND EXPERIENCE TEST

Article 18

General

1. In order to assess whether an institution is compliant with the requirements on the use of rating systems for the purposes of Article 144(1)(b), Article 145, Article 171(1)(c), Article 172(1)(a), Article 172(1)(c), Article 172(2) and 175(3) of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) internal ratings and default and loss estimates of the rating systems used in the calculation of own funds play an essential role in the risk management, credit approval and decision-making process in accordance with Article 19;

(b) internal ratings and default and loss estimates of the rating systems used in the calculation of own funds play an essential role in the process of the internal capital allocation in accordance with Article 20;

(c) internal ratings and default and loss estimates of the rating systems used in the calculation of own funds play an essential role in the corporate governance functions in accordance with Article 21;

(d) data and estimates used by the institution for the calculation of own funds and those used for internal purposes are consistent, and where discrepancies exist, that these are fully documented and reasonable;

(e) rating systems are broadly in line with the requirements set out in Article 169 to 191 of Regulation (EU) No 575/2013 and have been applied by the institution at least three years prior to the use of the IRB Approach, as set out in Article 145 of Regulation (EU) No 575/2013, in accordance with Article 22.

2. For the purpose of the assessment under paragraph 1 competent authorities shall apply all of the following methods:

(a) review the institution's relevant internal policies and procedures;

(b) review the relevant minutes the institution's internal bodies, including the management body, or committees involved in the credit risk management governance;

(c) review the allocation of powers to take credit decisions, the credit management manuals and the commercial channels schemes;

(d) review the analysis the institution has made of the credit approvals and the data on rejected credit applications, including all of the following:

  (i) credit decisions deviating from the institution's credit policy ('exceptions');

  (ii) the instances where human judgement results in deviation from the inputs or outputs of the rating systems ('overrides') and the justifications for the overrides;

(iii) the non-rated exposures and the reasons for missing ratings;

(iv) manual decisions and cut-off points;

(e) review the institution's credit restructuring policies;

(f) review the documented regular reporting on credit risk;

(g) review the documentation on calculation of internal capital of the institution and the allocation of the internal capital to types of risk, subsidiaries and portfolios;

(h) review the relevant findings of the internal audit or of other control functions of the institution;

(i) review the progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during relevant audits;

(j) obtain written statements from or interview the relevant staff and senior management of the institution.

3. For the purpose of the assessment under paragraph 1, competent authorities may also apply any of the following additional methods:

(a) review the documentation of early warning systems;

(b) review the credit risk adjustments methodology and the documented analysis of its coherence with the calculation of own funds requirements;

(c) review the documented analysis of the risk-adjusted profitability of the institution;

(d) review the pricing policies of the institution;

(e) review the procedures for the collection and recovery of debts;

(f) review the planning manuals and reports on budgeting of the cost of risk;

(g) review the remuneration policy and the minutes of the remuneration committee;

(h) review other relevant documents of the institution.

Article 19

Use test in risk management, decision-making and credit approval process

1. When assessing whether internal ratings and default and loss estimates of the rating systems used in the calculation of the own funds requirements play an essential role in the institution's risk management and decision-making process and in its credit approval as required by Article 144(1)(b) of Regulation (EU) No 575/2013, with regard to assignment to grades or pools in accordance with Article 171(1), point (c), and (2), of that Regulation, with regard to assignment of exposures in accordance with Article 172(1), points (a), (b) and (c), of that Regulation and with regard to documentation of rating systems in accordance with Article 175(3) of that Regulation, the competent authorities shall verify that:

(a) the number of non-rated exposures and outdated ratings is immaterial;

(b) those internal ratings and default and loss estimates play an important role, in particular, when:

(i) making decisions on the approval, rejection, restructuring and renewal of a credit facility;

(ii) drawing up the lending policies by influencing either the maximum exposure limits, the mitigation techniques and credit enhancements required or any other aspect of the institution's global credit risk profile;

(iii) carrying out the monitoring process of obligors and exposures;

2. Where institutions use internal ratings and default and loss estimates in any of the following areas, competent authorities shall assess how that use contributes to those ratings and estimates playing an essential role in the institution's risk management and decision-making processes and in its credit approval as referred to in paragraph 1:

(a) the pricing of each credit facility or obligor;

(b) the early warning systems used for the credit risk management;

(c) the determination and implementation of the collection and recovery policies and processes;

(d) the calculation of credit risk adjustments where this is in line with the applicable accounting framework;

(e) the allocation or delegation of competence for the credit approval process by the management board to internal committees, to the senior management and to the staff.

Article 20

Use test in the internal capital allocation

1. When assessing whether internal ratings and default and loss estimates of the rating systems used in the calculation of own funds requirements play an essential role in the institution's internal capital allocation as referred to in Article 144(1)(b) of Regulation (EU) No 575/2013, competent authorities shall assess whether these ratings and estimates play an important role in:

(a) the assessment of the amount of internal capital that the institution considers adequate to cover the nature and level of the risk to which it is or might be exposed as referred to in Article 73 of Directive 2013/36/EU;

(b) the allocation of the internal capital among types of risk, subsidiaries and portfolios.

2. Where institutions take into consideration internal ratings and default and loss estimates for the purpose of calculating the cost of risk to the institution for budgetary purposes, competent authorities shall assess how taking those elements into consideration contributes to those ratings and estimates playing an essential role in the institution's internal capital allocation.

Article 21

Use test in corporate governance functions

1. When assessing whether internal ratings and default and loss estimates of the rating systems used in the calculation of own funds requirements play an essential role in the institution's corporate governance functions as referred to in Article 144(1)(b) of Regulation (EU) No 575/2013, competent authorities shall assess whether these ratings and estimates play an important role in:

(a) the management reporting;

(b) the monitoring of the credit risk at the portfolio level.

2. Where institutions take into consideration internal ratings and default and loss estimates in any of the following areas, competent authorities shall assess how taking those elements into consideration contributes to those ratings and estimates playing an essential role in the institution's corporate governance functions referred to in paragraph 1:

(a) the internal audit planning;

(b) the design of the remuneration policies.

Article 22

Experience test

1. When assessing whether rating systems broadly in line with the requirements set out in Article 169 to 191 of Regulation (EU) No 575/2013 have been applied by the institution at least three years prior to the use of the IRB Approach for the purpose of the calculation of the own funds requirements, as referred to in Article 145 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) those rating systems have been used in the institution's risk management and decision-making processes and credit approval processes referred to in Article 19(1)(b);

(b) adequate documentation of the effective operation of the rating systems for those three years is available, in particular with regard to the respective monitoring, validation and audit reports.

2. For the purposes of assessing a request for permission to extend the IRB Approach in accordance with the sequential implementation plan, paragraph 1 shall also apply where the extension concerns exposures that are significantly different to the scope of the existing coverage, such that the existing experience cannot be reasonably assumed to be sufficient to meet the requirements of Article 145(1) and (2) of Regulation (EU) No 575/2013 in respect of the additional exposures, as laid down in Article 145(3) of Regulation (EU) No 575/2013.

CHAPTER 5

ASSESSMENT METHODOLOGY FOR ASSIGNMENT OF EXPOSURES TO GRADES OR POOLS

Article 23

General

1. In order to assess the institution's compliance with the requirements regarding the assignment of obligors or exposures to grades or pools laid down in Articles 169, 171, 172 and 173 of Regulation (EU) No 575/2013, competent authorities shall verify both of the following:

(a) the adequacy of the definitions, processes and criteria used by the institution for assigning or reviewing the assignment of exposures to grades or pools, including the treatment of overrides, in accordance with Article 24;

(b) the integrity of the assignment process as referred to in Article 173 of Regulation (EU) No 575/2013, including the independence of the assignment process, as well as the reviews of the assignment, in accordance with Article 25.

2. For the purposes of the verification under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the institution's relevant internal policies and procedures;

(b) review the roles and responsibilities of units responsible for origination and renewal of exposures and units responsible for the assignment of exposures to grades or pools;

(c) review the relevant minutes of the institution's internal bodies, including the management body, or committees;

(d) review the institution's internal reports regarding the performance of the assignment process;

(e) review the relevant findings of the internal audit or of other control functions of the institution;

(f) review the progress reports on the efforts made by the institution to correct shortcomings in the assignment or the review process and to mitigate risks detected during audits;

(g) obtain written statements from or interview the relevant staff and senior management of the institution;

(h) review the criteria used by the personnel responsible for human judgement in the assignment of exposures to grades or pools.

3. For the purposes of the verification under paragraph 1, competent authorities may also apply any of the following additional methods:

(a) review the functional documentation of the relevant IT systems;

(b) conduct sample testing and review documents relating to the characteristics of an obligor and to the origination and maintenance of the exposures;

(c) perform their own tests on the data of the institution or require the institution to perform specific tests;

(d) review other relevant documents of the institution.

Article 24

Assignment definitions, processes and criteria

1. When assessing the adequacy of definitions, processes and criteria used by the institution to assign or review the assignment of exposures to grades or pools in accordance with Articles 169, 171, 172 and 173 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) there are adequate procedures and mechanisms in place that ensure a consistent assignment of obligors or facilities to an appropriate rating system;

(b) there are adequate procedures and mechanisms in place to ensure that each exposure held by the institution is assigned to a grade or pool in accordance with the rating system;

(c) for exposures to corporates, institutions, central governments and central banks, and for equity exposures where the institution uses the PD/LGD approach set out in Article 155(3) of Regulation (EU) No 575/2013, there are adequate procedures and mechanisms in place to ensure that all exposures to the same obligor are assigned to the same obligor grade, including exposures along different lines of business, departments, geographical locations, legal entities within the group and IT systems, and to ensure the correct application of the exemption from the requirement to have an obligor rating scale which reflects exclusively quantification of the risk of obligor default for specialised lending exposures, laid down in Article 170(2) of Regulation (EU) No 575/2013, and of the exemption from the obligation to assign separate exposures to the same obligor to the same obligor grade, laid down in Article 172(1)(e) of that Regulation;

(d) the definitions and criteria used for the assignment are sufficiently detailed to ensure a common understanding and consistent assignment to grades or pools by all the personnel responsible in all business lines, departments, geographical locations, legal entities within the group, regardless of which IT system is used;

(e) there are adequate procedures and mechanisms in place to obtain all relevant information about the obligors and the facilities;

(f) all relevant, currently available and most up-to-date information is taken into account;

(g) in the case of exposures to corporates, institutions, central governments and central banks, and for equity exposures where an institution uses the PD/LGD approach, both, financial and non-financial information is taken into account;

(h) where information necessary for the assignment of exposures to grades or pools is missing or is not up-to-date, the institution has set tolerances for defined metrics and adopted rules in order to take account of that fact in an adequate and conservative way;

(i) financial statements older than 24 months are considered outdated and are treated in a conservative way;

(j) the assignment to grades or pools is part of the credit approval process, in accordance with Article 19;

(k) the criteria for assignment to grades or pools are consistent with the institution's lending standards and policies for handling troubled obligors and facilities.

2. For the purposes of the verification under paragraph 1, competent authorities shall assess the situations where human judgement is used to override any inputs or outputs of the rating system in accordance with Article 172(3) of Regulation (EU) No 575/2013. They shall verify that:

(a) there are documented policies setting out the grounds for and the maximum extent of overrides and specifying at what stages of the assignment process the overrides are allowed;

(b) the overrides are sufficiently justified by reference to the grounds set out in the policies referred to in point (a) and that this justification is documented;

(c) the institution regularly carries out an analysis of the performance of exposures the rating of which has been overridden, including an analysis of overrides performed by each member of staff applying the overrides, and that the results of this analysis are taken into account in the decision-making process at an appropriate management level;

(d) the institution collects full information on overrides, including information both before and after the overrides, monitors the number and justifications for overrides on a regular basis, and analyses the effect of overrides on the performance of the model;

(e) the number and justifications for overrides do not indicate significant weaknesses of the rating model.

3. For the purposes of the verification under paragraph 1, competent authorities shall verify that the assignment definitions, processes and criteria achieve all of the following:

(a) groups of connected clients as defined in Regulation (EU) No 575/2013 are identified;

(b) information on the ratings and defaults of other relevant entities within the group of connected clients is taken into account in an obligor grade assignment in such a way that the rating grades of each relevant entity in the group reflects the different situation of each relevant entity and its relations with the other relevant entities of the group;

(c) the cases where the obligors are assigned to a better grade than their parent entities are documented and justified.

Article 25

Integrity of assignment process

1. When assessing the independence of the assignment process in accordance with Article 173 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the staff and management responsible for the final approval of the assignment or of the review of the assignment of exposures to grades or pools are not involved in or responsible for the origination or renewal of exposures;

(b) senior managers of units responsible for the final approval of the assignment or of the review of the assignment of exposures to grades or pools and senior managers of units responsible for the origination or renewal of exposures report to different members of the management body or the relevant designated committee of the institution;

(c) the remuneration of the staff and management responsible for the final approval of the assignment or of the review of the assignment of exposures to grades or pools is not linked to the performance of the tasks relating to the origination or renewal of exposures;

(d) the same practices as those referred to in points (a), (b) and (c) apply to overrides in the retail exposure class.

2. When assessing the adequacy and frequency of the assignment process as set out in Article 173 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) adequate and detailed policies specify the frequency of the review, and the criteria for the necessity of more frequent reviews having regard to the higher risk of obligors or problematic exposures and that those policies are applied consistently over time;

(b) a review of the assignment is carried out within a maximum of 12 months after the approval of the assignment and that any adjustments to it that are found during the review to be necessary are made within that time-limit;

(c) a review of the assignment is carried out when new material information on the obligor or the exposure becomes available and that any adjustments to it that are found during the review to be necessary are made without undue delay;

(d) the institution has defined criteria and processes for assessing the materiality of new information and the subsequent need for reassignment and that these criteria and processes are applied consistently;

(e) the most recent information available is used in the review of the assignment;

(f) where for practical reasons the assignment has not been reviewed as set out in points (a) to (e), that adequate policies to identify, monitor and remedy the situation are in place and that measures are taken to ensure return to compliance with points (a) to (e);

(g) senior management is regularly informed about the reviews of assignment of exposures to grades or pools and of any delays of the reviews of the assignment referred to in point (f);

(h) there are adequate policies for effectively obtaining and regularly updating relevant information, and that this is reflected appropriately in the terms of the contracts with the obligors.

3. For the purposes of the verification under paragraph 2, competent authorities shall assess the value and number of exposures that have not been reviewed in accordance with points (a) to (e) of paragraph 2, and verify that those exposures are treated in a conservative manner when calculating the risk-weighted exposure amounts. The assessment and verification shall be carried out separately for each rating system and each risk parameter.

CHAPTER 6

ASSESSMENT METHODOLOGY FOR IDENTIFICATION OF DEFAULTS

Article 26

General

1. In order to assess whether the institution identifies all situations which are to be considered defaults in accordance with Article 178(1) to (5) of Regulation (EU) No 575/2013 and Commission Delegated Regulation (EU) 2018/171 ([5]) competent authorities shall verify all of the following:

(a) the detailed specification and practical application of the triggers for identifying the default of an obligor, in accordance with Article 27;

(b) the robustness and effectiveness of the process used by an institution for identifying the default of an obligor, in accordance with Article 28;

(c) the triggers and process used by an institution for the reclassification of a defaulted obligor to non-default status, in accordance with Article 29.

2. For the purposes of the verification under paragraph 1 competent authorities shall apply all of the following methods:

(a) review the institution's internal criteria, policies and procedures for establishing whether a default has occurred ('definition of default') and for the treatment of defaulted exposures;

(b) review the roles and responsibilities of the units and management bodies involved in the identification of the default of an obligor and the management of defaulted exposures;

([5]) Commission Delegated Regulation (EU) 2018/171 of 19 October 2017 on supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the materiality threshold for credit obligations past due (OJ L 32, 6.2.2018, p. 1).

(c) review the relevant minutes of the institution's internal bodies, including the management body, or committees;

(d) review the relevant findings of the internal audit or of other control functions of the institution;

(e) review the progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during relevant audits;

(f) obtain written statements from or interview the relevant staff and senior management of the institution;

(g) review the criteria used by the personnel responsible for manual assignment of the default status to an obligor or an exposure and of the return to the non-default status.

3. For the purposes of the verification under paragraph 1, competent authorities may also apply any of the following additional methods:

(a) review the functional documentation of the IT systems used in the process of identification of the default of an obligor;

(b) conduct sample testing and review documents relating to the characteristics of an obligor and to the origination and maintenance of the exposures;

(c) perform their own tests on the data of the institution or require the institution to perform specific tests;

(d) review other relevant documents of the institution.

Article 27

Triggers for identification of the default of an obligor

1. When assessing detailed specification and practical application of the triggers for identifying the default of an obligor applied by the institution and their compliance with Article 178(1) to (5) of Regulation (EU) No 575/2013 and Delegated Regulation (EU) 2018/171, competent authorities shall verify that:

(a) there is an adequate policy in place with regard to the counting of days past due, including re-ageing of facilities, granting of extensions, amendments or deferrals, renewals and netting of existing accounts;

(b) the definition of default applied by the institution includes at least all of the triggers of default set out in Article 178(1) and (3) of Regulation (EU) No 575/2013;

(c) where an institution uses more than one definition of default within its legal entities, that the scope of application of each definition of default is clearly specified and that the differences between the definitions are justified.

2. For the purpose of the verification under paragraph 1, competent authorities shall assess whether the definition of default is implemented in practice and detailed enough to be applied consistently by all members of staff for all types of exposures, and whether all of the following potential indicators of unlikeness to pay are sufficiently specified:

(a) the non-accrued status;

(b) events that constitute specific credit risk adjustments resulting from a significant perceived decline in credit quality;

(c) sales of credit obligations that constitute a material credit-related economic loss;

(d) events that constitute a distressed restructuring;

(e) events that constitute a similar protection to that of bankruptcy;

(f) other indications of unlikeliness to pay.

3. Competent authorities shall verify that the policies and procedures ensure that obligors are not classified as non-defaulted where any of the default triggers apply.

Article 28

Robustness and effectiveness of the process of identifying the default of an obligor

1. When assessing the robustness and effectiveness of the process of identifying the default of an obligor in accordance with Article 178 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) there are adequate procedures and mechanisms in place to ensure that all defaults are identified in a timely manner, in particular that the gathering and updating of relevant information are effective and take place with sufficient frequency;

(b) where the identification of default of an obligor is based on automatic processes, tests are carried out to verify that defaults are correctly identified by the IT system;

(c) for the purposes of identifying the default of an obligor based on human judgement, the criteria for the assessment of the obligors and triggers of default are set out in sufficient detail in the internal documentation to ensure consistency in the identification of defaults by all members of the staff involved in such identification;

(d) where the institution applies the definition of default at the obligor level, there are adequate procedures and mechanisms in place to ensure that once default is identified for an obligor, all exposures to that obligor are registered as being in default in all relevant systems, business lines and geographical locations within the institution and its subsidiaries, and where applicable, within its parent undertaking, and its subsidiaries;

(e) where the assignment of the default status to all exposures to an obligor as referred to in point (d) is delayed following the default of one or several exposures of the obligor, that delay does not lead to errors or inconsistencies in risk management, risk reporting, the calculation of own funds requirements or the use of data in risk quantification.

2. For the purposes of the verification under paragraph 1, competent authorities shall assess the application of the materiality threshold defined pursuant to Article 178(2)(d) of Regulation (EU) No 575/2013 in the default definition and the consistency of that materiality threshold with the materiality threshold of a credit obligation past due set by the competent authorities in accordance with Delegated Regulation (EU) 2018/171, and shall verify that:

(a) there are adequate procedures and mechanisms in place to ensure that the default status is assigned in accordance with Article 178(1)(b) of Regulation (EU) No 575/2013 on the basis of the assessment set out in Article 178(2)(d) of that Regulation and compliant with the materiality threshold relevant to a credit obligation past due as defined by the competent authorities in accordance with Delegated Regulation (EU) 2018/171;

(b) the process of counting days past due is consistent with the contractual or legal obligations of the obligor, reflects adequately partial payments and is applied consistently.

3. In the case of retail exposures, in addition to the verification laid down in paragraph 1 and the assessment laid down in paragraph 2, competent authorities shall verify that:

(a) the institution has a clear policy with regard to the application of the default definition for retail exposures either at the level of the obligor or at the level of the individual credit facility;

(b) the policy referred to in point (a) is aligned with the institution's risk management and is applied consistently;

(c) where the institution applies the definition of default at the level of the individual credit facility:

  (i) there are adequate procedures and mechanisms in place to ensure that once a credit facility is identified as being in default, that credit facility is marked as being in default across all relevant systems within the institution;

  (ii) where there is a time delay with regard to the assignment of the default status of a credit facility across all relevant systems as referred to in point (i), that time delay does not lead to errors or inconsistencies in risk management, risk reporting, the calculation of own funds requirements or the use of data in risk quantification.

Article 29

Reclassification to non-default status

1. When assessing the robustness of the triggers and process of reclassification of a defaulted obligor to a non-default status in accordance with Article 178(5) of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the triggers for reclassification are determined for each trigger of default and that the identification and treatment of credit obligations subject to distressed restructuring are clearly specified;

(b) reclassification is possible only after all triggers of default have ceased to apply and all relevant conditions for reclassification are met;

(c) the triggers and process of reclassification are determined in a prudent way, in particular that they ensure that reclassification to a non-default status is not performed where the institution expects the credit obligation not to be paid in full without recourse by the institution to actions such as realising security.

2. For the purposes of the assessment under paragraph 1, competent authorities shall verify that the institution's policies and procedures do not allow for reclassification of a defaulted obligor to a non-default status purely as a result of changes in the terms or conditions of the credit obligations, unless the institution has found that those changes enable the obligor to be considered as no longer being unlikely to pay.

3. Competent authorities shall verify the analysis on which the institution has based its criteria for reclassification. They shall verify that the analysis takes into account the institution's previous default record and the percentage of the defaulted obligors that, having been reclassified to non-default status, default again within a short period of time.

CHAPTER 7

ASSESSMENT METHODOLOGY FOR RATING SYSTEMS DESIGN, OPERATIONAL DETAILS AND DOCUMENTATION

SECTION 1

General

Article 30

General

1. In order to assess an institution's compliance with the requirements on the design, management and documentation of rating systems, as referred to in Article 144(1)(e) of Regulation (EU) No 575/2013, competent authorities shall verify all of the following:

(a) the adequacy of the documentation on the rationale, design, and operational details of the rating systems, as set out in Article 175 of Regulation (EU) No 575/2013, in accordance with Articles 31 and 32;

(b) the adequacy of the structure of the rating systems, as referred to in Article 170 of Regulation (EU) No 575/2013, in accordance with Articles 33 to 36;

(c) the application by the institution of the specific requirements for statistical models or other mechanical methods, as referred to in Article 174 of Regulation (EU) No 575/2013, in accordance with Articles 37 to 40.

2. For the purposes of the verification under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the institution's relevant internal policies;

(b) review the institution's technical documentation on the methodology and the process of the rating systems development;

(c) review the development manuals, methodologies and processes on which the rating systems are based;

(d) review the minutes of the institution's internal bodies responsible for approving the rating systems, including the management body or committees designated by it;

(e) review the reports on the performance of the rating systems and the recommendations of the credit risk control unit, validation function, internal audit function or any other control function of the institution;

(f) review the progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during monitoring, validations and relevant audits;

(g) obtain written statements from or interview the relevant staff and senior management of the institution.

3. For the purposes of the verification under paragraph 1, competent authorities may apply any of the following additional methods:

(a) request and analyse data used in the process of developing the rating systems;

(b) conduct their own estimations or replicate those of the institution performed during the development and monitoring of the rating systems using relevant data supplied by the institution;

(c) request additional documentation from the institution or request that it provides analysis related to the choice of methodology for designing the rating system and provides information about the results obtained;

(d) review the functional documentation of the IT systems relevant to the scope of the assessment of the rating systems design, operational details and documentation;

(e) perform the competent authority's own tests on the data of the institution or request the institution to perform tests proposed by the competent authority;

(f) review other relevant documents of the institution.

SECTION 2

Methodology for assessing the documentation on the rationale, design and operational details of rating systems

Article 31

Completeness of the documentation of rating systems

1. When assessing the completeness of the documentation on the design, operational details and rationale of the rating systems as referred to in Article 144(1)(e) and set out in Article 175 of Regulation (EU) No 575/2013, competent authorities shall verify that the documentation is complete and includes the following:

(a) the adequacy of the rating system and the models used within the rating system taking into account the portfolio characteristics;

(b) a description of data sources and data cleansing practices;

(c) definitions of default and loss;

(d) methodological choices;

(e) technical specification of the models;

(f) the weaknesses and limitations of the models and possible mitigating factors thereof;

(g) the results of the implementation tests of the models in the IT systems, in particular information on whether the implementation was successful and error-free;

(h) a self-assessment of compliance with regulatory requirements for the Internal Ratings Based Approach as referred to in Articles 169 to 191 of Regulation (EU) No 575/2013.

2. For the purposes of the verification under paragraph 1(a), competent authorities shall verify that:

(a) the documentation clearly outlines the purpose of the rating system and the models;

(b) the documentation includes a description of the range of application of the rating system and the scope of application of the models used within the rating system, i.e. a specification of the type of exposures covered by each model within the rating system, both in a qualitative and in a quantitative manner, the type of outputs of each model and the use made of the outputs;

(c) the documentation includes an explanation about how the information obtained by means of the rating system and the results of the models is taken into account for the purposes of risk management, decision-making and credit approval processes, as referred to in Article 19.

3. For the purposes of the verification under paragraph 1(b), competent authorities shall verify that the documentation includes:

(a) detailed information regarding all data used for the model development, including a precise definition of the content of the model, its source, format and coding and, where applicable, exclusions of data from it;

(b) any data cleansing procedures including procedures for data exclusions, outlier detection and treatment and data adaptations, as well as an explicit justification for their use and an evaluation of their impact.

4. For the purposes of the verification under paragraph 1(c), competent authorities shall verify whether the definitions of default and loss used in the development of the model are adequately documented, in particular where other definitions of default are used for the purpose of model specification than those which are used by the institution in accordance with Article 178 of Regulation (EU) No 575/2013.

5. For the purposes of the verification under paragraph 1(d), competent authorities shall verify that the documentation includes:

(a) details on the design, theory, assumptions, and logic underlying the model;

(b) detailed descriptions of the model methodologies and their rationale, statistical techniques and approximations and, where appropriate, the rationale and details on segmentation methods, the outputs of statistical processes and the diagnostics and measures of predictive power of the models;

(c) the role of experts from the relevant business areas in developing the rating system and models, including a detailed description of the consultation process with experts from the relevant business areas in the design of the rating system and models as well as outputs and rationale provided by those experts from the relevant business areas;

(d) an explanation of how the statistical model and human judgement are combined to derive the final model output;

(e) an explanation of how the institution takes into account unsatisfactory quality of data, lack of homogeneous pools of exposures, changes in business processes, economic or legal environment and other factors relating to quality of data that may affect the performance of the rating system or model;

(f) a description of the analyses performed for the purposes of statistical models or other mechanical methods, as applicable:

(i) the univariate analysis of the variables considered and respective criteria for variable selection;

(ii) the multivariate analysis of the variables selected and respective criteria for variable selection;

(iii) the procedure for the design of the final model, including:

— the final selection of variables,

— adjustments based on human judgement to the variables resulting from the multivariate analysis,

— transformations of the variables,

— assignment of weights to the variables,

— the method of composition of model components, in particular where the contribution of qualitative and quantitative components is joined.

6. For the purposes of the verification under paragraph 1(e), competent authorities shall verify that the documentation includes:

(a) the technical specification of the final model structure including final model specifications, input components including type and format of selected variables, weights applied for variables and output components including type and format of output data;

(b) references to the computer codes and tools used in terms of IT languages and programs allowing a third party to reproduce the final results.

For the purposes of point (b), the third party may be the vendor in the case of vendor models.

7. For the purposes of the verification under paragraph 1(f), competent authorities shall verify that the documentation includes a description of the weaknesses and limitations of the model, an assessment of whether the key assumptions of the model are met and an anticipation of situations where the model may perform below expectations or become inadequate, as well as an assessment of the significance of model weaknesses and possible mitigating factors thereof.

8. For the purposes of the verification under paragraph 1(g), competent authorities shall verify that:

(a) the documentation specifies the process to be followed when a new or changed model is implemented in the production environment;

(b) the documentation covers the results of the tests of the implementation of the rating models in the IT systems, including the confirmation that the rating model implemented in the production system is the same as the one described in the documentation and is operating as intended.

9. For the purposes of the verification under paragraph 1(h), competent authorities shall verify that the institution's self-assessment of compliance with regulatory requirements for the IRB Approach is performed separately for each rating system and is reviewed by the internal audit or another comparable independent auditing unit.

Article 32

Register of rating systems

1. When assessing the documentation system and procedures for gathering and storing the information on the rating systems as referred to in Articles 144(1)(e) and 175 of Regulation (EU) No 575/2013, competent authorities shall verify that the institution has implemented and maintains a register of all current and past versions of the rating systems for at least the last three years ('register of rating systems').

2. For the purposes of paragraph 1, competent authorities shall verify that the procedures for maintaining the register of rating systems include a recording of the following information in respect of each version:

(a) the range of application of the rating system, specifying which type of exposures is to be rated by each rating model;

(b) the management responsible for the approval and date of internal approval, the date of notifying to the competent authorities, the date of the approval by the competent authorities, where applicable, and the date of implementation of the version;

(c) a brief description of any changes relative to the previous version that has been considered in the register, including a description of the aspects of the rating system which have been changed and a reference to the model documentation;

(d) the change category assigned in accordance with Delegated Regulation (EU) No 529/2014 and a reference to the criteria for assignment to a change category.

SECTION 3

Methodology for assessing the structure of rating systems

Article 33

Risk drivers and rating criteria

1. When assessing the risk drivers and rating criteria used in the rating system for the purposes of Article 170(1), point (a), (c) and (e), (3), point (a), and (4) of Regulation (EU) No 575/2013, competent authorities shall verify all of the following:

(a) the selection process of the relevant risk drivers and rating criteria, including the definition of potential risk drivers, criteria for selection of risk drivers and decisions taken on the relevant risk drivers;

(b) the consistency of the selected risk drivers and rating criteria and their contribution to the risk assessment with the expectations of the business users of the rating system;

(c) the consistency of the risk drivers and rating criteria selected on the basis of statistical methods with the statistical evidence on risk differentiation associated with each grade or pool.

2. The potential risk drivers and rating criteria to be analysed in accordance with paragraph 1(a) shall include the following, where available for the type of exposures:

(a) obligor risk characteristics, including:

(i) for exposures to corporates and institutions: financial statements, qualitative information, industry risk, country risk, support from parent entity;

(ii) for retail exposures: financial statements or personal income information, qualitative information, behavioural information, socio- demographic information;

(b) transaction risk characteristics, including type of product, type of collateral, seniority, loan-to-value ratio;

(c) information on delinquency: internal information or information derived from external sources, such as credit bureaus.

Article 34

Distribution of obligors and exposures in the grades or pools

1. When assessing the distribution of obligors and exposures within the grades or pools of each rating system for the purposes of Article 170(1), points (b), (d) and (f), (2) and (3)(c) of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the number of rating grades and pools is adequate to ensure a meaningful risk differentiation and a quantification of the loss characteristics at the grade or pool level and that:

(i) for exposures to corporates, institutions, central governments and central banks and specialised lending exposures, the obligor rating scale has at least the number of grades set out in Article 170(1)(b) and (2) of Regulation (EU) No 575/2013, respectively;

(ii) for purchased receivables classified as retail exposures, that the grouping reflects the seller's underwriting practices and the heterogeneity of its customers;

(b) the concentration of numbers of exposures or obligors is not excessive in any grade or pool, unless such distribution is supported by convincing empirical evidence of homogeneity of risk of those exposures or obligors;

(c) the rating and facility grades or pools for retail exposures have a sufficient number of exposures or obligors in a single grade or pool, unless such distribution is supported by convincing empirical evidence that the grouping of those exposures or obligors is adequate, or that direct estimates of risk parameters for individual obligors or exposures are used as referred to in Article 169(3) of Regulation (EU) No 575/2013;

(d) the rating and facility grades or pools for exposures to corporates, institutions, central governments and central banks, where sufficient data is available, do not have too few exposures or obligors in a single grade or pool, unless the distribution of exposures or obligors is supported by convincing empirical evidence that the grouping of those exposures or obligors is adequate, or that direct estimates of risk parameters for individual obligors or exposures are used as referred to in Article 169(3) of Regulation (EU) No 575/2013.

2. In addition to the verification laid down in paragraph 1, competent authorities shall assess, where appropriate, the criteria applied by the institution when determining:

(a) the maximum and the minimum overall number of grades or pools;

(b) the proportion of exposures and obligors assigned to each grade or pool.

3. For the purposes of paragraphs 1 and 2, competent authorities shall take into account the current and past observed distributions of the number of exposures and obligors and of the exposure values, including the migration of exposures and obligors between different grades or pools.

Article 35

Risk differentiation

1. When assessing the risk differentiation of each rating system for the purposes of points (b) and (c) of paragraph 3 of Article 170 of Regulation (EU) No 575/2013 for retail exposures, competent authorities shall verify all of the following:

(a) that the tools used to assess risk differentiation are sound and adequate considering the available data and that the adequate risk differentiation is evidenced with records of time series of realised default rates or loss rates for grades or pools under various economic conditions;

(b) that the expected performance of the rating system as regards risk differentiation is defined by the institution by means of clearly established fixed targets and tolerances for defined metrics and tools as well as actions to rectify deviations from these targets or tolerances; separate targets and tolerances may be defined for the initial development and the ongoing performance;

(c) that the targets and tolerances for defined metrics and tools and mechanisms applied to meet those targets and tolerances ensure sufficient differentiation of risk.

2. The competent authorities shall also apply paragraph 1 to the assessment of risk differentiation for exposures other than retail exposures pursuant to Article 170(1) of Regulation (EU) No 575/2013 if a sufficient quantity of data is available for this to be possible.

Article 36

Homogeneity

1. When assessing the homogeneity of obligors or exposures assigned to the same grade or pool for the purposes of Article 170(1) and (3)(c) of Regulation (EU) No 575/2013, competent authorities shall assess the similarity of the obligors and transaction loss characteristics included in each grade or pool with regard to all of the following factors:

(a) internal ratings;

(b) estimates of PD;

(c) where applicable, own estimates of LGD;

(d) where applicable, own estimates of conversion factors;

(e) where applicable, own estimates of total losses.

For retail exposures competent authorities shall assess those factors for each rating system. For exposures other than retail exposures competent authorities shall assess them only for those rating systems in respect of which a sufficient quantity of data is available.

2. For the purposes of the assessment under paragraph 1, competent authorities shall assess the range of values and the distributions of the obligor and transaction loss characteristics included within each grade or pool.

SECTION 4

Methodology for assessing specific requirements for statistical models or other mechanical methods

Article 37

Data requirements

1. When assessing the process for vetting data inputs into the model in accordance with Article 174(b) of Regulation (EU) No 575/2013, competent authorities shall verify:

(a) the reliability and quality of the internal and external data sources and the range of data obtained from those sources, as well as the time period the sources cover;

(b) the process of data merging, where the model is fed with data from multiple data sources;

(c) the rationale and scale of data exclusions broken down by reason for exclusion, using statistics on the share of total data which each exclusion covers where certain data were excluded from the model development sample;

(d) the procedures for dealing with erroneous and missing data and treatment of outliers and categorical data, and verify that, where there has been a change in the type of categorisation, this does not lead to decreased data quality or structural breaks in the data;

(e) the processes for data transformation, including standardization and other functional transformations, and the appropriateness of those transformations having regard to the risk of model overfitting.

2. When assessing the representativeness of the data used to build the model as referred to in Article 174(c) of Regulation (EU) No 575/2013, competent authorities shall verify:

(a) the comparability of risk characteristics of the obligors or facilities reflected in the data used to build the model with those of the exposures covered by a particular rating model;

(b) the comparability of the current underwriting and recovery standards with the ones applied at the time to which the reference data set used for the modelling relates;

(c) the consistency of default definition over time in the data used for the modelling and verify:

  (i) that adjustments have been made to achieve consistency with the current default definition where the default definition has been changed during the observation period;

  (ii) that adequate measures ensuring the representativeness of data have been adopted by the institution where the institution operates in several jurisdictions having different default definitions;

  (iii) that the default definition used for the purposes of model specification does not have a negative impact on the structure and performance of the rating model where this definition is different from the definition of default laid down in Article 178 of Regulation (EU) No 575/2013;

(d) where external data or data pooled across institutions is used in the model development, the relevance and adequacy of such data for the institution's exposures, products and risk profile.

Article 38

Model design

When assessing the rating model design for the purposes of Article 174(a) of Regulation (EU) No 575/2013, competent authorities shall verify:

(a) the adequacy of the model having regard to its specific application;

(b) the institution's analysis of alternative assumptions or alternative approaches to those chosen in the model;

(c) the institution's methodology for model development;

(d) that relevant staff of the institution fully understands the model's capabilities and limitations, in particular that the model documentation of the institution:

(i) describes which of the model limitations are related to the model inputs, uncertain assumptions, the processing component of the model, and whether the model output is performed manually or in the IT system;

(ii) identifies situations where the model can perform below expectations or become inadequate and contains an assessment of the materiality of model weaknesses and possible mitigating factors thereof.

Article 39

Human judgement

When assessing whether the statistical model or another mechanical method is complemented by human judgement in accordance with Article 174(e) of Regulation (EU) No 575/2013 and whether human judgement is applied in a proportionate and adequate manner in the development of the rating model and in the process of assigning exposures to grades or pools, competent authorities shall verify that:

(a) the manner in which human judgement is applied is justified and fully documented and that the impact of human judgement on the rating system is assessed, if possible also by means of a computation of the marginal contribution of human judgement to the performance of the rating system;

(b) all relevant information not considered in the model is taken into account and an adequate level of conservatism is applied;

(c) where the process of assignment of exposures to grades or pools in a rating system requires the application of human judgement in the form of subjective input data or where the credit policy allows for overrides of inputs or outputs of the model, all of the following applies:

(i) the manual for model users clearly defines the input data and the situations where the input data can be adjusted by human judgement;

(ii) the situations where the input data have actually been adjusted are limited;

(iii) the manual for model users clearly defines the situations where the input or output of rating models may be overridden and the procedures for overriding the input or output of the models;

(iv) all data regarding the application of human judgement and the situations where the inputs or outputs of the rating models have been overridden are stored and analysed periodically by the credit risk control unit or by the validation function in order to ascertain its impact on the rating model;

(d) the application of human judgement is appropriately managed and proportionate to the type of exposures for each rating system.

Article 40

Model performance

When assessing the predictive power of the model required under Article 174(a) of Regulation (EU) No 575/2013, competent authorities shall verify that the institution's internal standards:

(a) provide an outline of the assumptions and theory underlying the metrics chosen by the institution for the purpose of the assessment of the model's performance;

(b) specify the application of the metrics, indicate whether the use of each metric is compulsory or discretionary and when it is to be used and ensure that the metrics are used coherently;

(c) specify the conditions of the applicability and acceptable thresholds and accepted deviations for the metrics and set out whether and, if so, how statistical errors relating to the values of those metrics are taken into account in the assessment process, and, where more than one metric is calculated, establishes the methods of aggregating several test results to one single assessment;

(d) determine a process for ensuring that events of model performance deterioration leading to the breach of the thresholds referred to in point (c) are communicated to the appropriate members of the senior management in charge of it and that clear guidance on how the outcomes of the metrics are considered is provided by the members of the management responsible for taking final decision as regards implementation of the necessary changes to the model.

CHAPTER 8

ASSESSMENT METHODOLOGY FOR RISK QUANTIFICATION

SECTION 1

General

Article 41

General

1. In order to assess compliance of an institution with the requirements on quantification of risk parameters, for the purposes of Article 144(1)(a) of Regulation (EU) No 575/2013, competent authorities shall verify the institution's:

(a) compliance with the overall requirements for estimation laid down in Article 179 of Regulation (EU) No 575/2013, in accordance with Articles 42, 43 and 44;

(b) compliance with the requirements specific to PD estimation laid down in Article 180 of Regulation (EU) No 575/2013, in accordance with Articles 45 and 46;

(c) compliance with the requirements specific to own-LGD estimates laid down in Article 181 of Regulation (EU) No 575/2013, in accordance with Articles 47 to 52;

(d) compliance with the requirements specific to own-conversion factor estimates laid down in Article 182 of Regulation (EU) No 575/2013, in accordance with Articles 53 to 56;

(e) compliance with the requirements for assessing the effect of guarantees and credit derivatives laid down in Article 183 of Regulation (EU) No 575/2013, in accordance with Article 57;

(f) compliance with the requirements for purchased receivables laid down in Article 184 of Regulation (EU) No 575/2013, in accordance with Article 58.

2. For the purposes of the verification under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the institution's relevant internal policies;

(b) review the institution's technical documentation of relevant estimation methodology and process;

(c) review and challenge the relevant estimation of risk parameter manuals, methodologies and processes;

(d) review the relevant minutes of the institution's internal bodies, including the management body, model committee, or other committees;

(e) review the reports on the performance of risk parameters and the recommendations made by the credit risk control unit, the validation function, the internal audit function or any other control function of the institution;

(f) assess progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during relevant audits, validations and monitoring;

(g) obtain written statements from or interview the relevant staff and the senior management of the institution.

3. For the purposes of the verification under paragraph 1, competent authorities may also apply any of the following additional methods:

(a) request the provision of additional documentation or analysis substantiating the institution's methodological choices and the results obtained;

(b) conduct their own estimations of risk parameters or replicate those of the institution, using the relevant data supplied by the institution;

(c) request and analyse the data used in the process of estimation;

(d) review the functional documentation of the IT systems which are relevant to the scope of the assessment;

(e) perform their own tests on the data of the institution or request the institution to perform tests proposed by the competent authorities;

(f) review other relevant documents of the institution.

SECTION 2

Methodology for assessing overall requirements for quantification of risk parameters

Article 42

Data requirements

1. When assessing compliance with the overall requirements for estimation laid down in Article 179 of Regulation (EU) No 575/2013, the data used for the quantification of risk parameters and the quality of that data, competent authorities shall verify:

(a) the completeness of the quantitative and qualitative data and other information in relation to the methods used for the quantification of risk parameters to ensure that all relevant historical experience and empirical evidence are used;

(b) the availability of quantitative data providing a breakdown of the loss experience by the factors which drive the respective risk parameters as referred to in Article 179(1)(b) of Regulation (EU) No 575/2013;

(c) the representativeness of the data used to estimate the risk parameters for certain types of exposures;

(d) the adequacy of the number of exposures in the sample and the length of the historical observation period referred to in Articles 45, 47 and 53, used for the quantification to ensure that the estimates of the institution are accurate and robust;

(e) the justification for and the documentation of all data cleansing, including any exclusions of observations from the estimation and a confirmation that these exclusions do not bias the risk quantification; for PD estimates, in particular, the justification and the documentation of the impact of the data cleansing on the long-run average default rate;

(f) the consistency between the data sets used for the risk parameters estimation, in particular with regard to the default definition, treatment of defaults, including multiple defaults as referred to in Articles 46(1)(b) and 49, and the sample composition.

2. For the purposes of the verification under point (c) of paragraph 1, competent authorities shall assess the representativeness of the data used to estimate the risk parameters for certain types of exposures by assessing:

(a) the structure of exposures covered by each rating model and the different risk characteristics of the obligors or facilities, and whether the current portfolio is, to the degree required, comparable to the portfolios constituting the reference data set;

(b) the comparability of the current underwriting and recovery standards with the ones applied at the time of the reference data set;

(c) the consistency of the default definition in the observation period:

(i) where the default definition has been changed in the observation period, the description of the adjustments performed in order to achieve the required level of consistency with current default definition;

(ii) where default definitions vary across the jurisdictions in which the institution operates, the adequacy of measures and conservatism adopted by the institution;

(d) where external data and data pooled across institutions are used in the quantification of risk parameters, the relevance and appropriateness of these data for the institution's exposures, products and risk profile and the definition of default;

(e) where the external or pooled data are not consistent with the institution's internal default definition, the description of adjustments to the external or pooled data performed by the institution in order to achieve the required level of consistency with the internal default definition.

3. When assessing the quality of the data pooled across institutions that is used for quantification of risk parameters, competent authorities shall apply the assessment methodology laid down in paragraphs 1 and 2 in addition to verifying the compliance with the requirements laid down in Article 179(2) of Regulation (EU) No 575/2013.

Article 43

Review of estimates

When assessing the review of risk parameter estimates by the institution as referred to in Article 179(1)(c) of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the process and the annual plan for the review of estimates provide for a timely review of all estimates;

(b) criteria for the identification of situations which trigger a more frequent review have been identified;

(c) the methodologies and data used for the estimation of risk parameters reflect changes in the underwriting process and in the composition of the portfolios;

(d) the methodologies and data used for the LGD estimation reflect changes in the recovery process, the types of recoveries and the duration of the recovery process;

(e) the methodologies and data used for the conversion factor estimation reflect changes in the monitoring process of undrawn amounts;

(f) the data set used for the estimation of risk parameters includes the relevant data from the latest observation period, and are updated at least on an annual basis;

(g) the technical advances and other relevant information are reflected in the risk parameters estimates.

Article 44

Margin of conservatism

1. Competent authorities shall assess whether an appropriate margin of conservatism is included in the values of risk parameters used in the calculation of capital requirements as referred to in point (f) of Article 179(1) of Regulation (EU) No 575/2013, in the following situations:

(a) the methods and data do not provide sufficient certainty of the risk parameter estimates, including where there are high estimation errors;

(b) relevant deficiencies in the methods, information and data have been identified by the credit risk control unit, validation function or internal audit function or any other function of the institution;

(c) relevant changes to the standards of underwriting or recovery policies or changes in the institution's risk appetite.

2. Competent authorities shall assess whether the institutions do not use the margin of conservativism as a substitute to any corrective action applied by the institution under Article 146 of Regulation (EU) No 575/2013.

SECTION 3

Methodology for assessing requirements specific for PD estimation

Article 45

Length of the historical observation period

When assessing the length of the historical observation period referred to in point (h) of Article 180(1) and point (e) of Article 180(2) of Regulation (EU) No 575/2013, taking into account conditions laid down in Commission Delegated Regulation (EU) 2017/72 with regard to regulatory technical standards specifying conditions for data waiver permissions ([6]), and the calculation of one year default rates based on internal default experience as referred to in point (e) of Article 180(1), competent authorities shall verify:

(a) that the length of the historical observation period covers at least the minimum length in accordance with the requirements laid down in point (h) of paragraph 1 and point (e) of paragraph 2 of Article 180 of Regulation (EU) No 575/2013 and, where applicable, Delegated Regulation (EU) 2017/72;

(b) where the available historical observation period is longer than the minimum period required in point (h) of Article 180(1) or in point (e) of Article 180(2) of Regulation (EU) No 575/2013 for a data source, and the data obtained from it are relevant, that the information for that longer period is used in order to estimate the long-run average of one-year default rates;

(c) for retail exposures where the institution does not give equal importance to all historical data used, that this is justified by better prediction of default rates and that a zero or very small weight applied to a specific period is either duly justified or leads to more conservative estimates;

(d) that there is consistency between underwriting standards and the rating systems in place and that comparable underwriting standards were used at the time of generating the internal default data or that changes in underwriting standards and rating systems have been addressed by applying the margin of conservatism as referred to in point (c) of Article 44(1);

([6]) Commission Delegated Regulation (EU) 2017/72 of 23 September 2016 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying conditions for data waiver permissions (OJ L 10, 14.1.2017, p. 1).

(e) for exposures to corporates, institutions, central governments and central banks, that the definition of obligors that are highly leveraged and obligors whose assets are predominantly traded assets as referred to in point (a) of Article 180(1) of Regulation (EU) No 575/2013 as well as the identification of periods of stressed volatilities for those obligors as referred to in that provision are adequate.

Article 46

Method of PD estimation

1. When assessing the method of PD estimation, as referred to in Article 180 of Regulation (EU) No 575/2013, competent authorities shall verify that the one-year default rate for each grade or pool is calculated in a manner consistent with the characteristics of the one-year default rate defined in point 78 of Article 4(1) of Regulation (EU) No 575/2013, and they shall verify that:

(a) the denominator of the one-year default rate includes the obligors or exposures which, at the beginning of a one year period, are not in default and are assigned to that rating grade or pool;

(b) the numerator of the one-year default rate includes those of the obligors or exposures referred to in point (a) that have defaulted within that one year period; multiple defaults for the same obligor or exposure, which have been observed during the one year period relating to the default rate, are considered to be a single default as referred to in Article 49(b) having occurred on the date of the first of those multiple defaults.

2. Competent authorities shall verify that the method of PD estimation by obligor grade or pool is based on the long-run average of one-year default rates.

For that purpose they shall verify that the period used by the institution to estimate the long-run average of one-year default rates is representative of the likely range of variability of default rates for that type of exposures.

3. Where observed data used for PD estimation are not representative of the likely range of variability of default rates for a type of exposures, competent authorities shall verify that both of the following conditions are met:

(a) the institution uses an appropriate alternative method for estimating the average of one-year default rates over a period that is representative of the likely range of variability of default rates for that type of exposures;

(b) an appropriate margin of conservatism is applied where, after applying an appropriate method as referred to in point (a), the estimation of the averages of default rates is found to be unreliable or to have other limitations.

4. For the purposes of the verification under paragraph 1, competent authorities shall verify that all of the following is appropriate for the type of exposures:

(a) the functional and structural form of the estimation method;

(b) assumptions on which the estimation method is based;

(c) the cyclicality of the estimation method;

(d) the length of the historical observation period used in accordance with Article 45;

(e) the margin of conservatism applied in accordance with Article 44;

(f) the human judgement;

(g) where applicable, the choice of risk drivers.

5. For exposures to corporates, institutions, central governments and central banks, where the obligors are highly leveraged or the assets of the obligor are predominantly traded assets as referred to in point (a) of Article 180(1) of Regulation (EU) No 575/2013, competent authorities shall verify that the PD reflects the performance of the underlying assets in the periods of stressed volatility as referred to in that provision.

6. For exposures to corporates, institutions, central governments and central banks, where the institution makes use of a rating scale of an ECAI, competent authorities shall verify the institution's analysis of compliance with the requirements laid down in point (f) of Article 180(1) of Regulation (EU) No 575/2013, and check that that analysis addresses the issue of whether the types of exposures rated by the ECAI are representative of the institution's types of exposures and the time horizon for the credit assessment by the ECAI.

7. For retail exposures, where the institution derives the estimates of PD or LGD from an estimate of total losses and an appropriate estimate of PD or LGD as referred to in point (d) of Article 180(2) of Regulation (EU) No 575/2013, competent authorities shall verify the institution's analysis of compliance with all relevant criteria on PD and LGD estimation laid down in Articles 178 to 184 of Regulation (EU) No 575/2013.

8. For retail exposures, competent authorities shall verify that the institution regularly analyses and takes into account the expected changes of PD over the life of credit exposures ('seasoning effects') as referred to in point (f) of Article 180(2) of Regulation (EU) No 575/2013.

9. In the assessment of statistical models for PD estimation, competent authorities shall, in addition to the methods laid down in paragraphs 1 to 8, apply the methodology for assessing specific requirements for statistical models or other mechanical methods laid down in Articles 37 to 40.

SECTION 4

Methodology for assessing requirements specific to own-LGD estimates

Article 47

Length of the historical observation period

When assessing the length of the period used for LGD estimation for the purpose of point (j) of paragraph 1 and subparagraph 2 of paragraph 2 of Article 181 of Regulation (EU) No 575/2013 and Delegated Regulation (EU) 2017/72, ('historical observation period'), competent authorities shall verify that:

(a) the length of the historical observation period covers at least the minimum length in accordance with the requirements laid down in paragraph 1(j) and the second subparagraph of paragraph 2 of Article 181 of Regulation (EU) No 575/2013 and, where applicable, Delegated Regulation (EU) 2017/72;

(b) where the available historical observation period is longer than the minimum period according to point (j) of paragraph 1 of Article 181 and subparagraph 2 of paragraph 2 of Article 181 of Regulation (EU) No 575/2013 for a data source, and the data obtained from it are relevant for the LGD estimation, that the information for that longer period is used;

(c) for retail exposures, where the institution does not give equal importance to all historical data used, that this is justified by better prediction of loss rates and that a zero or very small weight applied to a specific period is either duly justified or leads to more conservative estimates.

Article 48

Method of LGD estimation

When assessing the method of own-LGD estimation, as referred to in Article 181 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the institution assesses LGD by homogenous facility grade or pool;

(b) the average realized LGD by facility grade or pool is calculated using the number of default weighted average;

(c) all observed defaults within the data sources are used, in particular that the incomplete recovery processes are taken into account in a conservative manner for the purposes of LGD estimation, and that the choice of workout period and methodologies for estimating additional costs and recoveries after and, where necessary, during that period, are relevant;

(d) the LGD estimates of secured exposures are not solely based on the estimated market value of the collateral and that they take into account the realised revenues from past liquidations and the potential inability of an institution to gain control of the collateral and liquidate it;

(e) the LGD estimates of secured exposures take into account the potential decreases in collateral value from the point of time of LGD estimation to the eventual recovery;

(f) the degree of dependence between the risk of the obligor and that of the collateral as well as the cost of liquidating the collateral are taken into account conservatively;

(g) any unpaid late fees that have been capitalised in the institution's income statement before the default are added to the institution's measure of exposure and loss;

(h) the possibility of future drawings after the default is taken into account appropriately;

(i) all of the following aspects are appropriate for the type of exposures to which they are applied:

(i) the functional and structural form of the estimation method;

(ii) the assumptions regarding the estimation method;

(iii) the estimation method for a downturn effect;

(iv) the length of data series used;

(v) the margin of conservatism;

(vi) the use of the human judgement;

(vii) where applicable, the choice of risk drivers.

Article 49

Treatment of multiple defaults

For the treatment of obligors that default and recover several times in a limited period of time as defined by the institution ('multiple defaults'), competent authorities shall assess the adequacy of the methods used by the institution and shall verify that:

(a) explicit conditions are defined before a facility is considered to have returned to a non-default status;

(b) multiple defaults identified within a period of time specified by the institution are considered to be a single default for the purpose of LGD estimation, using the default date of the first observed default as the relevant default date and considering the recovery process from that date until the end of the recovery process after the last observed default in this period;

(c) the length of period within which multiple defaults are recognised as a single default is determined taking into account the institution's internal policies and analysis of the default experience;

(d) defaults used for the purpose of PD and conversion factors estimation are treated consistently with defaults used for the purpose of LGD estimation.

Article 50

Use of LGD estimates appropriate for economic downturn

When assessing whether the requirement to use LGD estimates that are appropriate for an economic downturn as laid down in point (b) of Article 181(1) of Regulation (EU) No 575/2013 is fulfilled, competent authorities shall verify that:

(a) the institution uses LGD estimates that are appropriate for an economic downturn, where those are more conservative than the long-run average;

(b) the institution provides both long-run averages and LGD estimates appropriate for an economic downturn for justification of its choices;

(c) the institution applies a rigorous and well documented process for identifying an economic downturn and assessing its effects on recovery rates and for producing LGD estimates appropriate for an economic downturn;

(d) the institution incorporates in the LGD estimates any adverse dependencies that have been identified between on the one hand selected economic indicators and on the other hand the recovery rates.

Article 51

LGD, ELBE and UL estimation for exposures in-default

1. When assessing the requirements for LGD estimates for the exposures in default, and for the best estimate of expected losses ('EL_{BE}') as referred to in Article 181(1)(h) of Regulation (EU) No 575/2013, competent authorities shall verify that the institution uses one of the following approaches and shall assess the approach used by the institution:

(a) direct estimation of the LGD for defaulted exposures ('LGD in-default') and direct estimation of ELBE;

(b) direct estimation of ELBE and estimation of the LGD in-default as the sum of ELBE and an add-on capturing the unexpected loss related to exposures in default that might occur during the recovery period.

2. When assessing the approach of the institution in accordance with paragraph 1, competent authorities shall verify that:

(a) the LGD in-default estimation methods, either as a direct estimation or as an add-on to ELBE, take into account possible additional unexpected losses during the recovery period, and in particular consider possible adverse changes in economic conditions during the expected length of the recovery process;

(b) the LGD in-default, either as a direct estimation or as an add-on to ELBE, and the ELBE estimation methods take into account the information on the time in- default and recoveries realised so far;

(c) where the institution uses a direct estimation of the LGD in-default, the estimation methods are consistent with the requirements of Articles 47, 48 and 49;

(d) the LGD in-default estimate is higher than the ELBE, or, where the LGD in- default is equal to the ELBE, that for individual exposures such cases are limited and duly justified by the institution;

(e) the ELBE estimation methods take into account all currently available and relevant information and in particular consider current economic circumstances;

(f) where the specific credit risk adjustments exceed the ELBE estimates the differences between the two are analysed and duly justified;

(g) the LGD in-default, either as a direct estimation or as an add-on to EL_{BE}, and the EL_{BE} estimation methods are clearly documented.

Article 52

Requirements on collateral management, legal certainty and risk management

When assessing whether the institution has established internal requirements for collateral management, legal certainty and risk management which are generally consistent with those set out in Chapter 4, Section 3 of Regulation (EU) No 575/2013, as referred to in Article 181(1)(f) of that Regulation, competent authorities shall verify that at least the policies and procedures of the institution relating to the internal requirements for collateral valuation and legal certainty are fully consistent with the requirements of Section 3 of Chapter 4 of Title II in Part Three of Regulation (EU) No 575/2013.

SECTION 5

Methodology for assessing requirements specific to own- conversion factor estimates

Article 53

Length of the historical observation period

When assessing the length of the period used for the estimation of conversion factors referred to in paragraph 2 and paragraph 3 of Article 182 of Regulation (EU) No 575/2013 and Delegated Regulation (EU) 2017/72 ('historical observation period'), competent authorities shall verify that:

(a) the length of the historical observation period covers at least the minimum length required by paragraph 2 and paragraph 3 of Article 182 of Regulation (EU) No 575/2013 and, where applicable, Delegated Regulation (EU) 2017/72;

(b) where the available observation period is longer than the minimum period required by paragraph 2 and paragraph 3 of Article 182 of Regulation (EU) No 575/2013 for a data source, and the data obtained from it are relevant for the estimation of conversion factors, that the information for that longer period is used;

(c) for retail exposures, where the institution does not give equal importance to all historical data used, that this is justified by better prediction of drawings on commitments and that, if a zero weight or a very small weight is applied to a specific period, this is either duly justified or leads to more conservative estimates.

Article 54

Method of conversion factors estimation

When assessing the method of estimating conversion factors as referred to in Article 182 of the Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the institution assesses estimates of conversion factors by facility grade or pool;

(b) the average realised conversion factors by facility grade or pool are calculated using the number of default weighted average;

(c) all observed defaults within the data sources are used for conversion factors estimation;

(d) the possibility of additional drawings is taken into account in a conservative manner, except for retail exposures when they are included in the LGD estimates;

(e) the institution's policies and strategies regarding account monitoring, including limit monitoring, and payment processing are reflected in the conversion factors estimation;

(f) all of the following are adequate to the type of exposures to which they are applied:

  (i) the functional and structural form of the estimation method;

  (ii) assumptions on which the estimation method is based;

  (iii) where applicable the method of estimation of the downturn effect;

  (iv) the length of the historical observation period in accordance with Article 53;

  (v) the margin of conservatism applied in accordance with Article 44;

  (vi) the human judgement;

  (vii) where applicable, the choice of risk drivers.

Article 55

Use of conversion factor estimates appropriate for economic downturn

When assessing whether the requirement to use conversion factor estimates that are appropriate for an economic downturn as laid down in point (b) of Article 182(1) of Regulation (EU) No 575/2013 is fulfilled, competent authorities shall verify that:

(a) the institution uses conversion factor estimates that are appropriate for an economic downturn, where those are more conservative than the long-run average;

(b) the institution provides both the long-run averages and the conversion factor estimates appropriate for an economic downturn for justification of its choices;

(c) the institution applies a rigorous and well documented process for identifying an economic downturn and assessing its effects on the drawing of credit limits and for producing conversion factor estimates appropriate for an economic downturn;

(d) the institution incorporates in the conversion factor estimates any adverse dependencies that have been identified between on the one hand the selected economic indicators and on the other hand the drawing of credit limits.

Article 56

Requirements on policies and strategies for account monitoring and payment processing

In order to assess compliance with the requirements regarding the estimation of the conversion factors as referred to in point (d) and (e) of Article 182(1) of Regulation (EU) No 575/2013, competent authorities shall verify that the institution has policies and strategies in place in respect of account monitoring and payment processing, and has adequate systems and procedures to monitor facility amounts on a daily basis.

SECTION 6

Methodology for assessing the effect of guarantees and credit derivatives

Article 57

Eligibility of guarantors and guarantees

When assessing compliance with the requirements for assessing the effect of guarantees and credit derivatives on risk parameters as referred to in Article 183 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the institution has clearly specified criteria for identifying situations where PD estimates or LGD estimates are to be adjusted in order to incorporate mitigating effects of guarantees, and that those criteria are used consistently over time;

(b) where the PD of the protection provider is to be used for the purpose of adjusting the risk-weighted exposure amounts in accordance with Article 153(3) of Regulation (EU) No 575/2013, the mitigating effects of guarantees are not included in the estimates of LGD or PD of the obligor;

(c) the institution has clearly specified criteria for recognising guarantors and guarantees for the calculation of risk-weighted exposure amounts, in particular through own estimates of LGD or PD;

(d) the institution documents the criteria for adjusting own estimates of LGD or PD to reflect the effects of guarantees;

(e) in its own estimates of LGD or PD the institution recognises only the guarantees that meet the following criteria:

(i) where the guarantor is internally rated by the institution with a rating system that has already been approved by the competent authorities for the purpose of the IRB Approach, the guarantee meets the requirements laid down in Article 183(1)(c) of Regulation (EU) No 575/2013;

(ii) where the institution has received permission to use the Standardised Approach pursuant to Articles 148 and 150 of Regulation (EU) No 575/2013 for exposures to entities such as the guarantor both of the following are met:

— the guarantor is assigned to an exposure class in accordance with Article 147 of Regulation (EU) No 575/2013 as an institution, a central government, a central bank or a corporate entity that has been given a credit assessment by an ECAI,

— the guarantee meets the requirements set out in Articles 213 to 216 of Regulation (EU) No 575/2013.

(f) the institution meets the requirements of points (a) and (e) also for the single-name credit derivatives.

SECTION 7

Methodology for assessing the requirements for purchased receivables

Article 58

Risk parameter estimates for purchased corporate receivables

1. When assessing the adequacy of PD and LGD estimates for purchased corporate receivables, where the institution derives PD or LGD for purchased corporate receivables from an estimate of EL in accordance with Article 160(2) and point (e) and (f) of Article 161(1) and an appropriate estimate of PD or LGD, competent authorities shall verify that:

(a) EL is estimated from the long-run average of one-year total loss rates or by another appropriate approach;

(b) the process for estimating the total loss is consistent with the concept of LGD as set out in Article 181(1)(a) of Regulation (EU) No 575/2013;

(c) that the institution is able to decompose its EL estimates into PDs and LGDs in a reliable way;

(d) in the case of purchased corporate receivables where Article 153(6) of Regulation (EU) No 575/2013 is applied, sufficient external and internal data are used.

2. When assessing the adequacy of PD and LGD estimates for purchased corporate receivables in cases other than those referred to in paragraph 1, competent authorities shall:

(a) assess those estimates in accordance with Articles 42 to 52;

(b) verify that the requirements of Article 184 of Regulation (EU) No 575/2013 are met.

CHAPTER 9

ASSESSMENT METHODOLOGY FOR ASSIGNMENT OF EXPOSURES TO EXPOSURE CLASSES

Article 59

General

1. In order to assess compliance of an institution with the requirement to assign each exposure to a single exposure class consistently over time as laid down in Article 147 of Regulation (EU) No 575/2013, competent authorities shall assess the following:

(a) the institution's assignment methodology and its implementation, in accordance with Article 60;

(b) the assignment sequence of the exposures to exposure classes, in accordance with Article 61;

(c) whether specific considerations with regard to the retail exposure class have been taken into account by the institution, in accordance with Article 62.

2. For the purpose of the assessment under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the institution's relevant internal policies, procedures and assignment methodology;

(b) review the relevant minutes of the institution's internal bodies, including the management body, or committees;

(c) review the relevant findings of the internal audit or of other control functions of the institution;

(d) review the progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during relevant audits;

(e) obtain written statements from or interview the relevant staff and senior management of the institution;

(f) review the criteria used by the personnel responsible for the manual assignment of exposures to exposure classes.

3. For the purpose of the assessment under paragraph 1, competent authorities may also apply any of the following additional methods:

(a) conduct sample testing and review documents related to the characteristics of an obligor and to the origination and maintenance of the exposures;

(b) review the functional documentation of the relevant IT systems;

(c) compare the institution's data with data publicly available, including data recorded in the database maintained by EBA in accordance with Article 115(2) of Regulation (EU) No 575/2013 or in the databases maintained by the competent authorities;

(d) verify the institution's compliance with the Commission Implementing Decision 2014/908/EU ([7]) on the equivalence of the supervisory and regulatory requirements of certain third countries and territories for the purposes of the treatment of exposures according to Regulation (EU) No 575/2013;

(e) perform own tests on the data of the institution or request the institution to perform tests proposed by the competent authorities;

(f) review other relevant documents of the institution.

Article 60

Assignment methodology and its implementation

1. When assessing the institution's assignment methodology in accordance with Article 147 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the methodology is fully documented and complies with all requirements laid down in Article 147 of Regulation (EU) No 575/2013;

(b) the methodology reflects the assigning sequence laid down in Article 61;

(c) the methodology includes a list of the regulatory and supervisory regimes of third countries considered equivalent to those applied in the Union in accordance with the Implementing Decision 2014/908/EU as referred to in Article 107(4), Article 114(7), Article 115(4) and Article 116(5) of Regulation (EU) No 575/2013, when such an equivalence is required for the assignment of an exposure to a specific class.

2. When assessing the implementation of the assignment methodology as referred to in paragraph 1, competent authorities shall verify that:

(a) the procedures governing the input and transformations of data in the IT systems are sufficiently robust to ensure correct assignment of each exposure to an exposure class;

(b) sufficiently detailed criteria are available for the personnel responsible for the assignment of the exposures to ensure a consistent assignment;

([7]) Commission Implementing Decision 2014/908/EU of 12 December 2014 on the equivalence of the supervisory and regulatory requirements of certain third countries and territories for the purposes of the treatment of exposures according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 359, 16.12.2014, p. 155).

(c) the assignment to equity exposures, items representing securitisation positions and exposures identified as specialised lending exposures in accordance with Article 147(8) of Regulation (EU) No 575/2013 is performed by personnel who are aware of the terms and conditions and of the relevant details of the transaction that determine the identification of those exposures;

(d) the assignment is performed using the most recent data available.

3. For exposures to CIU, competent authorities shall verify that the institutions make every effort to assign the underlying exposures to adequate exposure classes in accordance with Article 152 of Regulation (EU) No 575/2013.

Article 61

Assigning sequence

When assessing whether the institution assigns exposures to exposure classes in compliance with Article 147 of Regulation (EU) No 575/2013, the competent authorities shall verify that the assignment is carried out in the following sequence:

(a) first, exposures eligible to be classified under equity exposures, items representing securitisation positions and other non-credit obligation assets are assigned to those classes in accordance with points (e), (f) and (g) of Article 147(2) of Regulation (EU) No 575/2013;

(b) second, exposures which have not been assigned in accordance with point (a) and which are eligible to be classified under the classes for exposures to central governments and central banks, exposures to institutions, exposures to corporates or retail exposures are assigned to those classes in accordance with points (a), (b), (c) and (d) of Article 147(2) of Regulation (EU) No 575/2013;

(c) third, any credit obligations not assigned in accordance with point (a) or (b) are assigned to the class of exposures to corporates in accordance with Article 147(7) of Regulation (EU) No 575/2013.

Article 62

Specific requirements for retail exposures

1. When assessing the assignment of exposures to the retail exposure class in accordance with Article 147(5) of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the institution distinguishes between exposures to natural persons and to SMEs based on clear criteria in a consistent manner;

(b) for the purposes of monitoring compliance with the limit laid down in Article 147(5)(a)(ii) of Regulation (EU) No 575/2013 the institution has in place adequate procedures and mechanisms for the following:

  (i) identifying groups of connected clients and aggregating relevant exposures that each institution and its parent or subsidiaries maintain against this group of connected clients;

  (ii) assessing cases where the limit has been exceeded;

  (iii) ensuring that an exposure to an SME for which the limit has been exceeded is re-assigned to the corporate exposure class without undue delay.

2. When verifying that retail exposures are not managed just as individually as exposures in the corporate exposure class in the meaning of Article 147(5)(c) of Regulation (EU) No 575/2013, competent authorities shall take into consideration at least the following components of the credit process:

(a) marketing and sales activities;

(b) type of product;

(c) rating process;

(d) rating system;

(e) credit decision process;

(f) credit risk mitigation methods;

(g) monitoring processes;

(h) collection and recovery process.

3. When determining whether the criteria laid down in Article 147(5)(c) and (d) of Regulation (EU) No 575/2013 are met, competent authorities shall examine whether the assignment of exposures is consistent with the institution's business lines and the way those exposures are managed.

4. Competent authorities shall verify that the institution assigns each retail exposure to a single category of exposures to which the relevant correlation coefficient applies in accordance with paragraphs (1), (3) and (4) of Article 154 of Regulation (EU) No 575/2013:

(a) for the purposes of verifying compliance with points (d) and (e) of Article 154(4) of Regulation (EU) No 575/2013, competent authorities shall verify that:

   (i) the volatility of loss rates for qualifying revolving retail exposures portfolio is low relative to their average level of loss rates, by assessing the institution's comparison of the volatility of loss rates for qualifying revolving retail exposures portfolio as opposed to other retail exposures or to other benchmark values;

   (ii) the risk management of qualifying revolving retail exposures portfolio is consistent with the underlying risk characteristics, including loss rates;

(b) for the purposes of verifying compliance with Article 154(3) of Regulation (EU) No 575/2013, competent authorities shall verify that for all exposures where the immovable property collateral is used in the own-LGD estimates in accordance with Article 181(1)(f) of Regulation (EU) No 575/2013, the coefficient of correlation laid down in Article 154(3) of Regulation (EU) No 575/2013 is assigned.

CHAPTER 10

ASSESSMENT METHODOLOGY FOR STRESS TEST USED IN ASSESSMENT OF CAPITAL ADEQUACY

Article 63

General

1. In order to assess the soundness of an institution's stress test used in the assessment of its capital adequacy in accordance with Article 177 of Regulation (EU) No 575/2013, competent authorities shall verify all of the following:

(a) the adequacy of methods used in designing the stress tests, in accordance with Article 64;

(b) the robustness of the organisation of the stress testing process, in accordance with Article 65;

(c) the integration of the stress tests in the risk and capital management processes, in accordance with Article 66.

2. For the purposes of the assessment under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the institution's internal policies, methods and procedures on the design and execution of stress test;

(b) review the institution's outcomes of the stress test;

(c) review the roles and responsibilities of the units and management bodies involved in the designing, approval and execution of the stress test;

(d) review the relevant minutes of the institution's internal bodies, including the management body, or committees;

(e) review the relevant findings of the internal audit or of other control functions of the institution;

(f) review the progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during relevant audits;

(g) obtain written statements from or interview the relevant staff and senior management of the institution.

3. For the purposes of the assessment under paragraph 1, competent authorities may also apply any of the following additional methods:

(a) review the functional documentation of the IT systems used for the stress test;

(b) request the institution to perform a computation of the stress test based on alternative assumptions;

(c) perform their own stress test calculations based on the institution's data for certain types of exposures;

(d) review other relevant documents of the institution.

Article 64

Adequacy of methods used in designing the stress tests

1. When assessing the adequacy of methods used in designing the stress tests used by the institution in the assessment of the capital adequacy in accordance with Article 177 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the tests are meaningful, reasonably conservative and capable of identifying the effects on the institution's total capital requirements for credit risk under severe, but plausible, recession scenarios;

(b) the tests cover at least all material IRB portfolios;

(c) the methods are consistent to the extent appropriate with methods used by the institution for the purpose of internal capital allocation stress tests;

(d) the documentation of the methodology of stress tests including internal and external data as well as expert judgment input is detailed enough to allow third parties to understand the rational for the chosen scenarios and to replicate the stress test.

2. For the purpose of the assessment under paragraph 1(a), competent authorities shall verify that the stress tests include at least the following steps:

(a) an identification of the scenarios including severe, but plausible, recession scenarios and, the adjustment in accordance with Article 153(3) of Regulation (EU) No 575/2013, of the scenario envisaging deterioration of credit quality of protection providers;

(b) an assessment of the impact of identified scenarios on the institution's risk parameters, rating migration, expected losses and calculation of own funds requirements for credit risk;

(c) an assessment of the adequacy of own funds requirements.

3. When assessing the adequacy of scenarios referred to in paragraph 2(a), competent authorities shall verify the soundness of the following methodologies:

(a) the methodology for identifying a group of economic drivers;

(b) the methodology for building stress scenarios, including their severity, duration and likelihood of occurrence;

(c) the methodology for projecting the impact of each scenario on the relevant risk parameters.

Article 65

Organisation of the stress testing process

When assessing the robustness of the organisation of the stress testing process used by the institution in the assessment of the capital adequacy in accordance with Article 177 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the stress test is performed regularly and at least on a yearly basis;

(b) the roles and responsibilities of the unit or units in charge of the design and execution of the stress test are clearly defined;

(c) the results of stress tests are approved at an adequate management level and that senior management is informed of the results in a timely manner;

(d) the IT infrastructure effectively supports the performance of stress tests.

Article 66

Integration of the stress tests in the risk and capital management processes

When assessing the integration of the stress tests in the risk and capital management processes of the institution for the purposes of Article 177 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the institution takes into account the results of stress tests in its decision-making process, in particular with regard to risk and capital management;

(b) the institution takes into account the results of stress tests within the capital management process and identifies possible events or future changes in economic conditions for the purposes of capital requirements.

CHAPTER 11

ASSESSMENT METHODOLOGY FOR THE CALCULATION OF OWN FUNDS REQUIREMENTS

Article 67

General

1. In order to assess whether an institution calculates the own funds requirements using its risk parameters for different exposure classes in accordance with Article 110(2) and (3), point (g) of Article 144(1) and Articles 151 to 168 of Regulation (EU) No 575/2013 and is able to carry out the reporting required by Article 430 of Regulation (EU) No 575/2013, competent authorities shall verify all of the following:

(a) the reliability of the system used for the calculation of own funds requirements, in accordance with Article 68;

(b) the data quality, in accordance with Article 69;

(c) the correctness of the implementation of the methodology and procedures for different exposure classes, in accordance with Article 70;

(d) the organisation of the process for the calculation of own funds requirements, in accordance with Article 71.

2. As regards groups, competent authorities shall for the purpose of the assessment under paragraph 1 take into consideration the structure of the banking group and the established roles and responsibilities of the parent institution and its subsidiaries.

3. For the purposes of the verification under paragraphs 1 and 2, competent authorities shall apply all of the following methods:

(a) review the institution's internal policies and procedures with regard to the process of calculation of own funds requirements, including the sources of data, calculation methods and controls applied;

(b) review the relevant roles and responsibilities of the different units and internal bodies involved in the process of calculation of own funds requirements;

(c) review the relevant minutes of the institution's internal bodies, including the management body, or committees;

(d) review the documentation of the tests of the calculation system, including the scenarios covered in the tests, their results and approvals;

(e) review the relevant control reports, including the results of reconciliation of data stemming from different sources;

(f) review the relevant findings of the internal audit or of other control functions of the institution;

(g) review the progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during relevant audits;

(h) obtain written statements from or interview the relevant staff and senior management of the institution.

4. For the purpose of the assessment under paragraphs 1 and 2, competent authorities may also apply any of the following additional methods:

(a) review the functional documentation of the IT systems used for the calculation of own funds requirements;

(b) request the institution to perform a live computation of the own funds requirements for certain types of exposures;

(c) perform own sample testing of the calculation of own funds requirements on institution's data for certain types of exposures;

(d) perform own tests on the data of the institution or request the institution to perform tests proposed by the competent authorities;

(e) review other relevant documents of the institution.

Article 68

Reliability of the system used for the calculation of own funds requirements

When assessing the reliability of the institution's system used for the calculation of own funds requirements as referred to in Article 144(1)(g) of Regulation (EU) No 575/2013, in addition to the requirements of Article 72 to 75 regarding the assessment methodology for data maintenance, competent authorities shall verify that:

(a) the control tests performed by the institution to confirm that the calculation of own funds requirements is compliant with Articles 151 to 168 of Regulation (EU) No 575/2013 are complete;

(b) those control tests are reliable, and in particular that the calculations made in the system used for the own funds requirements are coherent with the calculations made in an alternative calculation tool;

(c) the frequency of the control tests performed by the institution is adequate and the tests take place at least at the moment of the implementation of the algorithms for the calculation of own funds requirements and in all other cases where changes to the system are made.

Article 69

Data quality

1. When assessing the data quality used for the calculation of own funds requirements referred to in Article 144(1)(g) of Regulation (EU) No 575/2013, in addition to the requirements in Article 73, competent authorities shall verify the mechanisms and procedures implemented by the institution for identifying the exposure values with all relevant characteristics, including data relating to risk parameters and credit risk mitigation techniques. Competent authorities shall verify that:

(a) the risk parameters are complete, including in cases where missing parameters are substituted by default values, and that where such a substitution has taken place, it is conservative, justified and documented;

(b) the range of the parameter values complies with the regulatory and minimum values specified in Articles 160 to 164 of Regulation (EU) No 575/2013;

(c) the data used in the calculation of own funds requirements is consistent with the data used in other internal processes;

(d) the application of risk parameters is in accordance with the exposure characteristics, and in particular that the LGD assigned is accurate and consistent with the type of exposure and collateral used to secure the exposure in accordance with Article 164 and Article 230(2) of Regulation (EU) No 575/2013;

(e) the calculation of the exposure value is correct, and in particular the netting agreements and the classification of off-balance sheet items are used in accordance with Article 166 of Regulation (EU) No 575/2013;

(f) where the PD/LGD method is applied for equity exposures, the classification of the exposures and the application of risk parameters is correct in accordance with Article 165 of Regulation (EU) No 575/2013.

2. When assessing the coherence of the data used for the calculation of own funds requirements with the data used for internal purposes in accordance with Articles 18 to 22 on assessment methodology for use test and experience test, competent authorities shall verify that:

(a) there are adequate control and reconciliation mechanisms in place to ensure that the values of risk parameters used in the calculation of own funds requirements are consistent with the value of parameters used for internal purposes;

(b) there are adequate control and reconciliation mechanisms in place to ensure that the value of exposures for which the own funds requirements are calculated is consistent with the accounting data;

(c) the calculation of own funds requirements for all exposures included in the general ledger of the institution is complete, and that the split between the exposures under the IRB Approach and the Standardised Approach complies with Articles 148 and 150 of Regulation (EU) No 575/2013.

Article 70

Correctness of the implementation of the methodology and procedures for different exposure classes

When assessing the correctness of the implementation of the methodology and procedures for the calculation of own funds requirements referred to in Article 144(1)(g) of Regulation (EU) No 575/2013 for different exposure classes, competent authorities shall verify that:

(a) the risk weight formula is implemented correctly in accordance with Articles 153 and 154 of Regulation (EU) No 575/2013, taking into account the assignment of exposures to exposure classes;

(b) the calculation of the correlation coefficient is done based on the characteristics of the exposures, in particular that the total sales parameter is applied on the basis of consolidated financial information;

(c) where the risk-weighted exposure amount is adjusted in accordance with Article 153(3) of Regulation (EU) No 575/2013, the adjustment is based on all of the following considerations:

(i) the information on the PD of the protection provider is applied correctly;

(ii) the PD of the protection provider is estimated with the use of the rating system that has been approved by the competent authorities under the IRB Approach;

(d) the calculation of the maturity parameter is correct, and in particular:

(i) that the expiry date of the facility is used for the purpose of calculation of the maturity parameter in accordance with Article 162(2)(f) of Regulation (EU) No 575/2013;

(ii) that in cases where the maturity parameter is lower than one year this is adequately justified and documented for the purpose of Article 162(1), (2) and (3) of Regulation (EU) No 575/2013;

(e) the floors for the exposure-weighted average LGD for retail exposures secured by residential property and commercial real estate, which are not benefiting from guarantees of central governments laid down in Article 164(4) and (5) of Regulation (EU) No 575/2013, are calculated at the aggregated level of all retail exposures secured by residential property and commercial real estate respectively, and that, where the exposure-weighted average LGD at the aggregated level is below the respective floors, relevant adjustments are applied consistently over time by the institution;

(f) the application of different approaches for different equity portfolios where the institution itself uses different approaches for internal risk management in accordance with Article 155 of Regulation (EU) No 575/2013, is correct, in particular that the choice of the approach:

(i) does not lead to underestimation of own funds requirements;

(ii) is made consistently, including over time;

(iii) is justified by internal risk management practices;

(g) where the simple risk weight approach is used in accordance with Article 155(2) of Regulation (EU) No 575/2013, the application of risk weights is correct, in particular that the risk weight of 190 % is used only for sufficiently diversified portfolios, where the institution has proved that significant reduction of risk has been achieved as a result of the diversification of the portfolio in comparison to the risk of individual exposures in the portfolio;

(h) the calculation of the difference between expected loss amounts and credit risk adjustments, additional value adjustments and other own funds reductions in accordance with Article 159 of Regulation (EU) No 575/2013 is correct, and in particular:

(i) that the calculation is performed separately for the portfolio of defaulted exposures and the portfolio of exposures that are not in default;

(ii) where the calculation performed for the defaulted portfolio results in a negative amount, that this amount is not used to offset the positive amounts resulting from the calculation performed for the portfolio of exposures that are not in default;

(iii) that the calculation is performed gross of tax effects;

(i) the various approaches for the treatment of exposures in the form of units or shares in CIUs are applied correctly, and in particular:

(i) that the institution correctly distinguishes between exposures in CIUs subject to the look-through approach as set out in Article 152(1) and (2) of Regulation (EU) No 575/2013 and other exposures in CIUs;

(ii) that the exposures in CIUs treated in accordance with Article 152(1) or (2) of Regulation (EU) No 575/2013 meet the eligibility criteria of Article 132(3) of that Regulation;

(iii) where the institution uses the approach laid down in Article 152(4) of Regulation (EU) No 575/2013 for the calculation of the average risk-weighted exposure amounts, that:

— the correctness of the calculation is confirmed by an external auditor,

— the multiplication factors laid down in Article 152(2)(b)(i) and (ii) of Regulation (EU) No 575/2013 are applied correctly,

— where the institution relies on a third party for the calculation of the risk- weighted exposure amounts, that the third party meets the requirements of Article 152(4)(a) and (b) of Regulation (EU) No 575/2013.

Article 71

Organisation of the process for the calculation of own funds requirements

When assessing the soundness of the process for the calculation of own funds requirements as referred to in Article 144(1)(g) of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the allocation of responsibilities of the unit or units in charge of the control and management of the calculation process, in particular the allocation of responsibilities for the specific controls to be performed at each step of the calculation process, is clearly defined;

(b) relevant procedures, including back-up procedures, ensure that the calculation of own funds requirements is carried out in accordance with Article 430 of Regulation (EU) No 575/2013;

(c) all input data, including the values of risk parameters and the previous versions of the system, are stored to allow replication of the calculation of own funds requirements;

(d) the results of the calculation are approved on an adequate management level and that senior management is informed about possible errors or inadequacies of the calculation and the measures to be taken.

CHAPTER 12

ASSESSMENT METHODOLOGY FOR DATA MAINTENANCE

Article 72

General

1. When assessing compliance with the requirements on data maintenance laid down in Article 144(1)(d) and Article 176 of Regulation (EU) No 575/2013, competent authorities shall evaluate all of the following:

(a) the quality of the internal, external or pooled data, including the data quality management process, in accordance with Article 73;

(b) the data documentation and reporting, in accordance with Article 74;

(c) the relevant IT infrastructure, in accordance with Article 75.

2. For the purpose of the assessment under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the data quality management policies, methods and procedures relevant to the data used in the IRB Approach;

(b) review the relevant data quality reports, as well as their conclusions, findings and recommendations;

(c) review the IT infrastructure policies and IT systems management procedures, including the contingency planning policies, relevant for the IT systems used for the purpose of the IRB Approach;

(d) review the relevant minutes of the institution's internal bodies, including management body, or committees;

(e) review the relevant findings of the internal audit or of other control functions of the institution;

(f) review the progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during relevant audits;

(g) obtain written statements from or interview the relevant staff and senior management of the institution.

3. For the purpose of the assessment under paragraph 1, competent authorities may also apply any of the following additional methods:

(a) perform own tests on the data of the institution or request the institution to perform tests proposed by the competent authorities;

(b) review other relevant documents of the institution.

Article 73

Data quality

1. When assessing the quality of internal, external or pooled data necessary to effectively support credit risk measurement and management process in accordance with Article 144(1)(d) and Article 176 of Regulation (EU) No 575/2013, competent authorities shall verify:

(a) the completeness of values in the attributes that require them;

(b) the accuracy of data ensuring that the data is substantively error-free;

(c) the consistency of data ensuring that a given set of data can be matched across different data sources of the institution;

(d) the timeliness of data values ensuring that the values are up-to-date;

(e) the uniqueness of data ensuring that the aggregate data is free from any duplication given by filters or other transformations of source data;

(f) the validity of data ensuring that the data is founded on an adequate system of classification, rigorous enough to compel acceptance;

(g) the traceability of data ensuring that the history, processing and location of data under consideration can be easily traced.

2. When assessing the data quality management process, competent authorities shall verify that:

(a) all of the following are in place:

  (i) adequate data quality standards that set the objectives and the overall scope of the data quality management process;

  (ii) adequate policies, standards and procedures for data collection, storage, migration, actualisation and use;

  (iii) a practice of continuously updating and improving of the data quality management process;

  (iv) a set of criteria and procedures for determining conformity with the data quality standards, and in particular the general criteria and process of data reconciliation across and within systems including among accounting and internal ratings-based data;

  (v) adequate processes for internally assessing and constantly improving data quality, including the process of issuing internal recommendations to address problems in areas which need improvement and the process of implementing these recommendations with a priority based on their materiality and in particular the process for addressing material discrepancies arising during the data reconciliation process;

(b) there is a sufficient degree of independence of the data collection process from the data quality management process, including a separation of the organizational structure and staff, where appropriate.

Article 74

Data documentation and reporting

1. When assessing the documentation of data necessary to effectively support credit risk measurement and management process in accordance with Articles 144(1)(d) and 176 of Regulation (EU) No 575/2013 competent authorities shall evaluate all of the following:

(a) the specification of the set of databases and in particular:

(i) the global map of databases involved in the calculation systems used for the purpose of the IRB Approach;

(ii) the relevant sources of data;

(iii) the relevant processes of data extraction and transformation and criteria used in this regard;

(iv) the relevant functional specification of databases, including their size, date of construction, data dictionaries specifying the content of the fields and of the different values inserted in the fields with clear definitions of data items;

(v) the relevant technical specification of databases, including the type of database, tables, database management system and database architecture, and data models given in any standard data modelling notation;

(vi) the relevant work-flows and procedures relating to data collection and data storage;

(b) the data management policy and allocation of responsibilities, including users' profiles and data owners;

(c) the transparency, accessibility and consistency of the controls implemented in the data management framework.

2. When assessing data reporting, competent authorities shall verify, in particular, that data reporting:

(a) specifies the scope of reports or reviews, the findings and, where applicable, the recommendations to address weaknesses or shortcomings detected;

(b) is communicated to the senior management and management body of the institution with an adequate frequency and that the level of the recipient of the data reporting is consistent with the institution's organizational structure, and the type and significance of the information;

(c) is performed regularly and where appropriate, also on an ad hoc basis;

(d) provides adequate evidence that the recommendations are sufficiently addressed and properly implemented by the institution.

Article 75

IT infrastructure

1. When assessing the architecture of the IT systems, of relevance to the institution's rating systems and to the application of the IRB Approach in accordance with Article 144 of Regulation (EU) No 575/2013, competent authorities shall evaluate all of the following:

(a) the IT systems architecture including all applications, their interfaces and interactions;

(b) a data flow diagram showing a map of the key applications, databases and IT components involved in the application of the IRB Approach and relating to rating systems;

(c) the assignment of IT systems owners;

(d) the capacity, scalability and efficiency of IT systems;

(e) the manuals of the IT systems and databases.

2. When assessing the soundness, safety and security of the IT infrastructure that is of relevance to the institution's rating systems and to the application of the IRB Approach, competent authorities shall verify that:

(a) the IT infrastructure can support the ordinary and extraordinary processes of an institution in a timely, automatic and flexible manner;

(b) the risk of suspension of the abilities of the IT infrastructure ('failures'), the risk of loss of data and the risk of incorrect evaluations ('faults') are appropriately addressed;

(c) the IT infrastructure is adequately protected against theft, fraud, manipulation or sabotage of data or systems by malicious insiders or outsiders.

3. When assessing the robustness of the IT infrastructure that is of relevance to the institution's rating systems and to the application of the IRB Approach, competent authorities shall verify that:

(a) the procedures to back up the IT systems, data and documentation are implemented and tested on a periodic basis;

(b) continuity action plans are implemented for critical IT systems;

(c) the recovery procedures of IT systems in case of failure are defined and tested on a periodic basis;

(d) the management of IT systems users is compliant with the institution's relevant policies and procedures;

(e) audit trails are implemented for critical IT systems;

(f) the management of changes of IT systems is adequate and the monitoring of changes covers all IT systems.

4. When assessing whether the IT infrastructure that is of relevance to the institution's rating systems and to the application of the IRB Approach is reviewed both regularly and on an *ad hoc* basis, competent authorities shall verify that:

(a) regular monitoring and ad hoc reviews result in recommendations to address weaknesses or shortcomings, where detected;

(b) the findings and the recommendations referred to in point (a) are communicated to the senior management and management body of the institution;

(c) there is adequate evidence that the recommendations are properly addressed and implemented by the institution.

CHAPTER 13

ASSESSMENT METHODOLOGY OF INTERNAL MODELS FOR EQUITY EXPOSURES

Article 76

General

1. When assessing whether an institution is able to develop and validate the internal model for equity exposures and to assign each exposure to the range of application of an internal models approach for equity exposures as required by points (f) and (h) of Article 144(1) and Articles 186, 187 and 188 of Regulation (EU) No 575/2013, competent authorities shall evaluate all of the following:

(a) the adequacy of the data used, in accordance with Article 77;

(b) the adequacy of the models, in accordance with Article 78;

(c) the comprehensiveness of the stress-testing programme, in accordance with Article 79;

(d) the integrity of the model and modelling process, in accordance with Article 80;

(e) the adequacy of the assignment of exposures to the internal models approach, in accordance with Article 81;

(f) the adequacy of the validation function, in accordance with Article 82.

2. For the purposes of the evaluation under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the institution's relevant internal policies and procedures;

(b) review the institution's technical documentation on the methodology and process of the development of the internal model for equity exposures;

(c) review and challenge the relevant development manuals, methodologies and processes;

(d) review the roles and responsibilities of the different units and internal bodies involved in the design, validation and application of the internal model for equity exposures;

(e) review the relevant minutes of the institution's internal bodies, including the management body, or committees;

(f) review the relevant reports on the performance of the internal models for equity exposures and the recommendations by the credit risk control unit, validation function, internal audit function or any other control function of the institution;

(g) review the relevant progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during monitoring, validations and audits;

(h) obtain written statements from or interview the relevant staff and senior management of the institution.

3. For the purposes of the evaluation under paragraph 1, competent authorities may also apply any of the following additional methods:

(a) request and analyse data used in the process of development of internal models for equity exposures;

(b) conduct their own or replicate the institution's Value at Risk estimations using relevant data supplied by the institution;

(c) request the provision of additional documentation or analysis substantiating the methodological choices and the results obtained;

(d) review the functional documentation of the IT systems used for the value at risk calculation;

(e) review other relevant documents of the institution.

Article 77

Adequacy of the data

When assessing the adequacy of the data used to represent the actual return distributions on equity exposures in accordance with Article 186 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the data represents the risk profile of the institution's specific equity exposures;

(b) the data is sufficient to provide statistically reliable loss estimates, or it has been adequately adjusted in order to attain model outputs that achieve appropriate realism and conservatism;

(c) the data used comes from external sources or, where internal data is used, it is independently reviewed by a relevant control function of the institution;

(d) the data reflects the longest available period in order to provide a conservative estimate of potential losses over a relevant long-term or business cycle, and in particular that it includes the period of significant financial stress relevant to the institution's portfolio;

(e) where converted-quarterly data from a shorter horizon is used, that the conversion procedure is supported by empirical evidence through a well-developed and documented approach and applied conservatively and consistently over time;

(f) the longest time horizon is chosen which allows the estimation of the 99 percentile with non-overlapping observations.

Article 78

Adequacy of the models

When assessing the adequacy of the models used to estimate the equity return distributions for the calculation of own funds requirements in accordance with Article 186 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the model is appropriate for the risk profile and complexity of an institution's equity portfolio, and that where the institution has material holdings with values that are highly non-linear in nature, the model accounts for that in an appropriate manner;

(b) the mapping of individual positions to proxies, market indices and risk factors is plausible, intuitive and conceptually sound;

(c) the selected risk factors are appropriate and effectively cover both general and specific risk;

(d) the model adequately explains the historical price variation;

(e) the model captures both the magnitude of potential concentrations and changes in their composition.

Article 79

Comprehensiveness of the stress-testing programme

1. When assessing the comprehensiveness of the stress-testing programme required under Article 186(g) of Regulation (EU) No 575/2013, competent authorities shall verify that the institution is able to provide loss estimates under alternative adverse scenarios and that those scenarios are different from the ones used by the internal model but still likely to occur.

2. For the purpose of the assessment under paragraph 1, competent authorities shall verify that:

(a) the alternative adverse scenarios are relevant to the specific holdings of the institution, reflect significant losses to the institution and capture effects which are not reflected in the outcomes of the model;

(b) the outcomes of the model under the alternative adverse scenarios are used in the actual risk management for the equity portfolio and are periodically reported to senior management;

(c) the alternative adverse scenarios are periodically reviewed and updated.

Article 80

Integrity of the model and modelling process

1. When assessing the integrity of the models and modelling process required under Article 187 of Regulation (EU) No 575/2013, competent authorities shall verify that:

(a) the internal model is fully integrated into the management of the non-trading book equity portfolio, the overall management information systems of the institution and the institution's risk management infrastructure and is used to monitor the investment limits and the risk of equity exposures;

(b) the modelling unit is competent and independent from the unit responsible for managing the individual investments.

2. For the purpose of the assessment under paragraph 1(a), competent authorities shall verify that:

(a) the institution's management body and senior management are actively involved in the risk control process in the sense that they have, endorsed a set of investment limits based, among other factors, on the internal model's results;

(b) the reports produced by the risk control unit are reviewed by persons at a level of management with sufficient authority to enforce reductions of positions as well as reduction in the institution's overall risk exposure;

(c) action plans are in place for market crisis situations affecting activities within the model's scope, describing the events that trigger them and the planned actions.

3. For the purpose of the assessment under paragraph 1(b), competent authorities shall verify that:

(a) the staff and the senior management responsible for the modelling unit do not perform tasks relating to managing the individual investments;

(b) the senior managers of modelling units and of units responsible for managing the individual investments have different reporting lines at the level of the management body of the institution or the committee designated by it;

(c) the remuneration of the staff and of the senior management responsible for the modelling unit is not linked to the performance of the tasks relating to managing the individual investments.

Article 81

Adequacy of assignment of exposures to the internal models approach

When assessing the adequacy of the assignment of each exposure in the range of application of an approach for equity exposures to the internal models approach in accordance with Article 144(1)(h) of Regulation (EU) No 575/2013, competent authorities shall evaluate the definitions, processes and criteria for assigning or reviewing the assignment.

Article 82

Adequacy of the validation function

When assessing the adequacy of the validation function with regard to the requirements laid down in point (f) of Article 144(1) and Article 188 of Regulation (EU) No 575/2013, competent authorities shall apply Articles 10 to 13 and shall verify that:

(a) the institution compares the first percentile of the actual equity returns with the modelled estimates at least on a quarterly basis;

(b) the comparison referred to in point (a) makes use of an observation period equal at least to one year and of a time horizon that allows the computation of the first percentile based on non-overlapping observations;

(c) where the percentage of observations below the estimated first percentile of equity returns is above 1 %, this is adequately justified and relevant remedial actions are taken by the institution.

CHAPTER 14

ASSESSMENT METHODOLOGY FOR MANAGEMENT OF CHANGES TO RATING SYSTEMS

Article 83

General

1. In order to assess an institution's compliance with the requirements regarding the management of changes, and documentation of changes, to the range of application of a rating system or to the range of application of an internal models approach to equity exposures, and of changes to the rating systems or internal models approach to equity exposures in accordance with Article 143(3) and (4) and Article 175(2) of Regulation (EU) No 575/2013, competent authorities shall verify that the institution's policy relating to such changes ('change policy') has been properly implemented and meets the requirements of Articles 2 to 5, Article 8 and Annex I to Delegated Regulation (EU) No 529/2014.

2. For the purposes of the assessment under paragraph 1, competent authorities shall apply all of the following methods:

(a) review the institution's change policy;

(b) review the relevant minutes of the institution's internal bodies, including the management body, model committee, or other committees;

(c) review the relevant reports on the management of changes to the rating systems and the recommendations by the credit risk control unit, validation function, internal audit function or any other control function of the institution;

(d) review the relevant progress reports on the efforts made by the institution to correct shortcomings and mitigate risks detected during monitoring, validations and audits;

(e) obtain written statements from or interview the relevant staff and the senior management of the institution.

3. For the purposes of the assessment under paragraph 1, competent authorities may also review other relevant documents of the institution.

Article 84

Change policy content

When assessing an institution's change policy, competent authorities shall verify that the change policy implements the requirements of Regulation (EU) No 575/2013 as well as the criteria laid down in Articles 1 to 5, Article 8 and Annex I to Delegated Regulation (EU) No 529/2014 and that it provides for the practical application of those requirements and criteria taking into account the following:

(a) responsibilities, reporting lines and procedures for the internal approval of changes, having regard to the institution's organisational characteristics and approach specificities;

(b) definitions, methods and, where applicable, metrics for the classification of changes;

(c) procedures to identify, monitor, notify and apply for permission on changes to competent authorities;

(d) procedures for the implementation of changes, including their documentation.

CHAPTER 15

FINAL PROVISION

Article 85

Entry into force

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

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

Done at Brussels, 20 October 2021.

For the Commission
The President
Ursula VON DER LEYEN

COMMISSION IMPLEMENTING REGULATION (EU) 2022/440

of 16 March 2022

amending Annex I to Implementing Regulation (EU) 2021/605 laying down special control measures for African swine fever

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/429 of the European Parliament and of the Council of 9 March 2016 on transmissible animal diseases and amending and repealing certain acts in the area of animal health ('Animal Health Law') ([1]), and in particular Article 71(3) thereof,

Whereas:

(1) African swine fever is an infectious viral disease affecting kept and wild porcine animals and can have a severe impact on the concerned animal population and the profitability of farming causing disturbance to movements of consignments of those animals and products thereof within the Union and exports to third countries.

(2) Commission Implementing Regulation (EU) 2021/605 ([2]) was adopted within the framework of Regulation (EU) 2016/429, and it lays down special disease control measures regarding African swine fever to be applied for a limited period of time by the Member States listed in Annex I thereto (the Member States concerned), in restricted zones I, II and III listed in that Annex.

(3) The areas listed as restricted zones I, II and III in Annex I to Implementing Regulation (EU) 2021/605 are based on the epidemiological situation of African swine fever in the Union. Annex I to Implementing Regulation (EU) 2021/605 was last amended by Commission Implementing Regulation (EU) 2022/205 ([3]) following changes in the epidemiological situation as regards that disease in Lithuania, Poland and Slovakia.

(4) Any amendments to restricted zones I, II and III in Annex I to Implementing Regulation (EU) 2021/605 should be based on the epidemiological situation as regards African swine fever in the areas affected by that disease and the overall epidemiological situation of African swine fever in the Member State concerned, the level of risk for the further spread of that disease, as well as scientifically based principles and criteria for geographically defining zoning due to African swine fever and the Union's guidelines agreed with the Member States at the Standing Committee on Plants, Animals, Food and Feed and publicly available on the Commission's website ([4]). Such amendments should also take account of international standards, such as the Terrestrial Animal Health Code ([5]) of the World Organisation for Animal Health and justifications for zoning provided by the competent authorities of the Member States concerned.

(5) Since the date of adoption of Implementing Regulation (EU) 2022/205 there have been new outbreaks of African swine fever in wild porcine animals in Italy and Poland. In addition, the epidemiological situation in certain zones listed as restricted zones III in Bulgaria and Poland has improved as regards kept porcine animals, due to the disease control measures being applied by those Member States in accordance with Union legislation.

([1]) OJ L 84, 31.3.2016, p. 1.

([2]) Commission Implementing Regulation (EU) 2021/605 of 7 April 2021 laying down special control measures for African swine fever (OJ L 129, 15.4.2021, p. 1).

([3]) Commission Implementing Regulation (EU) 2022/205 of 14 February 2022 amending Annex I to Implementing Regulation (EU) 2021/605 laying down special control measures for African swine fever (OJ L 34, 16.2.2022, p. 6).

([4]) Working Document SANTE/7112/2015/Rev. 3 "Principles and criteria for geographically defining ASF regionalisation". https://ec.europa.eu/food/animals/animal-diseases/control-measures/asf_en

([5]) OIE Terrestrial Animal Health Code, 28th Edition, 2019. ISBN of volume I: 978-92-95108-85-1; ISBN of volume II: 978-92-95108-86-8. https://www.oie.int/standard-setting/terrestrial-code/access-online/

(6) In January 2022, a case of African swine fever in a wild porcine animal was observed in Italy in the Piedmont region. Commission Implementing Decisions (EU) 2022/28 ([6]) and (EU) 2022/62 ([7]) were adopted in response to this case. Implementing Decision (EU) 2022/62 repealed and replaced Implementing Decision (EU) 2022/28 and it applies until 7 April 2022. Implementing Decision (EU) 2022/62 provides for the establishment of an infected zone in accordance with Article 63 of Delegated Regulation (EU) 2020/687 ([8]), as well as the special control measures for African swine fever applicable to restricted zones II laid down in Implementing Regulation (EU) 2021/605.

(7) In January, February and March 2022, several outbreaks of African swine fever in wild porcine animals were observed in the Piedmont and Liguria regions of Italy in areas currently included in the infected zone established by Italy following the first outbreak in January 2022 in accordance with Article 63 of Delegated Regulation (EU) 2020/687.

(8) Those new outbreaks of African swine fever in wild porcine animals constitute an increased level of risk, which should be reflected in Annex I to Implementing Regulation (EU) 2021/605. Accordingly, those areas of Italy affected by those recent outbreaks of African swine fever, should now be listed as restricted zones I and II in that Annex.

(9) In March 2022, one outbreak of African swine fever in a wild porcine animal was observed in the Wielkopolskie region in Poland in an area currently listed as restricted zone I in Annex I to Implementing Regulation (EU) 2021/605. This new outbreak of African swine fever in a wild porcine animal constitutes an increased level of risk, which should be reflected in that Annex. Accordingly, this area of Poland currently listed as restricted zone I in that Annex, affected by this recent outbreak of African swine fever, should now be listed as restricted zone II in that Annex instead of as restricted zone I thereof and the current boundaries of restricted zone I also need to be redefined to take account of this recent outbreak.

(10) Following those recent outbreaks of African swine fever in wild porcine animals in Italy and Poland and taking into account the current epidemiological situation as regards African swine fever in the Union, zoning in these Member States has been reassessed and updated. In addition, the risk management measures in place have also been reassessed and updated. These changes should be reflected in Annex I to Implementing Regulation (EU) 2021/605.

(11) In addition, taking into account the effectiveness of the disease control measures for African swine fever for kept porcine animals in restricted zones III listed in Annex I to Implementing Regulation (EU) 2021/605 being applied in Bulgaria in accordance with Commission Delegated Regulation (EU) 2020/687, and in particular those laid down in Articles 22, 25 and 40 thereof, and in line with the risk mitigation measures for African swine fever set out in the OIE Code, certain zones in the Lovech, Gabrovo, Montana, Ruse, Shumen, Sliven, Targovishte, Vidin and Burgas regions in Bulgaria, currently listed as restricted zones III in Annex I to Implementing Regulation (EU) 2021/605 should now be listed as restricted zones II in that Annex, due to the absence of African swine fever outbreaks in kept porcine animals in those restricted zones III for the past twelve months. Those restricted zones III should now be listed as restricted zones II taking account of the current African swine fever epidemiological situation.

(12) In addition, taking into account the effectiveness of the disease control measures for African swine fever for kept porcine animals in restricted zones III listed in Annex I to Implementing Regulation (EU) 2021/605 being applied in Poland in accordance with Commission Delegated Regulation (EU) 2020/687, and in particular those laid down in Articles 22, 25 and 40 thereof, and in line with the risk mitigation measures for African swine fever set out in the OIE Code, certain zones in the Dolnośląskie, and Warmińsko – Mazurskie regions in Poland, currently listed as restricted zones III in Annex I to Implementing Regulation (EU) 2021/605 should now be listed as restricted zones II in that Annex, due to the absence of African swine fever outbreaks in kept porcine animals in those restricted zones III for the past twelve months. Those restricted zones III should now be listed as restricted zones II taking account of the current African swine fever epidemiological situation.

([6]) Commission Implementing Decision (EU) 2022/28 of 10 January 2022 concerning certain interim emergency measures relating to African swine fever in Italy (OJ L 6, 11.1.2022, p. 11).

([7]) Commission Implementing Decision (EU) 2022/62 of 14 January 2022 concerning certain emergency measures relating to African swine fever in Italy (OJ L 10, 17.1.2022, p. 84).

([8]) Commission Delegated Regulation (EU) 2020/687 of 17 December 2019 supplementing Regulation (EU) 2016/429 of the European Parliament and the Council, as regards rules for the prevention and control of certain listed diseases (OJ L 174, 3.6.2020, p. 64).

(13) In order to take account of the recent developments in the epidemiological situation of African swine fever in the Union, and in order to combat the risks associated with the spread of that disease in a proactive manner, new restricted zones of a sufficient size should be demarcated for Bulgaria, Italy and Poland and duly listed as restricted zones I and II in Annex I to Implementing Regulation (EU) 2021/605. As the situation as regards African swine fever is very dynamic in the Union, when demarcating those new restricted zones, account has been taken of the situation in the surrounding areas.

(14) Given the urgency of the epidemiological situation in the Union as regards the spread of African swine fever, it is important that the amendments to be made to Annex I to Implementing Regulation (EU) 2021/605 by this Implementing Regulation take effect as soon as possible.

(15) The measures provided for in this Regulation are in accordance with the opinion of the Standing Committee on Plants, Animals, Food and Feed,

HAS ADOPTED THIS REGULATION:

Article 1

Annex I to Implementing Regulation (EU) 2021/605 is replaced by the text set out in the Annex to this Regulation.

Article 2

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

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

Done at Brussels, 16 March 2022.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

Annex I to Implementing Regulation (EU) 2021/605 is replaced by the following:

'ANNEX I

RESTRICTED ZONES

PART I

1. **Germany**

The following restricted zones I in Germany:

Bundesland Brandenburg:

— Landkreis Dahme-Spreewald:

— Gemeinde Alt Zauche-Wußwerk,

— Gemeinde Byhleguhre-Byhlen,

— Gemeinde Märkische Heide, mit den Gemarkungen Alt Schadow, Neu Schadow, Pretschen, Plattkow, Wittmannsdorf, Schuhlen-Wiese, Bückchen, Kuschkow, Gröditsch, Groß Leuthen, Leibchel, Glietz, Groß Leine, Dollgen, Krugau, Dürrenhofe, Biebersdorf und Klein Leine,

— Gemeinde Neu Zauche,

— Gemeinde Schwielochsee mit den Gemarkungen Groß Liebitz, Guhlen, Mochow und Siegadel,

— Gemeinde Spreewaldheide,

— Gemeinde Straupitz,

— Landkreis Märkisch-Oderland:

— Gemeinde Müncheberg mit den Gemarkungen Müncheberg, Eggersdorf bei Müncheberg und Hoppegarten bei Müncheberg,

— Gemeinde Bliesdorf mit den Gemarkungen Kunersdorf - westlich der B167 und Bliesdorf - westlich der B167

— Gemeinde Märkische Höhe mit den Gemarkungen Reichenberg und Batzlow,

— Gemeinde Wriezen mit den Gemarkungen Haselberg, Frankenfelde, Schulzendorf, Lüdersdorf Biesdorf, Rathsdorf - westlich der B 167 und Wriezen - westlich der B167

— Gemeinde Buckow (Märkische Schweiz),

— Gemeinde Strausberg mit den Gemarkungen Hohenstein und Ruhlsdorf,

— Gemeine Garzau-Garzin,

— Gemeinde Waldsieversdorf,

— Gemeinde Rehfelde mit der Gemarkung Werder,

— Gemeinde Reichenow-Mögelin,

— Gemeinde Prötzel mit den Gemarkungen Harnekop, Sternebeck und Prötzel östlich der B 168 und der L35,

— Gemeinde Oberbarnim,

— Gemeinde Bad Freienwalde mit der Gemarkung Sonnenburg,

— Gemeinde Falkenberg mit den Gemarkungen Dannenberg, Falkenberg westlich der L 35, Gersdorf und Kruge,

— Gemeinde Höhenland mit den Gemarkungen Steinbeck, Wollenberg und Wölsickendorf,

— Landkreis Barnim:

— Gemeinde Joachimsthal östlich der L220 (Eberswalder Straße), östlich der L23 (Töpferstraße und Templiner Straße), östlich der L239 (Glambecker Straße) und Schorfheide (JO) östlich der L238,

— Gemeinde Friedrichswalde mit der Gemarkung Glambeck östlich der L 239,

- Gemeinde Althüttendorf,
- Gemeinde Ziethen mit den Gemarkungen Groß Ziethen und Klein Ziethen westlich der B198,
- Gemeinde Chorin mit den Gemarkungen Golzow, Senftenhütte, Buchholz, Schorfheide (Ch), Chorin westlich der L200 und Sandkrug nördlich der L200,
- Gemeinde Britz,
- Gemeinde Schorfheide mit den Gemarkungen Altenhof, Werbellin, Lichterfelde und Finowfurt,
- Gemeinde (Stadt) Eberswalde mit der Gemarkungen Finow und Spechthausen und der Gemarkung Eberswalde südlich der B167 und westlich der L200,
- Gemeinde Breydin,
- Gemeinde Melchow,
- Gemeinde Sydower Fließ mit der Gemarkung Grüntal nördlich der K6006 (Landstraße nach Tuchen), östlich der Schönholzer Straße und östlich Am Postweg,
- Hohenfinow südlich der B167,

— Landkreis Uckermark:

- Gemeinde Passow mit den Gemarkungen Briest, Passow und Schönow,
- Gemeinde Mark Landin mit den Gemarkungen Landin nördlich der B2, Grünow und Schönermark,
- Gemeinde Angermünde mit den Gemarkungen Frauenhagen, Mürow, Angermünde nördlich und nordwestlich der B2, Dobberzin nördlich der B2, Kerkow, Welsow, Bruchhagen, Greiffenberg, Günterberg, Biesenbrow, Görlsdorf, Wolletz und Altkünkendorf,
- Gemeinde Zichow,
- Gemeinde Casekow mit den Gemarkungen Blumberg, Wartin, Luckow-Petershagen und den Gemarkungen Biesendahlshof und Casekow westlich der L272 und nördlich der L27,
- Gemeinde Hohenselchow-Groß Pinnow mit der Gemarkung Hohenselchow nördlich der L27,
- Gemeinde Tantow,
- Gemeinde Mescherin
- Gemeinde Gartz (Oder) mit der Gemarkung Geesow sowie den Gemarkungen Gartz und Hohenreinkendorf nördlich der L27 und B2 bis Gartenstraße,
- Gemeinde Pinnow nördlich und westlich der B2,

— Landkreis Oder-Spree:

- Gemeinde Storkow (Mark),
- Gemeinde Spreenhagen mit den Gemarkungen Braunsdorf, Markgrafpieske, Lebbin und Spreenhagen,
- Gemeinde Grünheide (Mark) mit den Gemarkungen Kagel, Kienbaum und Hangelsberg,
- Gemeinde Fürstenwalde westlich der B 168 und nördlich der L 36,
- Gemeinde Rauen,
- Gemeinde Wendisch Rietz bis zur östlichen Uferzone des Scharmützelsees und von der südlichen Spitze des Scharmützelsees südlich der B246,
- Gemeinde Reichenwalde,
- Gemeinde Bad Saarow mit der Gemarkung Petersdorf und der Gemarkung Bad Saarow-Pieskow westlich der östlichen Uferzone des Scharmützelsees und ab nördlicher Spitze westlich der L35,
- Gemeinde Tauche mit der Gemarkung Werder,
- Gemeinde Steinhöfel mit den Gemarkungen Jänickendorf, Schönfelde, Beerfelde, Gölsdorf, Buchholz, Tempelberg und den Gemarkungen Steinhöfel, Hasenfelde und Heinersdorf westlich der L36 und der Gemarkung Neuendorf im Sande nördlich der L36,

— Landkreis Spree-Neiße:

  — Gemeinde Peitz,

  — Gemeinde Turnow-Preilack,

  — Gemeinde Drachhausen,

  — Gemeinde Schmogrow-Fehrow,

  — Gemeinde Drehnow,

  — Gemeinde Teichland mit den Gemarkungen Maust und Neuendorf,

  — Gemeinde Dissen-Striesow,

  — Gemeinde Briesen,

  — Gemeinde Spremberg mit den Gemarkungen, Pulsberg, Jessen, Terpe, Bühlow, Groß Buckow, Klein Buckow, Roitz und der westliche Teil der Gemarkung Spremberg, beginnend an der südwestlichen Ecke der Gemarkungsgrenze zu Graustein in nordwestlicher Richtung entlang eines Waldweges zur B 156, dieser weiter in westlicher Richtung folgend bis zur Bahnlinie, dieser folgend bis zur L 48, dann weiter in südwestlicher Richtung bis zum Straßenabzweig Am früheren Stadtbahngleis, dieser Straße folgend bis zur L 47, weiter der L 47 folgend in nordöstlicher Richtung bis zum Abzweig Hasenheide, entlang der Straße Hasenheide bis zum Abzweig Weskower Allee, der Weskower Allee Richtung Norden folgend bis zum Abzweig Liebigstraße, dieser folgend Richtung Norden bis zur Gemarkungsgrenze Spremberg/ Sellessen,

  — Gemeinde Neuhausen/Spree mit den Gemarkungen Kathlow, Haasow, Roggosen, Koppatz, Neuhausen, Frauendorf, Groß Oßnig, Groß Döbern und Klein Döbern und der Gemarkung Roggosen nördlich der BAB 15,

  — Gemeinde Welzow mit den Gemarkungen Proschim und Haidemühl,

— Landkreis Oberspreewald-Lausitz:

  — Gemeinde Hochenbocka,

  — Gemeinde Grünewald,

  — Gemeinde Hermsdorf,

  — Gemeinde Kroppen,

  — Gemeinde Ortrand,

  — Gemeinde Großkmehlen,

  — Gemeinde Lindenau,

  — Gemeinde Senftenberg mit den Gemarkungen Hosena, Großkoschen, Kleinkoschen und Sedlitz,

  — Gemeinde Neu-Seeland mit der Gemarkung Lieske,

  — Gemeinde Tettau,

  — Gemeinde Frauendorf,

  — Gemeinde Guteborn,

  — Gemeinde Ruhland,

— Landkreis Elbe-Elster:

  — Gemeinde Großthiemig,

  — Gemeinde Hirschfeld,

  — Gemeinde Gröden,

  — Gemeinde Schraden,

  — Gemeinde Merzdorf,

  — Gemeinde Röderland mit der Gemarkung Wainsdorf östlich der Bahnlinie Dresden- Berlin,

— Landkreis Prignitz:

  — Gemeinde Groß Pankow mit den Gemarkungen Baek, Tangendorf und Tacken,

  — Gemeinde Karstädt mit den Gemarkungen Groß Warnow, Klein Warnow, Reckenzin, Streesow, Garlin, Dallmin, Postlin, Kribbe, Neuhof, Strehlen und Blüthen,

— Gemeinde Pirow mit der Gemarkung Bresch,
— Gemeinde Gülitz-Reetz,
— Gemeinde Putlitz mit den Gemarkungen Lockstädt, Mansfeld und Laaske,
— Gemeinde Triglitz,
— Gemeinde Marienfließ mit der Gemarkung Frehne,
— Gemeinde Kümmernitztal mit der Gemarkungen Buckow, Preddöhl und Grabow,
— Gemeinde Gerdshagen mit der Gemarkung Gerdshagen,
— Gemeinde Meyenburg,
— Gemeinde Pritzwalk mit der Gemarkung Steffenshagen,

Bundesland Sachsen:

— Landkreis Bautzen
— Gemeinde Arnsdorf, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Burkau, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Crostwitz,
— Gemeinde Cunewalde,
— Gemeinde Demitz-Thumitz,
— Gemeinde Doberschau-Gaußig,
— Gemeinde Elsterheide,
— Gemeinde Göda,
— Gemeinde Großharthau, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Großpostwitz/O.L.,
— Gemeinde Hochkirch, sofern nicht bereits der Sperrzone II,
— Gemeinde Königswartha, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Kubschütz, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Lohsa, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Nebelschütz, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Neschwitz, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Neukirch/Lausitz,
— Gemeinde Obergurig,
— Gemeinde Oßling,
— Gemeinde Panschwitz-Kuckau, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Puschwitz,
— Gemeinde Räckelwitz,
— Gemeinde Radibor, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Ralbitz-Rosenthal,
— Gemeinde Rammenau, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Schmölln-Putzkau,
— Gemeinde Schwepnitz, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Sohland a. d. Spree,
— Gemeinde Spreetal, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Stadt Bautzen, sofern nicht bereits Teil der Sperrzone II,
— Gemeinde Stadt Bernsdorf,

- — Gemeinde Stadt Bischhofswerda, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Stadt Elstra, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Stadt Hoyerswerda, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Stadt Kamenz, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Stadt Lauta,
- — Gemeinde Stadt Radeberg, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Stadt Schirgiswalde-Kirschau,
- — Gemeinde Stadt Wilthen,
- — Gemeinde Stadt Wittichenau, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Steinigtwolmsdorf,

— Stadt Dresden:

- — Stadtgebiet, sofern nicht bereits Teil der Sperrzone II,

— Landkreis Meißen:

- — Gemeinde Diera-Zehren,
- — Gemeinde Glaubitz,
- — Gemeinde Hirschstein,
- — Gemeinde Käbschütztal,
- — Gemeinde Klipphausen, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Niederau, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Nünchritz,
- — Gemeinde Priestewitz, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Röderaue, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Stadt Gröditz,
- — Gemeinde Stadt Großenhain, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Stadt Lommatzsch,
- — Gemeinde Stadt Meißen, sofern nicht bereits Teil der Sperrzone II,
- — Gemeinde Stadt Nossen außer Ortsteil Nossen,
- — Gemeinde Stadt Riesa,
- — Gemeinde Stadt Strehla,
- — Gemeinde Stauchitz,
- — Gemeinde Wülknitz,
- — Gemeinde Zeithain,

— Landkreis Sächsische Schweiz-Osterzgebirge:

- — Gemeinde Bannewitz,
- — Gemeinde Dürröhrsdorf-Dittersbach,
- — Gemeinde Kreischa,
- — Gemeinde Lohmen,
- — Gemeinde Müglitztal,
- — Gemeinde Stadt Dohna,
- — Gemeinde Stadt Freital,
- — Gemeinde Stadt Heidenau,
- — Gemeinde Stadt Hohnstein,
- — Gemeinde Stadt Neustadt i. Sa.,

— Gemeinde Stadt Pirna,

— Gemeinde Stadt Rabenau mit den Ortsteilen Lübau, Obernaundorf, Oelsa, Rabenau und Spechtritz,

— Gemeinde Stadt Stolpen,

— Gemeinde Stadt Tharandt mit den Ortsteilen Fördergersdorf, Großopitz, Kurort Hartha, Pohrsdorf und Spechtshausen,

— Gemeinde Stadt Wilsdruff,

Bundesland Mecklenburg-Vorpommern:

— Landkreis Vorpommern Greifswald

— Gemeinde Penkun südlich der Autobahn A11,

— Gemeinde Nadrense südlich der Autobahn A11,

— Landkreis Ludwigslust-Parchim:

— Gemeinde Balow mit dem Ortsteil: Balow

— Gemeinde Barkhagen mit den Ortsteilen und Ortslagen: Altenlinden, Kolonie Lalchow, Plauerhagen, Zarchlin, Barkow-Ausbau, Barkow

— Gemeinde Blievenstorf mit dem Ortsteil: Blievenstorf

— Gemeinde Brenz mit den Ortsteilen und Ortslagen: Neu Brenz, Alt Brenz

— Gemeinde Domsühl mit den Ortsteilen und Ortslagen: Severin, Bergrade Hof, Bergrade Dorf, Zieslübbe, Alt Dammerow, Schlieven, Domsühl, Domsühl-Ausbau, Neu Schlieven

— Gemeinde Gallin-Kuppentin mit den Ortsteilen und Ortslagen: Kuppentin, Kuppentin-Ausbau, Daschow, Zahren, Gallin, Penzlin

— Gemeinde Ganzlin mit den Ortsteilen und Ortslagen: Dresenow, Dresenower Mühle, Twietfort, Ganzlin, Tönchow, Wendisch Priborn, Liebhof, Gnevsdorf

— Gemeinde Granzin mit den Ortsteilen und Ortslagen: Lindenbeck, Greven, Beckendorf, Bahlenrade, Granzin

— Gemeinde Grabow mit den Ortsteilen und Ortslagen: Böschungsbereich und angrenzende Ackerfläche an der Alten Elde (angrenzend an die Gemeinden Prislich und Zierzow)

— Gemeinde Groß Laasch mit den Ortsteilen und Ortslagen: Waldgebiet zwischen der Ortslage Groß Laasch und der Elde

— Gemeinde Kremmin mit den Ortsteilen und Ortslagen: Wiesen- und Ackerflächen zwischen K52, B5 und Bahnlinie Hamburg-Berlin

— Gemeinde Kritzow mit den Ortsteilen und Ortslagen:

— Schlemmin, Kritzow

— Gemeinde Lewitzrand mit dem Ortsteil und Ortslage:

— Matzlow-Garwitz (teilweise)

— Gemeinde Lübz mit den Ortsteilen und Ortslagen: Broock, Wessentin, Wessentin Ausbau, Bobzin, Lübz, Broock Ausbau, Riederfelde, Ruthen, Lutheran, Gischow, Burow, Hof Gischow, Ausbau Lutheran, Meyerberg

— Gemeinde Muchow mit dem Ortsteil und Ortslage: Muchow

— Gemeinde Neustadt-Glewe mit den Ortsteilen und Ortslagen: Flugplatz mit angrenzendem Waldgebiet entlang der K38 und B191 bis zur A24, Wabel

— Gemeinde Obere Warnow mit den Ortsteilen und Ortslagen: Grebbin und Wozinkel, Gemarkung Kossebade teilweise, Gemarkung Herzfeld mit dem Waldgebiet Bahlenholz bis an die östliche Gemeindegrenze, Gemarkung Woeten unmittelbar östlich und westlich der L16

— Gemeinde Parchim mit den Ortsteilen und Ortslagen: Dargelütz, Neuhof, Kiekindemark, Neu Klockow, Möderitz, Malchow, Damm, Parchim, Voigtsdorf, Neu Matzlow

— Gemeinde Passow mit den Ortsteilen und Ortslagen: Unterbrüz, Brüz, Welzin, Neu Brüz, Weisin, Charlottenhof, Passow

— Gemeinde Plau am See mit den Ortsteilen und Ortslagen: Reppentin, Gaarz, Silbermühle, Appelburg, Seelust, Plau-Am See, Plötzenhöhe, Klebe, Lalchow, Quetzin, Heidekrug

— Gemeinde Prislich mit den Ortsteilen und Ortslagen: Neese, Werle, Prislich, Marienhof

— Gemeinde Rom mit den Ortsteilen und Ortslagen: Lancken, Stralendorf, Rom, Darze, Paarsch

— Gemeinde Spornitz mit den Ortsteilen und Ortslagen: Dütschow, Primark, Steinbeck, Spornitz

— Gemeinde Stolpe mit den Ortsteilen und Ortslagen: Granzin, Barkow, Stolpe Ausbau, Stolpe

— Gemeinde Werder mit den Ortsteilen und Ortslagen: Neu Benthen, Benthen, Tannenhof, Werder

— Gemeinde Zierzow mit den Ortsteilen und Ortslagen: Kolbow, Zierzow.

2. **Estonia**

The following restricted zones I in Estonia:

— Hiiu maakond.

3. **Greece**

The following restricted zones I in Greece:

— in the regional unit of Drama:

— the community departments of Sidironero and Skaloti and the municipal departments of Livadero and Ksiropotamo (in Drama municipality),

— the municipal department of Paranesti (in Paranesti municipality),

— the municipal departments of Kokkinogeia, Mikropoli, Panorama, Pyrgoi (in Prosotsani municipality),

— the municipal departments of Kato Nevrokopi, Chrysokefalo, Achladea, Vathytopos, Volakas, Granitis, Dasotos, Eksohi, Katafyto, Lefkogeia, Mikrokleisoura, Mikromilea, Ochyro, Pagoneri, Perithorio, Kato Vrontou and Potamoi (in Kato Nevrokopi municipality),

— in the regional unit of Xanthi:

— the municipal departments of Kimmerion, Stavroupoli, Gerakas, Dafnonas, Komnina, Kariofyto and Neochori (in Xanthi municipality),

— the community departments of Satres, Thermes, Kotyli, and the municipal departments of Myki, Echinos and Oraio and (in Myki municipality),

— the community department of Selero and the municipal department of Sounio (in Avdira municipality),

— in the regional unit of Rodopi:

— the municipal departments of Komotini, Anthochorio, Gratini, Thrylorio, Kalhas, Karydia, Kikidio, Kosmio, Pandrosos, Aigeiros, Kallisti, Meleti, Neo Sidirochori and Mega Doukato (in Komotini municipality),

— the municipal departments of Ipio, Arriana, Darmeni, Archontika, Fillyra, Ano Drosini, Aratos and the Community Departments Kehros and Organi (in Arriana municipality),

— the municipal departments of Iasmos, Sostis, Asomatoi, Polyanthos and Amvrosia and the community department of Amaxades (in Iasmos municipality),

— the municipal department of Amaranta (in Maroneia Sapon municipality),

— in the regional unit of Evros:

— the municipal departments of Kyriaki, Mandra, Mavrokklisi, Mikro Dereio, Protokklisi, Roussa, Goniko, Geriko, Sidirochori, Megalo Derio, Sidiro, Giannouli, Agriani and Petrolofos (in Soufli municipality),

— the municipal departments of Dikaia, Arzos, Elaia, Therapio, Komara, Marasia, Ormenio, Pentalofos, Petrota, Plati, Ptelea, Kyprinos, Zoni, Fulakio, Spilaio, Nea Vyssa, Kavili, Kastanies, Rizia, Sterna, Ampelakia, Valtos, Megali Doxipara, Neochori and Chandras (in Orestiada municipality),

— the municipal departments of Asvestades, Ellinochori, Karoti, Koufovouno, Kiani, Mani, Sitochori, Alepochori, Asproneri, Metaxades, Vrysika, Doksa, Elafoxori, Ladi, Paliouri and Poimeniko (in Didymoteixo municipality),

— in the regional unit of Serres:

— the municipal departments of Kerkini, Livadia, Makrynitsa, Neochori, Platanakia, Petritsi, Akritochori, Vyroneia, Gonimo, Mandraki, Megalochori, Rodopoli, Ano Poroia, Katw Poroia, Sidirokastro, Vamvakophyto, Promahonas, Kamaroto, Strymonochori, Charopo, Kastanousi and Chortero and the community departments of Achladochori, Agkistro and Kapnophyto (in Sintiki municipality),

— the municipal departments of Serres, Elaionas and Oinoussa and the community departments of Orini and Ano Vrontou (in Serres municipality),

— the municipal departments of Dasochoriou, Irakleia, Valtero, Karperi, Koimisi, Lithotopos, Limnochori, Podismeno and Chrysochorafa (in Irakleia municipality).

4. **Latvia**

The following restricted zones I in Latvia:

— Dienvidkurzemes novada Vērgales, Medzes, Grobiņas, Nīcas pagasta daļa uz ziemeļiem no apdzīvotas vietas Bernāti, autoceļa V1232, A11, V1222, Bārtas upes, Otaņķu pagasts, Grobiņas pilsēta,

— Ropažu novada Stopiņu pagasta daļa, kas atrodas uz rietumiem no autoceļa V36, P4 un P5, Acones ielas, Dauguļupes ielas un Dauguļupītes.

5. **Lithuania**

The following restricted zones I in Lithuania:

— Kalvarijos savivaldybė,

— Klaipėdos rajono savivaldybė: Agluonėnų, Dovilų, Gargždų, Priekulės, Vėžaičių, Kretingalės ir Dauparų-Kvietinių seniūnijos,

— Marijampolės savivaldybė,

— Palangos miesto savivaldybė,

— Vilkaviškio rajono savivaldybė.

6. **Hungary**

The following restricted zones I in Hungary:

— Békés megye 950950, 950960, 950970, 951950, 952050, 952750, 952850, 952950, 953050, 953150, 953650, 953660, 953750, 953850, 953960, 954250, 954260, 954350, 954450, 954550, 954650, 954750, 954850, 954860, 954950, 955050, 955150, 955250, 955260, 955270, 955350, 955450, 955510, 955650, 955750, 955760, 955850, 955950, 956050, 956060, 956150 és 956160 kódszámú vadgazdálkodási egységeinek teljes területe,

— Bács-Kiskun megye 600150, 600850, 601550, 601650, 601660, 601750, 601850, 601950, 602050, 603250, 603750 és 603850 kódszámú vadgazdálkodási egységeinek teljes területe,

— Budapest 1 kódszámú, vadgazdálkodási tevékenységre nem alkalmas területe,

— Csongrád-Csanád megye 800150, 800160, 800250, 802220, 802260, 802310 és 802450 kódszámú vadgazdálkodási egységeinek teljes területe,

— Fejér megye 400150, 400250, 400351, 400352, 400450, 400550, 401150, 401250, 401350, 402050, 402350, 402360, 402850, 402950, 403050, 403450, 403550, 403650, 403750, 403950, 403960, 403970, 404650, 404750, 404850, 404950, 404960, 405050, 405750, 405850, 405950,

— 406050, 406150, 406550, 406650 és 406750 kódszámú vadgazdálkodási egységeinek teljes területe,

— Győr-Moson-Sopron megye 100550, 100650, 100950, 101050, 101350, 101450, 101550, 101560 és 102150 kódszámú vadgazdálkodási egységeinek teljes területe,

— Jász-Nagykun-Szolnok megye 750150, 750160, 750260, 750350, 750450, 750460, 754450, 754550, 754560, 754570, 754650, 754750, 754950, 755050, 755150, 755250, 755350 és 755450 kódszámú vadgazdálkodási egységeinek teljes területe,

— Komárom-Esztergom megye 250150, 250250, 250450, 250460, 250550, 250650, 250750, 251050, 251150, 251250, 251350, 251360, 251650, 251750, 251850, 252250, kódszámú vadgazdálkodási egységeinek teljes területe,

— Pest megye 571550, 572150, 572250, 572350, 572550, 572650, 572750, 572850, 572950, 573150, 573250, 573260, 573350, 573360, 573450, 573850, 573950, 573960, 574050, 574150, 574350, 574360, 574550, 574650, 574750, 574850, 574860, 574950, 575050, 575150, 575250, 575350, 575550, 575650, 575750, 575850, 575950, 576050, 576150, 576250, 576350, 576450, 576650, 576750, 576850, 576950, 577050, 577150, 577350, 577450, 577650, 577850, 577950, 578050, 578150, 578250, 578350, 578360, 578450, 578550, 578560, 578650, 578850, 578950, 579050, 579150, 579250, 579350, 579450, 579460, 579550, 579650, 579750, 580250 és 580450 kódszámú vadgazdálkodási egységeinek teljes területe.

7. **Poland**

The following restricted zones I in Poland:

w województwie kujawsko - pomorskim:

— powiat rypiński,

— powiat brodnicki,

— powiat grudziądzki,

— powiat miejski Grudziądz,

— powiat wąbrzeski,

w województwie warmińsko-mazurskim:

— gminy Wielbark i Rozogi w powiecie szczycieńskim,

w województwie podlaskim:

— gminy Wysokie Mazowieckie z miastem Wysokie Mazowieckie, Czyżew i część gminy Kulesze Kościelne położona na południe od linii wyznaczonej przez linię kolejową w powiecie wysokomazowieckim,

— gminy Miastkowo, Nowogród, Śniadowo i Zbójna w powiecie łomżyńskim,

— gminy Szumowo, Zambrów z miastem Zambrów i część gminy Kołaki Kościelne położona na południe od linii wyznaczonej przez linię kolejową w powiecie zambrowskim,

— gminy Grabowo, Kolno i miasto Kolno, Turośl w powiecie kolneńskim,

w województwie mazowieckim:

— powiat ostrołęcki,

— powiat miejski Ostrołęka,

— gminy Bielsk, Brudzeń Duży, Bulkowo, Drobin, Gąbin, Łąck, Nowy Duninów, Radzanowo, Słupno, Staroźreby i Stara Biała w powiecie płockim,

— powiat miejski Płock,

— powiat ciechanowski,

— gminy Baboszewo, Dzierzążnia, Joniec, Nowe Miasto, Płońsk i miasto Płońsk, Raciąż i miasto Raciąż, Sochocin w powiecie płońskim,

— powiat sierpecki,

— gmina Bieżuń, Lutocin, Siemiątkowo i Żuromin w powiecie żuromińskim,

— część powiatu ostrowskiego niewymieniona w części II załącznika I,

— gminy Dzieżgowo, Lipowiec Kościelny, Mława, Radzanów, Strzegowo, Stupsk, Szreńsk, Szydłowo, Wiśniewo w powiecie mławskim,

— powiat przasnyski,

— powiat makowski,

— powiat pułtuski,

— część powiatu wyszkowskiego niewymieniona w części II załącznika I,

— część powiatu węgrowskiego niewymieniona w części II załącznika I,

— część powiatu wołomińskiego niewymieniona w części II załącznika I,

— gminy Mokobody i Suchożebry w powiecie siedleckim,

— gminy Dobre, Jakubów, Kałuszyn, Stanisławów w powiecie mińskim,

— gminy Bielany i gmina wiejska Sokołów Podlaski w powiecie sokołowskim,

— powiat gostyniński,

w województwie podkarpackim:

— powiat jasielski,

— powiat strzyżowski,

— część powiatu ropczycko – sędziszowskiego niewymieniona w części II i II załącznika I,

— gminy Pruchnik, Rokietnica, Roźwienica, w powiecie jarosławskim,

— gminy Fredropol, Krasiczyn, Krzywcza, Przemyśl, część gminy Orły położona na zachód od linii wyznaczonej przez drogę nr 77, część gminy Żurawica na zachód od linii wyznaczonej przez drogę nr 77 w powiecie przemyskim,

— powiat miejski Przemyśl,

— gminy Gać, Jawornik Polski, Kańczuga, część gminy Zarzecze położona na południe od linii wyznaczonej przez rzekę Mleczka w powiecie przeworskim,

— powiat łańcucki,

— gminy Trzebownisko, Głogów Małopolski, część gminy Świlcza położona na północ od linii wyznaczonej przez drogę nr 94 i część gminy Sokołów Małopolski położona na południe od linii wyznaczonej przez drogę nr 875 w powiecie rzeszowskim,

— gmina Raniżów w powiecie kolbuszowskim,

— gminy Brzostek, Jodłowa, miasto Dębica, część gminy wiejskiej Dębica położona na południe od linii wyznaczonej przez drogę nr A4 w powiecie dębickim,

w województwie świętokrzyskim:

— gminy Nowy Korczyn, Solec–Zdrój, Wiślica, część gminy Busko Zdrój położona na południe od linii wyznaczonej przez drogę łączącą miejscowości Siedlawy-Szaniec-Podgaje-Kołaczkowice w powiecie buskim,

— powiat kazimierski,

— powiat skarżyski,

— część powiatu opatowskiego niewymieniona w części II załącznika I,

— część powiatu sandomierskiego niewymieniona w części II załącznika I,

— gminy Bogoria, Osiek, Staszów i część gminy Rytwiany położona na wschód od linii wyznaczonej przez drogę nr 764, część gminy Szydłów położona na wschód od linii wyznaczonej przez drogę nr 756 w powiecie staszowskim,

— gminy Pawłów, Wąchock, część gminy Brody położona na zachód od linii wyznaczonej przez drogę nr 9 oraz na południowy - zachód od linii wyznaczonej przez drogi: nr 0618T biegnącą od północnej granicy gminy do skrzyżowania w miejscowości Lipie, drogę biegnącą od miejscowości Lipie do wschodniej granicy gminy i część gminy Mirzec położona na zachód od linii wyznaczonej przez drogę nr 744 biegnącą od południowej granicy gminy do miejscowości Tychów Stary a następnie przez drogę nr 0566T biegnącą od miejscowości Tychów Stary w kierunku północno - wschodnim do granicy gminy w powiecie starachowickim,

— powiat ostrowiecki,

— gminy Fałków, Ruda Maleniecka, Radoszyce, Smyków, część gminy Końskie położona na zachód od linii kolejowej, część gminy Stąporków położona na południe od linii kolejowej w powiecie koneckim,

— gminy Bodzentyn, Bieliny, Łagów, Nowa Słupia, część gminy Raków położona na wschód od linii wyznaczonej przez drogi nr 756 i 764, w powiecie kieleckim,

— gminy Działoszyce, Michałów, Pińczów, Złota w powiecie pińczowskim,

— gminy Imielno, Jędrzejów, Nagłowice, Sędziszów, Słupia, Wodzisław w powiecie jędrzejowskim,

— gminy Moskorzew, Radków, Secemin w powiecie włoszczowskim,

w województwie łódzkim:

— gminy Łyszkowice, Kocierzew Południowy, Kiernozia, Chąśno, Nieborów, część gminy wiejskiej Łowicz położona na północ od linii wyznaczonej przez drogę nr 92 biegnącej od granicy miasta Łowicz do zachodniej granicy gminy oraz część gminy wiejskiej Łowicz położona na wschód od granicy miasta Łowicz i na północ od granicy gminy Nieborów w powiecie łowickim,

— gminy Cielądz, Rawa Mazowiecka z miastem Rawa Mazowiecka w powiecie rawskim,

— gminy Bolimów, Głuchów, Godzianów, Lipce Reymontowskie, Maków, Nowy Kawęczyn, Skierniewice, Słupia w powiecie skierniewickim,

— powiat miejski Skierniewice,

— gminy Mniszków, Paradyż, Sławno i Żarnów w powiecie opoczyńskim,

— powiat tomaszowski,

— powiat brzeziński,

— powiat łaski,

— powiat miejski Łódź,

— powat łódzki wschodni,

— powiat pabianicki,

— powiat wieruszowski,

— gminy Aleksandrów Łódzki, Stryków, miasto Zgierz w powiecie zgierskim,

— gminy Bełchatów z miastem Bełchatów, Drużbice, Kluki, Rusiec, Szczerców, Zelów w powiecie bełchatowskim,

— powiat wieluński,

— powiat sieradzki,

— powiat zduńskowolski,

— gminy Aleksandrów, Czarnocin, Grabica, Moszczenica, Ręczno, Sulejów, Wola Krzysztoporska, Wolbórz w powiecie piotrkowskim,

— powiat miejski Piotrków Trybunalski,

— gminy Masłowice, Przedbórz, Wielgomłyny i Żytno w powiecie radomszczańskim,

w województwie śląskim:

— gmina Koniecpol w powiecie częstochowskim,

w województwie pomorskim:

— gminy Ostaszewo, miasto Krynica Morska oraz część gminy Nowy Dwór Gdański położona na południowy - zachód od linii wyznaczonej przez drogę nr 55 biegnącą od południowej granicy gminy do skrzyżowania z drogą nr 7, następnie przez drogę nr 7 i S7 biegnącą do zachodniej granicy gminy w powiecie nowodworskim,

— gminy Lichnowy, Miłoradz, Nowy Staw, Malbork z miastem Malbork w powiecie malborskim,

— gminy Mikołajki Pomorskie, Stary Targ i Sztum w powiecie sztumskim,

— powiat gdański,

— Miasto Gdańsk,

— powiat tczewski,

— powiat kwidzyński,

w województwie lubuskim:

— gmina Lubiszyn w powiecie gorzowskim,

— gmina Dobiegniew w powiecie strzelecko – drezdeneckim,

w województwie dolnośląskim:

— gminyDziadowa Kłoda, Międzybórz, Syców, Twardogóra, część gminy wiejskiej Oleśnica położona na północ od linii wyznaczonej przez drogę nr S8, część gminy Dobroszyce położona na wschód od linii wyznaczonej przez linię kolejową biegnącą od północnej do południowej granicy gminy w powiecie oleśnickim,

— gminy Jordanów Śląski, Kobierzyce, Mietków, Sobótka, część gminy Żórawina położona na zachód od linii wyznaczonej przez autostradę A4, część gminy Kąty Wrocławskie położona na południe od linii wyznaczonej przez autostradę A4 w powiecie wrocławskim,

— część gminy Domaniów położona na południowy zachód od linii wyznaczonej przez autostradę A4 w powiecie oławskim,

— gmina Wiązów w powiecie strzelińskim,

— część powiatu średzkiego niewymieniona w części II załącznika I,

— miasto Świeradów Zdrój w powiecie lubańskim,

— gmina Krotoszyce w powiecie legnickim,

— gminy Pielgrzymka, Świerzawa, Złotoryja z miastem Złotoryja, miasto Wojcieszów w powiecie złotoryjskim,

— powiat lwówecki,

— gminy Jawor, Męcinka, Mściwojów, Paszowice w powiecie jaworskim,

— gminy Dobromierz, Strzegom, Żarów w powiecie świdnickim,

w województwie wielkopolskim:

— gminy Koźmin Wielkopolski, Rozdrażew, miasto Sulmierzyce, część gminy Krotoszyn położona na wschód od linii wyznaczonej przez drogi: nr 15 biegnącą od północnej granicy gminy do skrzyżowania z drogą nr 36, nr 36 biegnącą od skrzyżowania z drogą nr 15 do skrzyżowana z drogą nr 444, nr 444 biegnącą od skrzyżowania z drogą nr 36 do południowej granicy gminy w powiecie krotoszyńskim,

— gminy Brodnica, Dolsk, Śrem w powiecie śremskim,

— gminy Borek Wielkopolski, Piaski, Pogorzela, w powiecie gostyńskim,

— gminy Granowo, Grodzisk Wielkopolski i część gminy Kamieniec położona na wschód od linii wyznaczonej przez drogę nr 308 w powiecie grodziskim,

— gminy Czempiń, Kościan i miasto Kościan w powiecie kościańskim,

— gminy Buk, Dopiewo, Komorniki, Kleszczewo, Kostrzyn, Kórnik, Tarnowo Podgórne, Stęszew, Pobiedziska, Mosina, miasto Luboń, miasto Puszczykowo, część gminy Rokietnica położona na południowy zachód od linii kolejowej biegnącej od północnej granicy gminy w miejscowości Krzyszkowo do południowej granicy gminy w miejscowości Kiekrz oraz część gminy wiejskiej Murowana Goślina położona na południe od linii kolejowej biegnącej od północnej granicy miasta Murowana Goślina do północno-wschodniej granicy gminy w powiecie poznańskim,

— gmina Kiszkowo i część gminy Kłecko położona na zachód od rzeki Mała Wełna w powiecie gnieźnieńskim,

— powiat czarnkowsko-trzcianecki,

— gmina Kaźmierz, część gminy Duszniki położona na południowy – wschód od linii wyznaczonej przez drogę nr 306 biegnącą od północnej granicy gminy do miejscowości Duszniki, a następnie na południe od linii wyznaczonej przez ul. Niewierską oraz drogę biegnącą przez miejscowość Niewierz do zachodniej granicy gminy, część gminy Ostroróg położona na wschód od linii wyznaczonej przez drogę nr 186 i 184 biegnące od granicy gminy do miejscowości Ostroróg, a następnie od miejscowości Ostroróg przez miejscowości Piaskowo – Rudki do południowej granicy gminy, część gminy Wronki położona na północ od linii wyznaczonej przez rzekę Wartę biegnącą od zachodniej granicy gminy do przecięcia z droga nr 182, a następnie na wschód od linii wyznaczonej przez drogi nr 182 oraz 184 biegnącą od skrzyżowania z drogą nr 182 do południowej granicy gminy, miasto Szamotuły i część gminy Szamotuły położona na wschód od linii wyznaczonej przez drogę nr 306 i drogę łączącą miejscowości Lipnica - Ostroróg do linii wyznaczonej przez wschodnią granicę miasta Szamotuły i na południe od linii kolejowej biegnącej od południowej granicy miasta Szamotuły, do południowo-wschodniej granicy gminy oraz

część gminy Obrzycko położona na zachód od drogi nr 185 łączącej miejscowości Gaj Mały, Słopanowo i Obrzycko do północnej granicy miasta Obrzycko, a następnie na zachód od drogi przebiegającej przez miejscowość Chraplewo w powiecie szamotulskim,

— gmina Budzyń w powiecie chodzieskim,

— gminy Mieścisko, Skoki i Wągrowiec z miastem Wągrowiec w powiecie wągrowieckim,

— powiat pleszewski,

— gmina Zagórów w powiecie słupeckim,

— gmina Pyzdry w powiecie wrzesińskim,

— gminy Kotlin, Żerków i część gminy Jarocin położona na wschód od linii wyznaczonej przez drogi nr S11 i 15 w powiecie jarocińskim,

— powiat ostrowski,

— powiat miejski Kalisz,

— gminy Blizanów, Brzeziny, Żelazków, Godziesze Wielkie, Koźminek, Lisków, Opatówek, Szczytniki, część gminy Stawiszyn położona na zachód od linii wyznaczonej przez drogę nr 25 biegnącą od północnej granicy gminy do miejscowości Zbiersk, a następnie na zachód od linii wyznaczonej przez drogę łączącą miejscowości Zbiersk – Łyczyn – Petryki biegnącą od skrzyżowania z drogą nr 25 do południowej granicy gminy, część gminy Ceków-Kolonia położona na południe od linii wyznaczonej przez drogę łączącą miejscowości Młynisko – Morawin - Janków w powiecie kaliskim,

— gminy Brudzew, Dobra, Kawęczyn, Przykona, Władysławów, Turek z miastem Turek część gminy Tuliszków położona na północ od linii wyznaczonej przez drogę nr 72 biegnącej od wschodniej granicy gminy do miasta Turek a następnie na północ od linii wyznaczonej przez drogę nr 443 biegnącej od skrzyżowania z drogą nr 72 w mieście Turek do zachodniej granicy gminy w powiecie tureckim,

— gminy Rzgów, Grodziec, Krzymów, Stare Miasto, część gminy Rychwał położona na zachód od linii wyznaczonej przez drogę nr 25 biegnącą od południowej granicy gminy do miejscowości Rychwał, a następnie na północ od linii wyznaczonej przez drogę nr 443 biegnącą od skrzyżowania z drogą nr 25 w miejscowości Rychwał do wschodniej granicy gminy w powiecie konińskim,

— powiat kępiński,

— powiat ostrzeszowski,

w województwie opolskim:

— gminy Domaszowice, Pokój, część gminy Namysłów położona na północ od linii wyznaczonej przez linię kolejową biegnącą od wschodniej do zachodniej granicy gminy w powiecie namysłowskim,

— gminy Wołczyn, Kluczbork, Byczyna w powiecie kluczborskim,

— gminy Praszka, Gorzów Śląski część gminy Rudniki położona na północ od linii wyznaczonej przez drogę nr 42 biegnącą od zachodniej granicy gminy do skrzyżowania z drogą nr 43 i na zachód od linii wyznaczonej przez drogę nr 43 biegnącą od północnej granicy gminy do skrzyżowania z drogą nr 42 w powiecie oleskim,

— gmina Grodkówww powiecie brzeskim,

— gminy Komprachcice, Łubniany, Murów, Niemodlin, Tułowice w powiecie opolskim,

— powiat miejski Opole,

w województwie zachodniopomorskim:

— gminy Nowogródek Pomorski, Barlinek, Myślibórz, część gminy Dębno położona na wschód od linii wyznaczonej przez drogę nr 126 biegnącą od zachodniej granicy gminy do skrzyżowania z drogą nr 23 w miejscowości Dębno, następnie na wschód od linii wyznaczonej przez drogę nr 23 do skrzyżowania z ul. Jana Pawła II w miejscowości Cychry, następnie na północ od ul. Jana Pawła II do skrzyżowania z ul. Ogrodową i dalej na północ od linii wyznaczonej przez ul. Ogrodową, której przedłużenie biegnie do wschodniej granicy gminy w powiecie myśliborskim,

— gmina Stare Czarnowo w powiecie gryfińskim,

— gmina Bielice, Kozielice, Pyrzyce w powiecie pyrzyckim,

— gminy Bierzwnik, Krzęcin, Pełczyce w powiecie choszczeńskim,

— część powiatu miejskiego Szczecin położona na zachód od linii wyznaczonej przez rzekę Odra Zachodnia biegnącą od północnej granicy gminy do przecięcia z drogą nr 10, następnie na południe od linii wyznaczonej przez drogę nr 10 biegnącą od przecięcia z linią wyznaczoną przez rzekę Odra Zachodnia do wschodniej granicy gminy,

— gminy Dobra (Szczecińska), Kołbaskowo, Police w powiecie polickim,

w województwie małopolskim:

— powiat brzeski,

— powiat gorlicki,

— powiat proszowicki,

— powiat nowosądecki,

— powiat miejski Nowy Sącz,

— część powiatu dąbrowskiego niewymieniona w części III załącznika I,

— część powiatu tarnowskiego niewymieniona w części III załącznika I.

8. **Slovakia**

The following restricted zones I in Slovakia:

— in the district of Nové Zámky: Mužla, Obid, Štúrovo, Nána, Kamenica nad Hronom, Chľaba, Leľa, Bajtava, Salka, Malé Kosihy, Kolta, Jasová, Dubník, Rúbaň, Strekov,

— in the district of Komárno: Bátorové Kosihy, Búč, Kravany nad Dunajom,

— in the district of Veľký Krtíš, the municipalities of Ipeľské Predmostie, Veľká nad Ipľom, Hrušov, Kleňany, Sečianky,

— in the district of Levice, the municipalities of Ipeľské Úľany, Plášťovce, Dolné Túrovce, Stredné Túrovce, Šahy, Tešmak, Pastovce, Zalaba, Malé Ludince, Hronovce, Nýrovce, Želiezovce, Málaš, Čaka,

— the whole district of Krupina, except municipalities included in part II,

— the whole district of Banska Bystrica, except municipalities included in part II,

— in the district of Liptovsky Mikulas – municipalities of Pribylina, Jamník, Svatý Štefan, Konská, Jakubovany, Liptovský Ondrej, Beňadiková, Vavrišovo, Liptovská Kokava, Liptovský Peter, Dovalovo, Hybe, Liptovský Hrádok, Liptovský Ján, Uhorská Ves, Podtureň, Závažná Poruba, Liptovský Mikuláš, Pavčina Lehota, Demänovská Dolina, Gôtovany, Galovany, Svätý Kríž, Lazisko, Dúbrava, Malatíny, Liptovské Vlachy, Liptovské Kľačany, Partizánska Ľupča, Kráľovská Ľubeľa, Zemianska Ľubeľa, Východná – a part of municipality north from the highway D1,

— in the district of Ružomberok, the municipalities of Liptovská Lužná, Liptovská Osada, Podsuchá, Ludrová, Štiavnička, Liptovská Štiavnica, Nižný Sliač, Liptovské Sliače,

— the whole district of Banska Stiavnica,

— the whole district of Žiar nad Hronom.

9. **Italy**

The following restricted zones I in Italy:

Piedmont Region:

— in the province of Alessandria, the municipalities of Casalnoceto, Oviglio, Tortona, Viguzzolo, Ponti, Frugarolo, Bergamasco, Castellar Guidobono, Berzano Di Tortona, Castelletto D'erro, Cerreto Grue, Carbonara Scrivia, Casasco, Carentino, Frascaro, Paderna, Montegioco, Spineto Scrivia, Villaromagnano, Pozzolo Formigaro, Momperone, Merana, Monleale, Terzo, Borgoratto Alessandrino, Casal Cermelli, Montemarzino, Bistagno, Castellazzo Bormida, Bosco Marengo, Spigno Monferrato, Castelspina, Denice, Volpeglino, Alice Bel Colle, Gamalero, Volpedo, Pozzol Groppo, Montechiaro D'acqui, Sarezzano,

— in the province of Asti, the municipalities of Olmo Gentile, Nizza Monferrato, Incisa Scapaccino, Roccaverano, Castel Boglione, Mombaruzzo, Maranzana, Castel Rocchero, Rocchetta Palafea, Castelletto Molina, Castelnuovo Belbo, Montabone, Quaranti, Mombaldone, Fontanile, Calamandrana, Bruno, Sessame, Monastero Bormida, Bubbio, Cassinasco, Serole,

Liguria Region:

— in the province of Genova, the Municipalities of Rovegno, Rapallo, Portofino, Cicagna, Avegno, Montebruno, Santa Margherita Ligure, Favale Di Malvaro, Recco, Camogli, Moconesi, Tribogna, Fascia, Uscio, Gorreto, Fontanigorda, Neirone, Rondanina, Lorsica, Propata,

— in the province of Savona, the municipalities of Cairo Montenotte, Quiliano, Dego, Altare, Piana Crixia, Mioglia, Giusvalla, Albissola Marina, Savona,

Emilia-Romagna Region:

— in the province of Piacenza, the municipalities of Ottone, Zerba,

Lombardia Region:

— in the province of Pavia, the municipalities of Rocca Susella, Montesegale, Menconico, Val Di Nizza, Bagnaria, Santa Margherita Di Staffora, Ponte Nizza, Brallo Di Pregola, Varzi, Godiasco, Cecima.

PART II

1. **Bulgaria**

The following restricted zones II in Bulgaria:

— the whole region of Haskovo,

— the whole region of Yambol,

— the whole region of Stara Zagora,

— the whole region of Pernik,

— the whole region of Kyustendil,

— the whole region of Plovdiv, excluding the areas in Part III,

— the whole region of Pazardzhik, excluding the areas in Part III,

— the whole region of Smolyan,

— the whole region of Dobrich,

— the whole region of Sofia city,

— the whole region of Sofia Province,

— the whole region of Blagoevgrad excluding the areas in Part III,

— the whole region of Razgrad,

— the whole region of Kardzhali,

— the whole region of Burgas,

— the whole region of Varna excluding the areas in Part III,

— the whole region of Silistra,

— the whole region of Ruse,

— the whole region of Veliko Tarnovo,

— the whole region of Pleven,

— the whole region of Targovishte,

— the whole region of Shumen,

— the whole region of Sliven,

— the whole region of Vidin,

— the whole region of Gabrovo,

— the whole region of Lovech,

— the whole region of Montana,

— the whole region of Vratza.

2. **Germany**

The following restricted zones II in Germany:

Bundesland Brandenburg:

— Landkreis Oder-Spree:

— Gemeinde Grunow-Dammendorf,

— Gemeinde Mixdorf

— Gemeinde Schlaubetal,

— Gemeinde Neuzelle,

— Gemeinde Neißemünde,

— Gemeinde Lawitz,

— Gemeinde Eisenhüttenstadt,

— Gemeinde Vogelsang,

— Gemeinde Ziltendorf,

— Gemeinde Wiesenau,

— Gemeinde Friedland,

— Gemeinde Siehdichum,

— Gemeinde Müllrose,

— Gemeinde Briesen,

— Gemeinde Jacobsdorf

— Gemeinde Groß Lindow,

— Gemeinde Brieskow-Finkenheerd,

— Gemeinde Ragow-Merz,

— Gemeinde Beeskow,

— Gemeinde Rietz-Neuendorf,

— Gemeinde Tauche mit den Gemarkungen Stremmen, Ranzig, Trebatsch, Sabrodt, Sawall, Mitweide, Lindenberg, Falkenberg (T), Görsdorf (B), Wulfersdorf, Giesensdorf, Briescht, Kossenblatt und Tauche,

— Gemeinde Langewahl,

— Gemeinde Berkenbrück,

— Gemeinde Steinhöfel mit den Gemarkungen Arensdorf und Demitz und den Gemarkungen Steinhöfel, Hasenfelde und Heinersdorf östlich der L 36 und der Gemarkung Neuendorf im Sande südlich der L36,

— Gemeinde Fürstenwalde östlich der B 168 und südlich der L36,

— Gemeinde Diensdorf-Radlow,

— Gemeinde Wendisch Rietz östlich des Scharmützelsees und nördlich der B 246,

— Gemeinde Bad Saarow mit der Gemarkung Neu Golm und der Gemarkung Bad Saarow-Pieskow östlich des Scharmützelsees und ab nördlicher Spitze östlich der L35,

— Landkreis Dahme-Spreewald:

— Gemeinde Jamlitz,

— Gemeinde Lieberose,

— Gemeinde Schwielochsee mit den Gemarkungen Goyatz, Jessern, Lamsfeld, Ressen, Speichrow und Zaue,

— Landkreis Spree-Neiße:

  — Gemeinde Schenkendöbern,

  — Gemeinde Guben,

  — Gemeinde Jänschwalde,

  — Gemeinde Tauer,

  — Gemeinde Teichland mit der Gemarkung Bärenbrück,

  — Gemeinde Heinersbrück,

  — Gemeinde Forst,

  — Gemeinde Groß Schacksdorf-Simmersdorf,

  — Gemeinde Neiße-Malxetal,

  — Gemeinde Jämlitz-Klein Düben,

  — Gemeinde Tschernitz,

  — Gemeinde Döbern,

  — Gemeinde Felixsee,

  — Gemeinde Wiesengrund,

  — Gemeinde Spremberg mit den Gemarkungen Groß Luja, Sellessen, Türkendorf, Graustein, Waldesdorf, Hornow, Schönheide, Liskau und der östliche Teil der Gemarkung Spremberg, beginnend an der südwestlichen Ecke der Gemarkungsgrenze zu Graustein in nordwestlicher Richtung entlang eines Waldweges zur B 156, dieser weiter in westlicher Richtung folgend bis zur Bahnlinie, dieser folgend bis zur L 48, dann weiter in südwestlicher Richtung bis zum Straßenabzweig Am früheren Stadtbahngleis, dieser Straße folgend bis zur L 47, weiter der L 47 folgend in nordöstlicher Richtung bis zum Abzweig Hasenheide, entlang der Straße Hasenheide bis zum Abzweig Weskower Allee, der Weskower Allee Richtung Norden folgend bis zum Abzweig Liebigstraße, dieser folgend Richtung Norden bis zur Gemarkungsgrenze Spremberg/ Sellessen,

  — Gemeinde Neuhausen/Spree mit den Gemarkungen Kahsel, Bagenz, Drieschnitz, Gablenz, Laubsdorf, Komptendorf und Sergen und der Gemarkung Roggosen südlich der BAB 15,

— Landkreis Märkisch-Oderland:

  — Gemeinde Bleyen-Genschmar,

  — Gemeinde Neuhardenberg,

  — Gemeinde Golzow,

  — Gemeinde Küstriner Vorland,

  — Gemeinde Alt Tucheband,

  — Gemeinde Reitwein,

  — Gemeinde Podelzig,

  — Gemeinde Gusow-Platkow,

  — Gemeinde Seelow,

  — Gemeinde Vierlinden,

  — Gemeinde Lindendorf,

  — Gemeinde Fichtenhöhe,

  — Gemeinde Lietzen,

  — Gemeinde Falkenhagen (Mark),

  — Gemeinde Zeschdorf,

  — Gemeinde Treplin,

  — Gemeinde Lebus,

— Gemeinde Müncheberg mit den Gemarkungen Jahnsfelde, Trebnitz, Obersdorf, Münchehofe und Hermersdorf,

— Gemeinde Märkische Höhe mit der Gemarkung Ringenwalde,

— Gemeinde Bliesdorf mit der Gemarkung Metzdorf und Gemeinde Bliesdorf – östlich der B167 bis östlicher Teil, begrenzt aus Richtung Gemarkungsgrenze Neutrebbin südlich der Bahnlinie bis Straße „Sophienhof“ dieser westlich folgend bis „Ruesterchegraben“ weiter entlang Feldweg an den Windrädern Richtung „Herrnhof“, weiter entlang „Letschiner Hauptgraben“ nord-östlich bis Gemarkungsgrenze Alttrebbin und Kunersdorf – östlich der B167,

— Gemeinde Bad Freienwalde mit den Gemarkungen Altglietzen, Altranft, Bad Freienwalde, Bralitz, Hohenwutzen, Schiffmühle, Hohensaaten und Neuenhagen,

— Gemeinde Falkenberg mit der Gemarkung Falkenberg östlich der L35,

— Gemeinde Oderaue,

— Gemeinde Wriezen mit den Gemarkungen Altwriezen, Jäckelsbruch, Neugaul, Beauregard, Eichwerder, Rathsdorf – östlich der B167 und Wriezen – östlich der B167,

— Gemeinde Neulewin,

— Gemeinde Neutrebbin,

— Gemeinde Letschin,

— Gemeinde Zechin,

— Landkreis Barnim:

— Gemeinde Lunow-Stolzenhagen,

— Gemeinde Parsteinsee,

— Gemeinde Oderberg,

— Gemeinde Liepe,

— Gemeinde Hohenfinow (nördlich der B167),

— Gemeinde Niederfinow,

— Gemeinde (Stadt) Eberswalde mit den Gemarkungen Eberswalde nördlich der B167 und östlich der L200, Sommerfelde und Tornow nördlich der B167,

— Gemeinde Chorin mit den Gemarkungen Brodowin, Chorin östlich der L200, Serwest, Neuehütte, Sandkrug östlich der L200,

— Gemeinde Ziethen mit der Gemarkung Klein Ziethen östlich der Serwester Dorfstraße und östlich der B198,

— Landkreis Uckermark:

— Gemeinde Angermünde mit den Gemarkungen Crussow, Stolpe, Gellmersdorf, Neukünkendorf, Bölkendorf, Herzsprung, Schmargendorf und den Gemarkungen Angermünde südlich und südöstlich der B2 und Dobberzin südlich der B2,

— Gemeinde Schwedt mit den Gemarkungen Criewen, Zützen, Schwedt, Stendell, Kummerow, Kunow, Vierraden, Blumenhagen, Oderbruchwiesen, Enkelsee, Gatow, Hohenfelde, Schöneberg, Flemsdorf und der Gemarkung Felchow östlich der B2,

— Gemeinde Pinnow südlich und östlich der B2,

— Gemeinde Berkholz-Meyenburg,

— Gemeinde Mark Landin mit der Gemarkung Landin südlich der B2,

— Gemeinde Casekow mit der Gemarkung Woltersdorf und den Gemarkungen Biesendahlshof und Casekow östlich der L272 und südlich der L27,

— Gemeinde Hohenselchow-Groß Pinnow mit der Gemarkung Groß Pinnow und der Gemarkung Hohenselchow südlich der L27,

— Gemeinde Gartz (Oder) mit der Gemarkung Friedrichsthal und den Gemarkungen Gartz und Hohenreinkendorf südlich der L27 und B2 bis Gartenstraße,

— Gemeinde Passow mit der Gemarkung Jamikow,

— Kreisfreie Stadt Frankfurt (Oder),

— Landkreis Prignitz:

  — Gemeinde Berge,

  — Gemeinde Pirow mit den Gemarkungen Hülsebeck, Pirow und Burow,

  — Gemeinde Putlitz mit den Gemarkungen Sagast, Nettelbeck, Porep, Lütkendorf, Putlitz, Weitgendorf und Telschow,

  — Gemeinde Marienfließ mit den Gemarkungen Jännersdorf, Stepenitz und Krempendorf,

Bundesland Sachsen:

— Landkreis Bautzen:

  — Gemeinde Arnsdorf nördlich der B6,

  — Gemeinde Burkau westlich des Straßenverlaufs von B98 und S94,

  — Gemeinde Frankenthal,

  — Gemeinde Großdubrau,

  — Gemeinde Großharthau nördlich der B6,

  — Gemeinde Großnaundorf,

  — Gemeinde Haselbachtal,

  — Gemeinde Hochkirch nördlich der B6,

  — Gemeinde Königswartha östlich der B96,

  — Gemeinde Kubschütz nördlich der B6,

  — Gemeinde Laußnitz,

  — Gemeinde Lichtenberg,

  — Gemeinde Lohsa östlich der B96,

  — Gemeinde Malschwitz,

  — Gemeinde Nebelschütz westlich der S94 und südlich der S100,

  — Gemeinde Neukirch,

  — Gemeinde Neschwitz östlich der B96,

  — Gemeinde Ohorn,

  — Gemeinde Ottendorf-Okrilla,

  — Gemeinde Panschwitz-Kuckau westlich der S94,

  — Gemeinde Radibor östlich der B96,

  — Gemeinde Rammenau westlich der B98,

  — Gemeinde Schwepnitz westlich der S93,

  — Gemeinde Spreetal östlich der B97,

  — Gemeinde Stadt Bautzen östlich des Verlaufs der B96 bis Abzweig S 156 und nördlich des Verlaufs S 156 bis Abzweig B6 und nördlich des Verlaufs der B 6 bis zur östlichen Gemeindegrenze,

  — Gemeinde Stadt Bischofswerda nördlich der B6 und westlich der B98,

  — Gemeinde Stadt Elstra westlich der S94 und südlich der S100,

  — Gemeinde Stadt Großröhrsdorf,

  — Gemeinde Stadt Hoyerswerda südlich des Verlaufs der B97 bis Abzweig B96 und östlich des Verlaufs der B96 bis zur südlichen Gemeindegrenze,

  — Gemeinde Stadt Kamenz westlich der S100 bis zum Abzweig S93, dann westlich der S93,

  — Gemeinde Stadt Königsbrück,

  — Gemeinde Stadt Pulsnitz,

— Gemeinde Stadt Radeberg nördlich der B6,

— Gemeinde Stadt Weißenberg,

— Gemeinde Stadt Wittichenau östlich der B96,

— Gemeinde Steina,

— Gemeinde Wachau,

— Stadt Dresden:

— Stadtgebiet nördlich der B6,

— Landkreis Görlitz,

— Landkreis Meißen:

— Gemeinde Ebersbach,

— Gemeinde Klipphausen östlich der B6,

— Gemeinde Lampertswalde,

— Gemeinde Moritzburg,

— Gemeinde Niederau östlich der B101

— Gemeinde Priestewitz östlich der B101,

— Gemeinde Röderaue östlich der B101,

— Gemeinde Schönfeld,

— Gemeinde Stadt Coswig,

— Gemeinde Stadt Großenhain östlich der B101,

— Gemeinde Stadt Meißen östlich des Straßenverlaufs von B6 und B101,

— Gemeinde Stadt Radebeul,

— Gemeinde Stadt Radeburg,

— Gemeinde Thiendorf,

— Gemeinde Weinböhla.

Bundesland Mecklenburg-Vorpommern:

— Landkreis Ludwigslust-Parchim:

— Gemeinde Brunow mit den Ortsteilen und Ortslagen: Bauerkuhl,

— Brunow (bei Ludwigslust), Klüß, Löcknitz (bei Parchim),

— Gemeinde Dambeck mit dem Ortsteil und der Ortslage:

— Dambeck (bei Ludwigslust),

— Gemeinde Ganzlin mit den Ortsteilen und Ortslagen: Barackendorf, Hof Retzow, Klein Damerow, Retzow, Wangelin,

— Gemeinde Gehlsbach mit den Ortsteilen und Ortslagen: Ausbau Darß, Darß, Hof Karbow, Karbow, Karbow-Ausbau, Quaßlin, Quaßlin Hof, Quaßliner Mühle, Vietlübbe, Wahlstorf

— Gemeinde Groß Godems mit den Ortsteilen und Ortslagen:

— Groß Godems, Klein Godems,

— Gemeinde Karrenzin mit den Ortsteilen und Ortslagen: Herzfeld, Karrenzin, Karrenzin-Ausbau, Neu Herzfeld, Repzin, Wulfsahl,

— Gemeinde Kreien mit den Ortsteilen und Ortslagen: Ausbau Kreien,

— Hof Kreien, Kolonie Kreien, Kreien, Wilsen,

— Gemeinde Kritzow mit dem Ortsteil und der Ortslage: Benzin,

— Gemeinde Lübz mit den Ortsteilen und Ortslagen: Burow, Gischow, Meyerberg,

— Gemeinde Möllenbeck mit den Ortsteilen und Ortslagen: Carlshof, Horst, Menzendorf, Möllenbeck,

— Gemeinde Parchim mit dem Ortsteil und Ortslage: Slate,

— Gemeinde Rom mit dem Ortsteil und Ortslage: Klein Niendorf,

— Gemeinde Ruhner Berge mit den Ortsteilen und Ortslagen: Dorf Poltnitz, Drenkow, Griebow, Jarchow, Leppin, Malow, Malower Mühle, Marnitz, Mentin, Mooster, Poitendorf, Poltnitz, Suckow, Tessenow, Zachow,

— Gemeinde Siggelkow mit den Ortsteilen und Ortslagen: Groß Pankow, Klein Pankow, Neuburg, Redlin, Siggelkow,

— Gemeinde Ziegendorf mit den Ortsteilen und Ortslagen: Drefahl, Meierstorf, Neu Drefahl, Pampin, Platschow, Stresendorf, Ziegendorf.

3. **Estonia**

The following restricted zones II in Estonia:

— Eesti Vabariik (välja arvatud Hiiu maakond).

4. **Latvia**

The following restricted zones II in Latvia:

— Aizkraukles novads,

— Alūksnes novads,

— Augšdaugavas novads,

— Ādažu novads,

— Balvu novads,

— Bauskas novads,

— Cēsu novads,

— Dienvidkurzemes novada Aizputes, Cīravas, Lažas, Kalvenes, Kazdangas, Durbes, Dunalkas, Tadaiķu, Vecpils, Bārtas, Sakas, Bunkas, Priekules, Gramzdas, Kalētu, Virgas, Dunikas, Embūtes, Vaiņodes, Gaviezes, Rucavas pagasts, Nīcas pagasta daļa uz dienvidiem no apdzīvotas vietas Bernāti, autoceļa V1232, A11, V1222, Bārtas upes, Aizputes, Durbes, Pāvilostas, Priekules pilsēta,

— Dobeles novads,

— Gulbenes novads,

— Jelgavas novads,

— Jēkabpils novads,

— Krāslavas novads,

— Kuldīgas novads,

— Ķekavas novads,

— Limbažu novads,

— Līvānu novads,

— Ludzas novads,

— Madonas novads,

— Mārupes novads,

— Ogres novads,

— Olaines novads,

— Preiļu novads,

— Rēzeknes novads,

— Ropažu novada Garkalnes, Ropažu pagasts, Stopiņu pagasta daļa, kas atrodas uz austrumiem no autoceļa V36, P4 un P5, Acones ielas, Dauguļupes ielas un Dauguļupītes, Vangažu pilsēta,

— Salaspils novads,

— Saldus novads,

— Saulkrastu novads,

— Siguldas novads,
— Smiltenes novads,
— Talsu novads,
— Tukuma novads,
— Valkas novads,
— Valmieras novads,
— Varakļānu novads,
— Ventspils novads,
— Daugavpils valstspilsētas pašvaldība,
— Jelgavas valstspilsētas pašvaldība,
— Jūrmalas valstspilsētas pašvaldība,
— Rēzeknes valstspilsētas pašvaldība.

5. **Lithuania**

The following restricted zones II in Lithuania:

— Alytaus miesto savivaldybė,
— Alytaus rajono savivaldybė,
— Anykščių rajono savivaldybė,
— Akmenės rajono savivaldybė,
— Birštono savivaldybė,
— Biržų miesto savivaldybė,
— Biržų rajono savivaldybė,
— Druskininkų savivaldybė,
— Elektrėnų savivaldybė,
— Ignalinos rajono savivaldybė,
— Jonavos rajono savivaldybė,
— Joniškio rajono savivaldybė,
— Jurbarko rajono savivaldybė,
— Kaišiadorių rajono savivaldybė,
— Kauno miesto savivaldybė,
— Kauno rajono savivaldybė,
— Kazlų rūdos savivaldybė,
— Kelmės rajono savivaldybė,
— Kėdainių rajono savivaldybė,
— Klaipėdos rajono savivaldybė: Judrėnų, Endriejavo ir Veiviržėnų seniūnijos,
— Kupiškio rajono savivaldybė,
— Kretingos rajono savivaldybė,
— Lazdijų rajono savivaldybė,
— Mažeikių rajono savivaldybė,
— Molėtų rajono savivaldybė,
— Pagėgių savivaldybė,
— Pakruojo rajono savivaldybė,
— Panevėžio rajono savivaldybė,
— Panevėžio miesto savivaldybė,

— Pasvalio rajono savivaldybė,

— Radviliškio rajono savivaldybė,

— Rietavo savivaldybė,

— Prienų rajono savivaldybė,

— Plungės rajono savivaldybė,

— Raseinių rajono savivaldybė,

— Rokiškio rajono savivaldybė,

— Skuodo rajono savivaldybės,

— Šakių rajono savivaldybė,

— Šalčininkų rajono savivaldybė,

— Šiaulių miesto savivaldybė,

— Šiaulių rajono savivaldybė,

— Šilutės rajono savivaldybė,

— Širvintų rajono savivaldybė,

— Šilalės rajono savivaldybė,

— Švenčionių rajono savivaldybė,

— Tauragės rajono savivaldybė,

— Telšių rajono savivaldybė,

— Trakų rajono savivaldybė,

— Ukmergės rajono savivaldybė,

— Utenos rajono savivaldybė,

— Varėnos rajono savivaldybė,

— Vilniaus miesto savivaldybė,

— Vilniaus rajono savivaldybė,

— Visagino savivaldybė,

— Zarasų rajono savivaldybė.

6. **Hungary**

The following restricted zones II in Hungary:

— Békés megye 950150, 950250, 950350, 950450, 950550, 950650, 950660, 950750, 950850, 950860, 951050, 951150, 951250, 951260, 951350, 951450, 951460, 951550, 951650, 951750, 952150, 952250, 952350, 952450, 952550, 952650, 953250, 953260, 953270, 953350, 953450, 953550, 953560, 953950, 954050, 954060, 954150, 956250, 956350, 956450, 956550, 956650 és 956750 kódszámú vadgazdálkodási egységeinek teljes területe,

— Borsod-Abaúj-Zemplén megye valamennyi vadgazdálkodási egységének teljes területe,

— Fejér megye 403150, 403160, 403250, 403260, 403350, 404250, 404550, 404560, 404570, 405450, 405550, 405650, 406450 és 407050 kódszámú vadgazdálkodási egységeinek teljes területe,

— Hajdú-Bihar megye valamennyi vadgazdálkodási egységének teljes területe,

— Heves megye valamennyi vadgazdálkodási egységének teljes területe,

— Jász-Nagykun-Szolnok megye 750250, 750550, 750650, 750750, 750850, 750970, 750980, 751050, 751150, 751160, 751250, 751260, 751350, 751360, 751450, 751460, 751470, 751550, 751650, 751750, 751850, 751950, 752150, 752250, 752350, 752450, 752460, 752550, 752560, 752650, 752750, 752850, 752950, 753060, 753070, 753150, 753250, 753310, 753450, 753550, 753650, 753660, 753750, 753850, 753950, 753960, 754050, 754150, 754250, 754360, 754370, 754850, 755550, 755650 és 755750 kódszámú vadgazdálkodási egységeinek teljes területe,

— Komárom-Esztergom megye: 250350, 250850, 250950, 251450, 251550, 251950, 252050, 252150, 252350, 252450, 252460, 252550, 252650, 252750, 252850, 252860, 252950, 252960, 253050, 253150, 253250, 253350, 253450 és 253550 kódszámú vadgazdálkodási egységeinek teljes területe,

— Nógrád megye valamennyi vadgazdálkodási egységeinek teljes területe,

— Pest megye 570150, 570250, 570350, 570450, 570550, 570650, 570750, 570850, 570950, 571050, 571150, 571250, 571350, 571650, 571750, 571760, 571850, 571950, 572050, 573550, 573650, 574250, 577250, 580050 és 580150 kódszámú vadgazdálkodási egységeinek teljes területe,

— Szabolcs-Szatmár-Bereg megye valamennyi vadgazdálkodási egységének teljes területe.

7. **Poland**

The following restricted zones II in Poland:

w województwie warmińsko-mazurskim:

— gminy Kalinowo, Stare Juchy, Prostki oraz gmina wiejska Ełk w powiecie ełckim,

— powiat elbląski,

— powiat miejski Elbląg,

— powiat gołdapski,

— powiat piski,

— powiat bartoszycki,

— powiat olecki,

— powiat giżycki,

— powiat braniewski,

— powiat kętrzyński,

— powiat lidzbarski,

— gminy Jedwabno, Świętajno, Szczytno i miasto Szczytno, część gminy Dźwierzuty położona na wschód od linii wyznaczonej przez drogę nr 57, część gminy Pasym położona na południe od linii wyznaczonej przez droge nr 53w powiecie szczycieńskim,

— powiat mrągowski,

— powiat węgorzewski,

— gminy Dobre Miasto, Dywity, Świątki, Jonkowo, Gietrzwałd, Olsztynek, Stawiguda, Jeziorany, Kolno, część gminy Barczewo położona na północ od linii wyznaczonej przez linię kolejową, część gminy Purda położona na południe od linii wyznaczonej przez droge nr 53, część gminy Biskupiec położona na wschód od linii wyznaczonej przez drogę nr 57 biegnącą od południowej granicy gminy do skrzyżowania z drogą nr 16 a następnie na północ od drogi nr 16 biegnącej od skrzyżowania z drogą nr 57 do zachodniej granicy gminy w powiecie olsztyńskim,

— powiat miejski Olsztyn,

— powiat nidzicki,

— gminy Kisielice, Susz, Zalewo w powiecie iławskim,

— część powiatu ostródzkiego niewymieniona w części III załącznika I,

— gmina Iłowo – Osada w powiecie działdowskim,

w województwie podlaskim:

— powiat bielski,

— powiat grajewski,

— powiat moniecki,

— powiat sejneński,

— gminy Łomża, Piątnica, Jedwabne, Przytuły i Wizna w powiecie łomżyńskim,

— powiat miejski Łomża,

— powiat siemiatycki,

— powiat hajnowski,

— gminy Ciechanowiec, Klukowo, Szepietowo, Kobylin-Borzymy, Nowe Piekuty, Sokoły i część gminy Kulesze Kościelne położona na północ od linii wyznaczonej przez linię kolejową w powiecie wysokomazowieckim,

— gmina Rutki i część gminy Kołaki Kościelne położona na północ od linii wyznaczonej przez linię kolejową w powiecie zambrowskim,

— gminy Mały Płock i Stawiski w powiecie kolneńskim,

— powiat białostocki,

— powiat suwalski,

— powiat miejski Suwałki,

— powiat augustowski,

— powiat sokólski,

— powiat miejski Białystok,

w województwie mazowieckim:

— gminy Domanice, Korczew, Kotuń, Mordy, Paprotnia, Przesmyki, Siedlce, Skórzec, Wiśniew, Wodynie, Zbuczyn w powiecie siedleckim,

— powiat miejski Siedlce,

— gminy Ceranów, Jabłonna Lacka, Kosów Lacki, Repki, Sabnie, Sterdyń w powiecie sokołowskim,

— powiat łosicki,

— powiat sochaczewski,

— powiat zwoleński,

— powiat kozienicki,

— powiat lipski,

— powiat radomski

— powiat miejski Radom,

— powiat szydłowiecki,

— gminy Lubowidz i Kuczbork Osada w powiecie żuromińskim,

— gmina Wieczfnia Kościelna w powicie mławskim,

— gminy Bodzanów, Słubice, Wyszogród i Mała Wieś w powiecie płockim,

— powiat nowodworski,

— gminy Czerwińsk nad Wisłą, Naruszewo, Załuski w powiecie płońskim,

— gminy: miasto Kobyłka, miasto Marki, miasto Ząbki, miasto Zielonka, część gminy Tłuszcz ograniczona liniami kolejowymi: na północ od linii kolejowej biegnącej od wschodniej granicy gminy do miasta Tłuszcz oraz na wschód od linii kolejowej biegnącej od północnej granicy gminy do miasta Tłuszcz, część gminy Jadów położona na północ od linii kolejowej biegnącej od wschodniej do zachodniej granicy gminy w powiecie wołomińskim,

— powiat garwoliński,

— gminy Boguty – Pianki, Brok, Zaręby Kościelne, Nur, Małkinia Górna, część gminy Wąsewo położona na południe od linii wyznaczonej przez drogę nr 60, część gminy wiejskiej Ostrów Mazowiecka położona na południe od miasta Ostrów Mazowiecka i na południe od linii wyznaczonej przez drogę 60 biegnącą od zachodniej granicy miasta Ostrów Mazowiecka do zachodniej granicy gminy w powiecie ostrowskim,

— część gminy Sadowne położona na północny- zachód od linii wyznaczonej przez linię kolejową, część gminy Łochów położona na północny – zachód od linii wyznaczonej przez linię kolejową w powiecie węgrowskim,

— gminy Brańszczyk, Długosiodło, Rząśnik, Wyszków, część gminy Zabrodzie położona na wschód od linii wyznaczonej przez drogę nr S8 w powiecie wyszkowskim,

— gminy Cegłów, Dębe Wielkie, Halinów, Latowicz, Mińsk Mazowiecki i miasto Mińsk Mazowiecki, Mrozy, Siennica, miasto Sulejówek w powiecie mińskim,

— powiat otwocki,

— powiat warszawski zachodni,

— powiat legionowski,

— powiat piaseczyński,

— powiat pruszkowski,

— powiat grójecki,

— powiat grodziski,

— powiat żyrardowski,

— powiat białobrzeski,

— powiat przysuski,

— powiat miejski Warszawa,

w województwie lubelskim:

— powiat bialski,

— powiat miejski Biała Podlaska,

— gminy Batorz, Godziszów, Janów Lubelski, Modliborzyce w powiecie janowskim,

— powiat puławski,

— powiat rycki,

— powiat łukowski,

— powiat lubelski,

— powiat miejski Lublin,

— powiat lubartowski,

— powiat łęczyński,

— powiat świdnicki,

— gminy Aleksandrów, Biszcza, Józefów, Księżpol, Łukowa, Obsza, Potok Górny, Tarnogród w powiecie biłgorajskim,

— gminy Dołhobyczów, Mircze, Trzeszczany, Uchanie i Werbkowice w powiecie hrubieszowskim,

— powiat krasnostawski,

— powiat chełmski,

— powiat miejski Chełm,

— powiat tomaszowski,

— część powiatu kraśnickiego niewymieniona w części III załącznika I,

— powiat opolski,

— powiat parczewski,

— powiat włodawski,

— powiat radzyński,

— powiat miejski Zamość,

— gminy Adamów, Grabowiec, Komarów – Osada, Krasnobród, Łabunie, Miączyn, Nielisz, Sitno, Skierbieszów, Stary Zamość, Zamość w powiecie zamojskim,

w województwie podkarpackim:

— część powiatu stalowowolskiego niewymieniona w części III załącznika I,

— gminy Cieszanów, Horyniec - Zdrój, Narol, Stary Dzików, Oleszyce, Lubaczów z miastem Lubaczów w powiecie lubaczowskim,

— gminy Medyka, Stubno, część gminy Orły położona na wschód od linii wyznaczonej przez drogę nr 77, część gminy Żurawica na wschód od linii wyznaczonej przez drogę nr 77 w powiecie przemyskim,

— gmina Pilzno w powiecie dębickim,

— gminy Chłopice, Jarosław z miastem Jarosław, Pawłosiów i Wiązownice w powiecie jarosławskim,

— gmina Kamień w powiecie rzeszowskim,

— gminy Cmolas, Dzikowiec, Kolbuszowa, Majdan Królewski i Niwiska powiecie kolbuszowskim,

— powiat leżajski,

— powiat niżański,

— powiat tarnobrzeski,

— gminy Adamówka, Sieniawa, Tryńcza, Przeworsk z miastem Przeworsk, Zarzecze w powiecie przeworskim,

— część gminy Sędziszów Małopolski położona na północ od linii wyznaczonej przez drogę nr A4, część gminy Ostrów nie wymieniona w części III załącznika I w powiecie ropczycko – sędziszowskim,

w województwie pomorskim:

— gminy Dzierzgoń i Stary Dzierzgoń w powiecie sztumskim,

— gmina Stare Pole w powiecie malborskim,

gminy Stegny, Sztutowo i część gminy Nowy Dwór Gdański położona na północny - wschód od linii wyznaczonej przez drogę nr 55 biegnącą od południowej granicy gminy do skrzyżowania z drogą nr 7, następnie przez drogę nr 7 i S7 biegnącą do zachodniej granicy gminy w powiecie nowodworskim,

w województwie świętokrzyskim:

— gmina Tarłów i część gminy Ożarów położona na północ od linii wyznaczonej przez drogę nr 74 biegnącą od miejscowości Honorów do zachodniej granicy gminy w powiecie opatowskim,

— część gminy Brody położona wschód od linii wyznaczonej przez drogę nr 9 i na północny - wschód od linii wyznaczonej przez drogę nr 0618T biegnącą od północnej granicy gminy do skrzyżowania w miejscowości Lipie oraz przez drogę biegnącą od miejscowości Lipie do wschodniej granicy gminy i część gminy Mirzec położona na wschód od linii wyznaczonej przez drogę nr 744 biegnącą od południowej granicy gminy do miejscowości Tychów Stary a następnie przez drogę nr 0566T biegnącą od miejscowości Tychów Stary w kierunku północno – wschodnim do granicy gminy w powiecie starachowickim,

— gmina Gowarczów, część gminy Końskie położona na wschód od linii kolejowej, część gminy Stąporków położona na północ od linii kolejowej w powiecie koneckim,

— gminy Dwikozy i Zawichost w powiecie sandomierskim,

w województwie lubuskim:

— gminy Bogdaniec, Deszczno, Kłodawa, Kostrzyn nad Odrą, Santok, Witnica w powiecie gorzowskim,

— powiat miejski Gorzów Wielkopolski,

— gminy Drezdenko, Strzelce Krajeńskie, Stare Kurowo, Zwierzyn w powiecie strzelecko – drezdeneckim,

— powiat żarski,

— powiat słubicki,

— gminy Brzeźnica, Iłowa, Gozdnica, Wymiarki i miasto Żagań w powiecie żagańskim,

— powiat krośnieński,

— powiat zielonogórski

— powiat miejski Zielona Góra,

— powiat nowosolski,

— część powiatu sulęcińskiego niewymieniona w części III załącznika I,

— część powiatu międzyrzeckiego niewymieniona w części III załącznika I,

— część powiatu świebodzińskiego niewymieniona w części III załącznika I,

część powiatu wschowskiego niewymieniona w części III załącznika I,

w województwie dolnośląskim:

— powiat zgorzelecki,

— gminy Gaworzyce, Grębocice, Polkowice i Radwanice w powiecie polkowickim,

— część powiatu wołowskiego niewymieniona w części III załącznika I,

— powiat lubiński,

— gmina Malczyce, Miękinia, Środa Śląska, część gminy Kostomłoty położona na północ od linii wyznaczonej przez drogę nr A4, część gminy Udanin położona na północ od linii wyznaczonej przez drogę nr A4 w powiecie średzkim,

— gmina Wądroże Wielkie w powiecie jaworskim,

— powiat miejski Legnica,

— część powiatu legnickiego niewymieniona w części I i III załącznika I,

— gmina Oborniki Śląskie, Wisznia Mała, Trzebnica, Zawonia w powiecie trzebnickim,

— gminy Leśna, Lubań i miasto Lubań, Olszyna, Platerówka, Siekierczyn w powiecie lubańskim,

— powiat miejki Wrocław,

— gminy Czernica, Długołęka, Siechnice, część gminy Żórawina położona na wschód od linii wyznaczonej przez autostradę A4, część gminy Kąty Wrocławskie położona na północ od linii wyznaczonej przez autostradę A4 w powiecie wrocławskim,

— gminy Jelcz - Laskowice, Oława z miastem Oława i część gminy Domaniów położona na północny wschód od linii wyznaczonej przez autostradę A4 w powiecie oławskim,

— gmina Bierutów, miasto Oleśnica, część gminy wiejskiej Oleśnica położona na południe od linii wyznaczonej przez drogę nr S8, część gminy Dobroszyce położona na zachód od linii wyznaczonej przez linię kolejową biegnącą od północnej do południowej granicy gminy w powiecie oleśnickim,

— gmina Cieszków, Krośnice, część gminy Milicz położona na wschód od linii łączącej miejscowości Poradów – Piotrkosice – Sulimierz – Sułów - Gruszeczka w powiecie milickim,

— część powiatu bolesławieckiego niewymieniona w części III załącznika I,

— część powiatu głogowskiego niewymieniona w części III załącznika I,

— gmina Niechlów w powiecie górowskim,

— gmina Zagrodno w powiecie złotoryjskim,

w województwie wielkopolskim:

— powiat wolsztyński,

— gmina Wielichowo, Rakoniewice część gminy Kamieniec położona na zachód od linii wyznaczonej przez drogę nr 308 w powiecie grodziskim,

— gminy Lipno, Osieczna, Święciechowa, Wijewo, Włoszakowice w powiecie leszczyńskim,

— powiat miejski Leszno,

— gminy Krzywiń i Śmigiel w powiecie kościańskim,

— część powiatu międzychodzkiego niewymieniona w części III załącznika I,

— część powiatu nowotomyskiego niewymieniona w części III załącznika I,

— powiat obornicki,

— część gminy Połajewo na położona na południe od drogi łączącej miejscowości Chraplewo, Tarnówko-Boruszyn, Krosin, Jakubowo, Połajewo - ul. Ryczywolska do północno-wschodniej granicy gminy w powiecie czarnkowsko-trzcianeckim,

— powiat miejski Poznań,

— gminy Czerwonak, Swarzędz, Suchy Las, część gminy wiejskiej Murowana Goślina położona na północ od linii kolejowej biegnącej od północnej granicy miasta Murowana Goślina do północno-wschodniej granicy gminy oraz część gminy Rokietnica położona na północ i na wschód od linii kolejowej biegnącej od północnej granicy gminy w miejscowości Krzyszkowo do południowej granicy gminy w miejscowości Kiekrz w powiecie poznańskim,

— część gminy Ostroróg położona na zachód od linii wyznaczonej przez drogę nr 186 i 184 biegnące od granicy gminy do miejscowości Ostroróg, a następnie od miejscowości Ostroróg przez miejscowości Piaskowo – Rudki do południowej granicy gminy, część gminy Wronki położona na południe od linii wyznaczonej przez rzekę Wartę biegnącą od zachodniej granicy gminy do przecięcia z droga nr 182, a następnie na zachód od linii wyznaczonej przez drogi nr 182 oraz 184 biegnącą od skrzyżowania z drogą nr 182 do południowej granicy gminy, część gminy Pniewy położona na wschód od linii wyznaczonej przez drogę łączącą miejscowości Lubosinek – Lubosina – Buszewo biegnącą od południowej granicy gminy do skrzyżowania z drogą nr 187 i na południe od linii wyznaczonej przez drogę nr 187 biegnącą od wschodniej granicy gminy do skrzyżowania z drogą łączącą miejscowości Lubosinek – Lubosina – Buszewo część gminy Duszniki położona na północny – zachód od linii wyznaczonej przez drogę nr 306 biegnącą od północnej granicy gminy do miejscowości Duszniki, a następnie na północ od linii wyznaczonej przez ul. Niewierską oraz drogę biegnącą przez miejscowość Niewierz do zachodniej granicy gminy, część gminy Szamotuły położona na zachód od linii wyznaczonej przez drogę nr 306 i drogę łączącą miejscowości Lipnica – Ostroróg oraz część położona na wschód od wschodniej granicy miasta Szamotuły i na północ od linii kolejowej biegnącej od południowej granicy miasta Szamotuły do południowo-wschodniej granicy gminy oraz część gminy Obrzycko położona na wschód od drogi nr 185 łączącej miejscowości Gaj Mały, Słopanowo i Obrzycko do północnej granicy miasta Obrzycko, a następnie na wschód od drogi przebiegającej przez miejscowość Chraplewo w powiecie szamotulskim,

— gmina Malanów, część gminy Tuliszków położona na południe od linii wyznaczonej przez drogę nr 72 biegnącej od wschodniej granicy gminy do miasta Turek, a następnie na południe od linii wyznaczonej przez drogę nr 443 biegnącą od skrzyżowania z drogą nr 72 w mieście Turek do zachodniej granicy gminy w powiecie tureckim,

— część gminy Rychwał położona na wschód od linii wyznaczonej przez drogę nr 25 biegnącą od południowej granicy gminy do miejscowości Rychwał, a następnie na południe od linii wyznaczonej przez drogę nr 443 biegnącą od skrzyżowania z drogę nr 25 w miejscowości Rychwał do wschodniej granicy gminy w powiecie konińskim,

— gmina Mycielin, część gminy Stawiszyn położona na wschód od linii wyznaczonej przez drogę nr 25 biegnącą od północnej granicy gminy do miejscowości Zbiersk, a następnie na wschód od linii wyznaczonej przez drogę łączącą miejscowości Zbiersk – Łyczyn – Petryki biegnącą od skrzyżowania z drogą nr 25 do południowej granicy gminy, część gminy Ceków - Kolonia położona na północ od linii wyznaczonej przez drogę łączącą miejscowości Młynisko – Morawin - Janków w powiecie kaliskim,

— gminy Gostyń i Pępowo w powiecie gostyńskim,

— gminy Kobylin, Zduny, część gminy Krotoszyn położona na zachód od linii wyznaczonej przez drogi: nr 15 biegnącą od północnej granicy gminy do skrzyżowania z drogą nr 36, nr 36 biegnącą od skrzyżowania z drogą nr 15 do skrzyżowana z drogą nr 444, nr 444 biegnącą od skrzyżowania z drogą nr 36 do południowej granicy gminy w powiecie krotoszyńskim,

w województwie łódzkim:

— gminy Białaczów, Drzewica, Opoczno i Poświętne w powiecie opoczyńskim,

— gminy Biała Rawska, Regnów i Sadkowice w powiecie rawskim,

— gmina Kowiesy w powiecie skierniewickim,

w województwie zachodniopomorskim:

— gmina Boleszkowice i część gminy Dębno położona na zachód od linii wyznaczonej przez drogę nr 126 biegnącą od zachodniej granicy gminy do skrzyżowania z drogą nr 23 w miejscowości Dębno, następnie na zachód od linii wyznaczonej przez drogę nr 23 do skrzyżowania z ul. Jana Pawła II w miejscowości Cychry, następnie na południe od ul. Jana Pawła II do skrzyżowania z ul. Ogrodową i dalej na południe od linii wyznaczonej przez ul. Ogrodową, której przedłużenie biegnie do wschodniej granicy gminy w powiecie myśliborskim,

— gminy Banie, Cedynia, Chojna, Gryfino, Mieszkowice, Moryń, Trzcińsko – Zdrój, Widuchowa w powiecie gryfińskim,

w województwie opolskim:

— gminy Brzeg, Lubsza, Lewin Brzeski, Olszanka, Skarbimierz w powiecie brzeskim,

— gminy Dąbrowa, Dobrzeń Wielki, Popielów w powiecie opolskim,

— gminy Świerczów, Wilków, część gminy Namysłów położona na południe od linii wyznaczonej przez linię kolejową biegnącą od wschodniej do zachodniej granicy gminy w powiecie namysłowskim.

8. **Slovakia**

The following restricted zones II in Slovakia:

— the whole district of Gelnica except municipalities included in zone III,

— the whole district of Poprad

— the whole district of Spišská Nová Ves,

— the whole district of Levoča,

— the whole district of Kežmarok

— in the whole district of Michalovce except municipalities included in zone III,

— the whole district of Košice-okolie,

— the whole district of Rožnava,

— the whole city of Košice,

— the whole district of Sobrance,

— the whole district of Vranov nad Topľou,

— the whole district of Humenné except municipalities included in zone III,

— the whole district of Snina,

— the whole district of Prešov except municipalities included in zone III,

— the whole district of Sabinov except municipalities included in zone III,

— the whole district of Svidník,

— the whole district of Medzilaborce,

— the whole district of Stropkov

— the whole district of Bardejov,

— the whole district of Stará Ľubovňa,

— the whole district of Revúca,

— the whole district of Rimavská Sobota except municipalities included in zone III,

— in the district of Veľký Krtíš, the whole municipalities not included in part I,

— the whole district of Lučenec,

— the whole district of Poltár

— the whole district of Zvolen,

— the whole district of Detva,

— in the district of Krupina the whole municipalities of Senohrad, Horné Mladonice, Dolné Mladonice, Čekovce, Lackov, Zemiansky Vrbovok, Kozí Vrbovok, Čabradský Vrbovok, Cerovo, Trpín, Litava,

— In the district of Banska Bystica, the whole municipalites of Kremnička, Malachov, Badín, Vlkanová, Hronsek, Horná Mičiná, Dolná Mičiná, Môlča Oravce, Čačín, Čerín, Bečov, Sebedín, Dúbravica, Hrochoť, Poniky, Strelníky, Povraznik, Ľubietová, Brusno, Banská Bystrica, Pohronský Bukovec, Medzibrod, Lučatín, Hiadeľ, Moštenica, Podkonice, Slovenská Ľupča, Priechod,

— the whole district of Brezno,

— in the district of Liptovsky Mikuláš, the municipalities of Važec, Malužiná, Kráľova lehota, Liptovská Porúbka, Nižná Boca, Vyšná Boca a Východná – a part of municipality south of the highway D1.

9. **Italy**

The following restricted zones II in Italy:

Piedmont Region:

— in the Province of Alessandria, the municipalities of Cavatore, Castelnuovo Bormida, Cabella Ligure, Carrega Ligure, Francavilla Bisio, Carpeneto, Costa Vescovato, Grognardo, Orsara Bormida, Pasturana, Melazzo, Mornese, Ovada, Predosa Lerma, Fraconalto, Rivalta Bormida, Fresonara, Malvicino, Ponzone, San Cristoforo, Sezzadio Rocca Grimalda, Garbagna, Tassarolo, Mongiardino Ligure, Morsasco, Montaldo Bormida, Prasco, Montaldeo, Belforte Monferrato, Albera Ligure, Bosio Cantalupo Ligure, Castelletto D'orba, Cartosio, Acqui Terme, Arquata Scrivia, Parodi Ligure, Ricaldone, Gavi, Cremolino, Brignano-Frascata, Novi Ligure, Molare, Cassinelle, Morbello, Avolasca, Carezzano, Basaluzzo, Dernice, Trisobbio, Strevi, Sant'Agata Fossili, Pareto, Visone, Voltaggio, Tagliolo Monferrato, Casaleggio Boiro, Capriata D'orba, Castellania, Carrosio, Cassine, Vignole Borbera, Serravalle Scrivia, Silvano D'orba, Villalvernia, Roccaforte Ligure, Rocchetta Ligure, Sardigliano, Stazzano, Borghetto Di Borbera, Grondona, Cassano Spinola, Montacuto, Gremiasco, San Sebastiano Curone, Fabbrica Curone,

Liguria Region:

— in the province of Genova, the municipalities of Bogliasco, Arenzano, Ceranesi, Ronco Scrivia, Mele, Isola Del Cantone, Lumarzo, Genova, Masone, Serra Riccò, Campo Ligure, Mignanego, Busalla, Bargagli, Savignone, Torriglia, Rossiglione, Sant'Olcese, Valbrevenna, Sori, Tiglieto, Campomorone, Cogoleto, Pieve Ligure, Davagna, Casella, Montoggio, Crocefieschi, Vobbia,

— in the province of Savona, the municipalities of Albisola Superiore, Celle Ligure, Stella, Pontinvrea, Varazze, Urbe, Sassello.

PART III

1. **Bulgaria**

The following restricted zones III in Bulgaria:

— in Blagoevgrad region:

  — the whole municipality of Sandanski

  — the whole municipality of Strumyani

  — the whole municipality of Petrich,

— the Pazardzhik region:

  — the whole municipality of Pazardzhik,

  — the whole municipality of Panagyurishte,

  — the whole municipality of Lesichevo,

  — the whole municipality of Septemvri,

  — the whole municipality of Strelcha,

— in Plovdiv region

  — the whole municipality of Hisar,

  — the whole municipality of Suedinenie,

  — the whole municipality of Maritsa

  — the whole municipality of Rodopi,

  — the whole municipality of Plovdiv,

— in Varna region:

  — the whole municipality of Byala,

  — the whole municipality of Dolni Chiflik.

2. **Italy**

The following restricted zones III in Italy:

— tutto il territorio della Sardegna.

3. **Poland**

The following restricted zones III in Poland:

w województwie warmińsko-mazurskim:

— część powiatu działdowskiego niewymieniona w części II załącznika I,

— część powiatu iławskiego niewymieniona w części II załącznika I,

— powiat nowomiejski,

— gminy Dąbrówno, Grunwald i Ostróda z miastem Ostróda w powiecie ostródzkim,

— część gminy Barczewo położona na południe od linii wyznaczonej przez linię kolejową, część gminy Purda położona na północ od linii wyznaczonej przez droge nr 53, część gminy Biskupiec położona na zachód od linii wyznaczonej przez drogę nr 57 biegnącą od południowej granicy gminy do skrzyżowania z drogą nr 16, a następnie na południe od drogi nr 16 biegnącej od skrzyżowania z drogą nr 57 do zachodniej granicy gminy w powiecie olsztyńskim,

— część gminy Dźwierzuty położona na zachód od linii wyznaczonej przez drogę nr 57, część gminy Pasym położona na północ od linii wyznaczonej przez droge nr 53 w powiecie szczycieńskim,

w województwie lubelskim:

— gminy Radecznica, Sułów, Szczebrzeszyn, Zwierzyniec w powiecie zamojskim,

— gminy Biłgoraj z miastem Biłgoraj, Goraj, Frampol, Tereszpol i Turobin w powiecie biłgorajskim,

— gminy Horodło, Hrubieszów z miastem Hrubieszów w powiecie hrubieszowskim,

— gminy Dzwola, Chrzanów i Potok Wielki w powiecie janowskim,

— gminy Gościeradów i Trzydnik Duży w powiecie kraśnickim,

w województwie podkarpackim:

— powiat mielecki,

— gminy Radomyśl nad Sanem i Zaklików w powiecie stalowowolskim,

— część gminy Ostrów położona na północ od drogi linii wyznaczonej przez drogę nr A4 biegnącą od zachodniej granicy gminy do skrzyżowania z drogą nr 986, a następnie na zachód od linii wyznaczonej przez drogę nr 986 biegnącą od tego skrzyżowania do miejscowości Osieka i dalej na zachód od linii wyznaczonej przez drogę łączącą miejscowości Osieka_- Blizna w powiecie ropczycko – sędziszowskim,

— gminy Czarna, Żyraków i część gminy wiejskiej Dębica położona na północ od linii wyznaczonej przez drogę nr A4 w powiecie dębickim,

— gmina Wielkie Oczy w powiecie lubaczowskim,

— gminy Laszki, Radymno z miastem Radymno, w powiecie jarosławskim,

w województwie lubuskim:

— gminy Małomice, Niegosławice, Szprotawa, Żagań w powiecie żagańskim,

— gmina Sulęcin w powiecie sulęcińskim,

— gminy Bledzew, Międzyrzecz, Pszczew, Trzciel w powiecie międzyrzeckim,

— gmina Sława w powiecie wschowskim,

— gminy Lubrza, Łagów, Skąpe, Świebodzin w powiecie świebodzińskim,

w województwie wielkopolskim:

— gminy Krzemieniewo, Rydzyna w powiecie leszczyńskim,

— gminy Krobia i Poniec w powiecie gostyńskim,

— powiat rawicki,

— gminy Kuślin, Lwówek, Miedzichowo, Nowy Tomyśl w powiecie nowotomyskim,

— gminy Chrzypsko Wielkie, Kwilcz w powiecie międzychodzkim,

— część gminy Pniewy położona na zachód od linii wyznaczonej przez drogę łączącą miejscowości Lubosinek – Lubosina – Buszewo biegnącą od południowej granicy gminy do skrzyżowania z drogą nr 187 i na północ od linii wyznaczonej przez drogę nr 187 biegnącą od wschodniej granicy gminy do skrzyżowania z drogą łączącą miejscowości Lubosinek – Lubosina – Buszewo w powiecie szamotulskim,

w województwie dolnośląskim:

— część powiatu górowskiego niewymieniona w części II załącznika I,

— gminy Prusice i Żmigród w powiecie trzebnickim,

— gmina Kotla w powiecie głogowskim,

— gminy Gromadka i Osiecznica w powiecie bolesławieckim,

— gminy Chocianów i Przemków w powiecie polkowickim,

— gmina Chojnów i miasto Chojnów w powiecie legnickim,

— część gminy Wołów położona na północ od linii wyznaczonej prze drogę nr 339 biegnącą od wschodniej granicy gminy do miejscowości Pełczyn, a następnie na północny - wschód od linii wyznaczonej przez drogę biegnącą od skrzyżowania z drogą nr 339 i łączącą miejscowości Pełczyn – Smogorzówek, część gminy Wińsko położona na wschód od linii wyznaczonej przez drogę nr 36 biegnącą od północnej granicy gminy do miejscowości Wińsko, a następnie na wschód od linii wyznaczonej przez drogę biegnącą od skrzyżowania z drogą nr 36 w miejscowości Wińsko i łączącą miejscowości Wińsko_- Smogorzów Wielki – Smogorzówek w powiecie wołowskim,

— część gminy Milicz położona na zachód od linii wyznaczonej przez drogę łączącą miejscowości Poradów – Piotrkosice - Sulimierz-Sułów - Gruszeczka w powiecie milickim,

w województwie świętokrzyskim:

— gminy Gnojno, Pacanów, Stopnica, Tuczępy, część gminy Busko Zdrój położona na północ od linii wyznaczonej przez drogę łączącą miejscowości Siedlawy-Szaniec- Podgaje-Kołaczkowice w powiecie buskim,

— gminy Łubnice, Oleśnica, Połaniec, część gminy Rytwiany położona na zachód od linii wyznaczonej przez drogę nr 764, część gminy Szydłów położona na zachód od linii wyznaczonej przez drogę nr 756 w powiecie staszowskim,

— gminy Chęciny, Chmielnik, Daleszyce, Górno, Masłów, Miedziana Góra, Mniów, Morawica, Łopuszno, Piekoszów, Pierzchnica, Sitkówka-Nowiny, Strawczyn, Zagnańsk, część gminy Raków położona na zachód od linii wyznaczonej przez drogi nr 756 i 764 w powiecie kieleckim,

— powiat miejski Kielce,

— gminy Kluczewsko, Krasocin, Włoszczowa w powiecie włoszczowskim,

— gmina Kije w powiecie pińczowskim,

— gminy Małogoszcz, Oksa, Sobków w powiecie jędrzejowskim,

— gmina Słupia Konecka w powiecie koneckim,

w województwie małopolskim:

— gminy Dąbrowa Tarnowska, Radgoszcz, Szczucin w powiecie dąbrowskim,

— gminy Lisia Góra, Pleśna, Ryglice, Skrzyszów, Tarnów, Tuchów w powiecie tarnowskim,

— powiat miejski Tarnów.

4. **Romania**

The following restricted zones III in Romania:

— Zona orașului București,

— Județul Constanța,

— Județul Satu Mare,

— Județul Tulcea,

— Județul Bacău,

— Județul Bihor,

— Județul Bistrița Năsăud,

— Județul Brăila,

— Județul Buzău,

— Județul Călărași,

— Județul Dâmbovița,

— Județul Galați,

— Județul Giurgiu,

— Județul Ialomița,

— Județul Ilfov,

— Județul Prahova,

— Județul Sălaj,

— Județul Suceava

— Județul Vaslui,

— Județul Vrancea,

— Județul Teleorman,

— Județul Mehedinți,

— Județul Gorj,

— Județul Argeș,

— Județul Olt,

— Județul Dolj,

— Județul Arad,

— Județul Timiș,

— Județul Covasna,

— Județul Brașov,

— Județul Botoșani,

— Județul Vâlcea,

— Județul Iași,

— Județul Hunedoara,

— Județul Alba,

— Județul Sibiu,

— Județul Caraș-Severin,

— Județul Neamț,

— Județul Harghita,

— Județul Mureș,

— Județul Cluj,

— Județul Maramureș.

5. **Slovakia**

The following restricted zones III in Slovakia:

— In the district of Lučenec: Lučenec a jeho časti, Panické Dravce, Mikušovce, Pinciná, Holiša, Vidiná, Boľkovce, Trebeľovce, Halič, Stará Halič, Tomášovce, Trenč, Veľká nad Ipľom, Buzitka (without settlement Dóra), Prša, Nitra nad Ipľom, Mašková, Lehôtka, Kalonda, Jelšovec, Ľuboreč, Fiľakovské Kováče, Lipovany, Mučín, Rapovce, Lupoč, Gregorova Vieska, Praha,

— In the district of Poltár: Kalinovo, Veľká Ves,

— The whole district of Trebišov',

— The whole district of Vranov and Topľou,

— In the district of Humenné: Lieskovec, Myslina, Humenné, Jasenov, Brekov, Závadka, Topoľovka, Hudcovce, Ptičie, Chlmec, Porúbka, Brestov, Gruzovce, Ohradzany, Slovenská Volová, Karná, Lackovce, Kochanovce, Hažín nad Cirochou,

— In the district of Michalovce: Strážske, Staré, Oreské, Zbudza, Voľa, Nacina Ves, Pusté Čemerné, Lesné, Rakovec nad Ondavou, Petríkovce, Oborín, Veľké Raškovce, Beša,

— In the district of Nové Zámky: Sikenička, Pavlová, Bíňa, Kamenín, Kamenný Most, Malá nad Hronom, Belá, Ľubá, Šarkan, Gbelce, Nová Vieska, Bruty, Svodín,

— In the district of Levice: Veľké Ludince, Farná, Kuraľany, Keť, Pohronský Ruskov, Čata,

— In the district of Rimavská Sobota: Jesenské, Gortva, Hodejov, Hodejovec, Širkovce, Šimonovce, Drňa, Hostice, Gemerské Dechtáre, Jestice, Dubovec, Rimavské Janovce, Rimavská Sobota, Belín, Pavlovce, Sútor, Bottovo, Dúžava, Mojín, Konrádovce, Čierny Potok, Blhovce, Gemerček, Hajnáčka,

— In the district of Gelnica: Hrišovce, Jaklovce, Kluknava, Margecany, Richnava,

— In the district Of Sabinov: Daletice,

— In the district of Prešov: Hrabkov, Krížovany, Žipov, Kvačany, Ondrašovce, Chminianske Jakubovany, Klenov, Bajerov, Bertotovce, Brežany, Bzenov, Fričovce, Hendrichovce, Hermanovce, Chmiňany, Chminianska Nová Ves, Janov, Jarovnice, Kojatice, Lažany, Mikušovce, Ovčie, Rokycany, Sedlice, Suchá Dolina, Svinia, Šindliar, Široké, Štefanovce, Víťaz, Župčany.'

COMMISSION IMPLEMENTING REGULATION (EU) 2022/441

of 17 March 2022

amending Annexes V and XIV to Implementing Regulation (EU) 2021/404 as regards the entries for the United Kingdom and the United States in the lists of third countries authorised for the entry into the Union of consignments of poultry, germinal products of poultry and fresh meat of poultry and game birds

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/429 of the European Parliament and of the Council of 9 March 2016 on transmissible animal diseases and amending and repealing certain acts in the area of animal health ('Animal Health Law') ([1]), and in particular Articles 230(1) and 232(1) thereof.

Whereas:

(1) Regulation (EU) 2016/429 requires that consignments of animals, germinal products and products of animal origin must come from a third country or territory, or zone or compartment thereof, listed in accordance with Article 230(1) of that Regulation in order to enter the Union.

(2) Commission Delegated Regulation (EU) 2020/692 ([2]) lays down the animal health requirements with which consignments of certain species and categories of animals, germinal products and products of animal origin from third countries or territories, or zones thereof, or compartments thereof, in the case of aquaculture animals, must comply with in order to enter the Union.

(3) Commission Implementing Regulation (EU) 2021/404 ([3]) establishes the lists of third countries, or territories, or zones or compartments thereof, from which the entry into the Union of the species and categories of animals, germinal products and products of animal origin falling within the scope of Delegated Regulation (EU) 2020/692 is permitted.

(4) More particularly, Annexes V and XIV to Implementing Regulation (EU) 2021/404 set out the lists of third countries, or territories, or zones thereof authorised for the entry into the Union, respectively, of consignments of poultry, germinal products of poultry, and of fresh meat from poultry and game birds.

(5) The United Kingdom notified the Commission of an outbreak of highly pathogenic avian influenza in poultry. The outbreak is located near Redgrave, Mid Suffolk, Suffolk, England and was confirmed on 1 March 2022 by laboratory analysis (RT-PCR).

(6) Additionally, the United States notified the Commission of outbreaks of highly pathogenic avian influenza in poultry. The outbreaks are located in a second establishment in the already affected Newcastle county, state of Delaware, United States, in Queen Anne's county, state of Maryland, United States and in Jasper county, state of Missouri, United States and were confirmed on 8 March 2022 by laboratory analysis (RT-PCR).

([1]) OJ L 84, 31.3.2016, p. 1.

([2]) Commission Delegated Regulation (EU) 2020/692 of 30 January 2020 supplementing Regulation (EU) 2016/429 of the European Parliament and of the Council as regards rules for entry into the Union, and the movement and handling after entry of consignments of certain animals, germinal products and products of animal origin (OJ L 174, 3.6.2020, p. 379).

([3]) Commission Implementing Regulation (EU) 2021/404 of 24 March 2021 laying down the lists of third countries, territories or zones thereof from which the entry into the Union of animals, germinal products and products of animal origin is permitted in accordance with Regulation (EU) 2016/429 of the European Parliament and of the Council (OJ L 114, 31.3.2021, p. 1).

(7) Furthermore, the United States notified the Commission of an outbreak of highly pathogenic avian influenza in poultry. The outbreak is located in Lawrence county, state of Missouri, United States and was confirmed on 9 March 2022 by laboratory analysis (RT-PCR).

(8) The veterinary authorities of the United Kingdom and the United States established a 10 km control zone around the affected establishments and implemented a stamping-out policy in order to control the presence of highly pathogenic avian influenza and limit the spread of that disease.

(9) The United Kingdom and the United States have submitted information to the Commission on the epidemiological situation on their territory and the measures they have taken to prevent the further spread of highly pathogenic avian influenza. That information has been evaluated by the Commission. On the basis of that evaluation and in order to protect the animal health status of the Union, the entry into the Union of consignments of poultry, germinal products of poultry, and fresh meat from poultry and game birds from the areas under restrictions established by the veterinary authorities of the United Kingdom and the United States due to the recent outbreaks of highly pathogenic avian influenza should no longer be authorised.

(10) Moreover, the United Kingdom has submitted updated information on the epidemiological situation on its territory in relation to the outbreaks of HPAI confirmed in poultry establishments on 8 November 2021 near Alcester, Bidford, Warwickshire, England and on 21 November 2021 near North Fambridge, Maldon, Essex, England. The United Kingdom has also submitted the measures it has taken to prevent the further spread of that disease. In particular, following these outbreaks of HPAI, the United Kingdom has implemented a stamping out policy in order to control and limit the spread of that disease. In addition, the United Kingdom completed the requisite cleaning and disinfection measures following the implementation of the stamping out policy on the infected poultry establishments on its territory.

(11) The Commission has evaluated the information submitted by the United Kingdom and concluded that the HPAI outbreaks near Alcester, Bidford, Warwickshire, England and near North Fambridge, Maldon, Essex, England in the poultry establishments have been cleared and that there is no longer any risk associated with the entry into the Union of poultry commodities from the zones of the United Kingdom from which the entry into the Union of poultry commodities has been suspended due to those outbreaks.

(12) Annexes V and XIV to Implementing Regulation (EU) 2021/404 should be therefore amended accordingly.

(13) Taking into account the current epidemiological situation in the United Kingdom and the United States as regards highly pathogenic avian influenza and the serious risk of its introduction into the Union, the amendments to be made to Implementing Regulation (EU) 2021/404 by this Regulation should take effect as a matter of urgency.

(14) The measures provided for in this Regulation are in accordance with the opinion of the Standing Committee on Plants, Animals, Food and Feed,

HAS ADOPTED THIS REGULATION:

Article 1

Annexes V and XIV to Implementing Regulation (EU) 2021/404 are amended in accordance with the Annex to this Regulation.

Article 2

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

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

Done at Brussels, 17 March 2022.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

Annexes V and XIV to Implementing Regulation (EU) 2021/404 are amended as follows:

(1) Annex V is amended as follows:

(a) Part 1 is amended as follows:

(i) in the entry for the United Kingdom, the row for the zone GB-2.19 is replaced by the following:

'**GB** United Kingdom	GB-2.19	Breeding poultry other than ratites and productive poultry other than ratites	BPP	N, P1		8.11.2021	4.3.2022
		Breeding ratites and productive ratites	BPR	N, P1		8.11.2021	4.3.2022
		Poultry intended for slaughter other than ratites	SP	N, P1		8.11.2021	4.3.2022
		Ratites intended for slaughter	SR	N, P1		8.11.2021	4.3.2022
		Day-old chicks other than ratites	DOC	N, P1		8.11.2021	4.3.2022
		Day-old chicks of ratites	DOR	N, P1		8.11.2021	4.3.2022
		Less than 20 heads of poultry other than ratites	POU-LT20	N, P1		8.11.2021	4.3.2022
		Hatching eggs of poultry other than ratites	HEP	N, P1		8.11.2021	4.3.2022
		Hatching eggs of ratites	HER	N, P1		8.11.2021	4.3.2022
		Less than 20 hatching eggs of poultry other than ratites	HE-LT20	N, P1		8.11.2021	4.3.2022'

(ii) in the entry for the United Kingdom, the row for the zone GB-2.28 is replaced by the following:

'**GB** United Kingdom	GB-2.28	Breeding poultry other than ratites and productive poultry other than ratites	BPP	N, P1		21.11.2021	8.3.2022
		Breeding ratites and productive ratites	BPR	N, P1		21.11.2021	8.3.2022
		Poultry intended for slaughter other than ratites	SP	N, P1		21.11.2021	8.3.2022
		Ratites intended for slaughter	SR	N, P1		21.11.2021	8.3.2022
		Day-old chicks other than ratites	DOC	N, P1		21.11.2021	8.3.2022
		Day-old chicks of ratites	DOR	N, P1		21.11.2021	8.3.2022

		Less than 20 heads of poultry other than ratites	POU-LT20	N, P1		21.11.2021	8.3.2022
		Hatching eggs of poultry other than ratites	HEP	N, P1		21.11.2021	8.3.2022
		Hatching eggs of ratites	HER	N, P1		21.11.2021	8.3.2022
		Less than 20 hatching eggs of poultry other than ratites	HE-LT20	N, P1		21.11.2021	8.3.2022’

(iii) in the entry for the United Kingdom, the following row for the zone GB-2.104 is added after the row for the zone GB-2.103:

‘**GB** United Kingdom	GB-2.104	Breeding poultry other than ratites and productive poultry other than ratites	BPP	N, P1		1.3.2022	
		Breeding ratites and productive ratites	BPR	N, P1		1.3.2022	
		Poultry intended for slaughter other than ratites	SP	N, P1		1.3.2022	
		Ratites intended for slaughter	SR	N, P1		1.3.2022	
		Day-old chicks other than ratites	DOC	N, P1		1.3.2022	
		Day-old chicks of ratites	DOR	N, P1		1.3.2022	
		Less than 20 heads of poultry other than ratites	POU-LT20	N, P1		1.3.2022	
		Hatching eggs of poultry other than ratites	HEP	N, P1		1.3.2022	
		Hatching eggs of ratites	HER	N, P1		1.3.2022	
		Less than 20 hatching eggs of poultry other than ratites	HE-LT20	N, P1		1.3.2022’	

(iv) in the entry for the United States, the following rows for the zones US-2.17 to US-2.20 are added after the row for the zone US-2.16:

‘**US** United States	US-2.17	Breeding poultry other than ratites and productive poultry other than ratites	BPP	N, P1		8.3.2022	
		Breeding ratites and productive ratites	BPR	N, P1		8.3.2022	
		Poultry intended for slaughter other than ratites	SP	N, P1		8.3.2022	

		Ratites intended for slaughter	SR	N, P1		8.3.2022	
		Day-old chicks other than ratites	DOC	N, P1		8.3.2022	
		Day-old chicks of ratites	DOR	N, P1		8.3.2022	
		Less than 20 heads of poultry other than ratites	POU-LT20	N, P1		8.3.2022	
		Hatching eggs of poultry other than ratites	HEP	N, P1		8.3.2022	
		Hatching eggs of ratites	HER	N, P1		8.3.2022	
		Less than 20 hatching eggs of poultry other than ratites	HE-LT20	N, P1		8.3.2022	
	US-2.18	Breeding poultry other than ratites and productive poultry other than ratites	BPP	N, P1		8.3.2022	
		Breeding ratites and productive ratites	BPR	N, P1		8.3.2022	
		Poultry intended for slaughter other than ratites	SP	N, P1		8.3.2022	
		Ratites intended for slaughter	SR	N, P1		8.3.2022	
		Day-old chicks other than ratites	DOC	N, P1		8.3.2022	
		Day-old chicks of ratites	DOR	N, P1		8.3.2022	
		Less than 20 heads of poultry other than ratites	POU-LT20	N, P1		8.3.2022	
		Hatching eggs of poultry other than ratites	HEP	N, P1		8.3.2022	
		Hatching eggs of ratites	HER	N, P1		8.3.2022	
		Less than 20 hatching eggs of poultry other than ratites	HE-LT20	N, P1		8.3.2022	
	US-2.19	Breeding poultry other than ratites and productive poultry other than ratites	BPP	N, P1		8.3.2022	
		Breeding ratites and productive ratites	BPR	N, P1		8.3.2022	
		Poultry intended for slaughter other than ratites	SP	N, P1		8.3.2022	
		Ratites intended for slaughter	SR	N, P1		8.3.2022	

		Day-old chicks other than ratites	DOC	N, P1		8.3.2022	
		Day-old chicks of ratites	DOR	N, P1		8.3.2022	
		Less than 20 heads of poultry other than ratites	POU-LT20	N, P1		8.3.2022	
		Hatching eggs of poultry other than ratites	HEP	N, P1		8.3.2022	
		Hatching eggs of ratites	HER	N, P1		8.3.2022	
		Less than 20 hatching eggs of poultry other than ratites	HE-LT20	N, P1		8.3.2022	
	US-2.20	Breeding poultry other than ratites and productive poultry other than ratites	BPP	N, P1		9.3.2022	
		Breeding ratites and productive ratites	BPR	N, P1		9.3.2022	
		Poultry intended for slaughter other than ratites	SP	N, P1		9.3.2022	
		Ratites intended for slaughter	SR	N, P1		9.3.2022	
		Day-old chicks other than ratites	DOC	N, P1		9.3.2022	
		Day-old chicks of ratites	DOR	N, P1		9.3.2022	
		Less than 20 heads of poultry other than ratites	POU-LT20	N, P1		9.3.2022	
		Hatching eggs of poultry other than ratites	HEP	N, P1		9.3.2022	
		Hatching eggs of ratites	HER	N, P1		9.3.2022	
		Less than 20 hatching eggs of poultry other than ratites	HE-LT20	N, P1		9.3.2022’	

(b) Part 2 is amended as follows:

(i) in the entry for the United Kingdom, the following description of the zone GB-2.104 is added after the description for the zone GB-2.103:

'United Kingdom	GB-2.104	Near Redgrave, Mid Suffolk, Suffolk, England: The area contained within a circle of a radius of 10km, centred on WGS84 dec, coordinates N52.37 and E0.99.'

(ii) in the entry for the United States, the following descriptions of the zones US-2.17 to US-2.20 are added after the description of the zone US-2.16:

'United States	US-2.17	State of Delaware New Castle 02 New Castle County: A zone of a 10 km radius starting with North point (GPS coordinates: 75.7430486°W 39.5199819°N) and extending in a circular clockwise fashion: (a) North: 1.1km Northwest from intersection of W Creek Ln and Dickerson Ln. (b) Northeast: 0.3km Northeast from the intersection of Cuter Way and Nantucket Dr. (c) East: 0.23km Northeast from the intersection of Denny Lynn Dr and Kelsey Lynn Ct. (d) Southeast: 0.8km Southeast from the intersection of Blackbird Station Rn and Lloyd Guessford Rd. (e) South: 2.2km Southeast from the intersection of Massey Rd and Bradford Johnson Rd. (f) Southwest: 1.9km West-southwest from the intersection of Megan Rd and Scott Rd. (g) West: 2.7km Northwest from intersection of Bohemia Church Rd and Augustine Herman Hwy. (h) Northwest: 0.7km North-northwest from intersection of Court House Point Rd and Augustine Herman Hwy.
	US-2.18	State of Maryland Queen Anne's County: A zone of a 10 km radius starting with North point (GPS coordinates: 75.8786226°W 39.2489713°N) and extending in a circular clockwise fashion: (a) North: 0.6km North-Northwest from intersection of Herbies Way and Chester River Heights Rd. (b) Northeast: 0.8km Northwest from the intersection of Stullltown Rd and Peters Corner Rd. (c) East: 1.4km Southeast from the intersection of Busic Church Rd and Duhamel Corner Rd.

		(d) Southeast: 0.36km Southwest from the intersection of Trunk Line Rd and Bee Tree Rd. (e) South: 0.63km Southeast from the intersection of Murphy Rd and Price Station Rd 405 (f) Southwest: 0.1km Southeast from the intersection of Flat Iron Square Rd and Lieby Rd. (g) West: 2.2km East-Southeast from intersection of Rolphs Wharf Rd and Church Hill Rd. (h) Northwest: 0.5km Northwest from intersection of Deep Landing Rd and Bright Meadow Ln.
	US-2.19	State of Missouri Jasper County: A zone of a 10 km radius starting with North point (GPS coordinates: 94.5953717° W 37.4321134°N) and extending in a circular clockwise fashion: (a) North: 0.7km Southwest from intersection of SW 50th Rd and SW 160th Ln. (b) Northeast: 0.7km West from the intersection of W Highway 126 and SW 115th Ln. (c) East: 0.5km Southeast from the intersection of State Highway 43 and Thistle Rd. (d) Southeast: 0.5km Southwest from the intersection of Park Ln and 25B. (f) Southwest: 0.3km South-Southeast from the intersection of NE Scammon Rd and NE 85th St. (g) West: 0.6 km Northwest from intersection of E 400 Highway and Highway 69. (h) Northwest: 0.7km Southwest from intersection of Highway 126 and N Free King's Highway.
	US-2.20	State of Missouri Lawrence County: A zone of a 10 km radius starting with North point (GPS coordinates: 93.7354261°W 37.1689086°N) and extending in a circular clockwise fashion: (a) North: 1.2km North-Northeast from intersection of Farm Rd 2077 and Farm Rd 1170. (b) Northeast: 1.1km West from the intersection of County Rd 2090 and County Rd 1230. (c) East: 1.0km South-West from the intersection of Farm Rd 2130 and Farm Rd 1245. (d) Southeast: 0.4km Northeast from the intersection of Farm Rd 1220 and Farm Rd 2180. (f) Southwest: 0.5km East-Northeast from the intersection of County Rd 1131 and Farm Rd 2181. (g) West: 0.7 km South-Southwest from intersection of I-44 and Highway H. (h) Northwest: 1.5km North-Northeast from intersection of Farm Rd 2100 and Farm Rd 1132 LC.'

(2) Annex XIV is amended as follows:

(a) Part 1 is amended as follows:

(i) in the entry for the United Kingdom, the row for the zone GB-2.19 is replaced by the following:

‘**GB** United Kingdom	GB-2.19	Fresh meat of poultry other than ratites	POU	N, P1		8.11.2021	4.3.2022
		Fresh meat of ratites	RAT	N, P1		8.11.2021	4.3.2022
		Fresh meat of game birds	GBM	P1		8.11.2021	4.3.2022’

(ii) in the entry for the United Kingdom, the row for the zone GB-2.28 is replaced by the following:

‘**GB** United Kingdom	GB-2.28	Fresh meat of poultry other than ratites	POU	N, P1		21.11.2021	8.3.2022
		Fresh meat of ratites	RAT	N, P1		21.11.2021	8.3.2022
		Fresh meat of game birds	GBM	P1		21.11.2021	8.3.2022’

(iii) in the entry for the United Kingdom, the following row for the zone GB-2.104 is added after the row for the zone GB-2.103:

‘**GB** United Kingdom	GB-2.104	Fresh meat of poultry other than ratites	POU	N, P1		1.3.2022	
		Fresh meat of ratites	RAT	N, P1		1.3.2022	
		Fresh meat of game birds	GBM	P1		1.3.2022’	

(iv) in the entry for the United States, the following rows for the zones US-2.17 to US-2.20 are added after the row for the zone US-2.16:

‘**US** United States	US-2.17	Fresh meat of poultry other than ratites	POU	N, P1		8.3.2022	
		Fresh meat of ratites	RAT	N, P1		8.3.2022	
		Fresh meat of game birds	GBM	P1		8.3.2022	
	US-2.18	Fresh meat of poultry other than ratites	POU	N, P1		8.3.2022	
		Fresh meat of ratites	RAT	N, P1		8.3.2022	
		Fresh meat of game birds	GBM	P1		8.3.2022	
	US-2.19	Fresh meat of poultry other than ratites	POU	N, P1		8.3.2022	
		Fresh meat of ratites	RAT	N, P1		8.3.2022	
		Fresh meat of game birds	GBM	P1		8.3.2022	

US-2.20	Fresh meat of poultry other than ratites	POU	N, P1		9.3.2022		
	Fresh meat of ratites	RAT	N, P1		9.3.2022		
	Fresh meat of game birds	GBM	P1		9.3.2022’		

(b) in Part 2, in the entry for the United States, the rows US-2 to US-2.16 are replaced by the following:

‘United States	US-2	The zones of the United States described under US-2 in Part 2 of Annex V’

DECISIONS

COUNCIL DECISION (EU) 2022/442

of 21 February 2022

authorising the opening of negotiations with Iceland, the Kingdom of Norway, the Swiss Confederation and the Principality of Liechtenstein with a view to concluding agreements between the European Union and those countries on supplementary rules in relation to the Instrument for Financial Support for Border Management and Visa Policy, as part of the Integrated Border Management Fund

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 77(2) and Article 79(2), point (d) in conjunction with Article 218(3) and (4) thereof,

Having regard to the recommendation from the European Commission,

Whereas:

(1) Regulation (EU) 2021/1148 of the European Parliament and of the Council ([1]), which established, as part of the Integrated Border Management Fund, the Instrument for Financial Support for Border Management and Visa Policy for the period 2021–2027, was adopted on 7 July 2021.

(2) The purpose of Regulation (EU) 2021/1148 is to provide a framework for expressing solidarity through financing assistance to those Member States and countries that apply the provisions of the Schengen *acquis* on external borders. It constitutes a development of the provisions of the Schengen *acquis* in which the associated countries participate.

(3) Regulation (EU) 2021/1148 builds upon the Schengen *acquis*, and Denmark, in accordance with Article 4 of Protocol No 22 on the position of Denmark, annexed to the Treaty on European Union and the Treaty on the Functioning of the European Union, has decided to implement that Regulation in its national law. In accordance with Articles 1 and 2 of Protocol No 22, Denmark is not taking part in the adoption of this Decision and is not bound by it or subject to its application.

(4) This Decision constitutes a development of the provisions of the Schengen *acquis* in which Ireland does not take part, in accordance with Council Decision 2002/192/EC ([2]). Ireland is therefore not taking part in the adoption of this Decision and is not bound by it or subject to its application.

(5) On 1 September 2021, 17 December 2021, 11 August 2021 and 18 August 2021 Iceland, the Kingdom of Norway, the Swiss Confederation and the Principality of Liechtenstein, respectively, notified their decision to accept the content of the Instrument for Financial Support for Border Management and Visa Policy established by Regulation (EU) 2021/1148 and to implement it in their internal legal order.

(6) In the light of Article 7(6) of Regulation (EU) 2021/1148, negotiations should therefore be opened with a view to concluding international agreements with Iceland, the Kingdom of Norway, the Swiss Confederation and the Principality of Liechtenstein on supplementary rules concerning the implementation by each of those countries of Regulation (EU) 2021/1148,

([1]) Regulation (EU) 2021/1148 of the European Parliament and of the Council of 7 July 2021 establishing, as part of the Integrated Border Management Fund, the Instrument for Financial Support for Border Management and Visa Policy (OJ L 251, 15.7.2021, p. 48).

([2]) Council Decision 2002/192/EC of 28 February 2002 concerning Ireland's request to take part in some of the provisions of the Schengen *acquis* (OJ L 64, 7.3.2002, p. 20).

HAS ADOPTED THIS DECISION:

Article 1

1. The Commission is hereby authorised to open negotiations for agreements with Iceland, the Kingdom of Norway, the Swiss Confederation and the Principality of Liechtenstein on supplementary rules concerning the implementation by those countries of Regulation (EU) 2021/1148.

2. The negotiations shall be conducted on the basis of the negotiating directives of the Council set out in the addendum to this Decision.

Article 2

The negotiations shall be conducted in consultation with the Justice and Home Affairs Counsellors, who are the preparatory body hereby designated as the special committee within the meaning of Article 218(4) of the Treaty on the Functioning of the European Union.

Article 3

This Decision is addressed to the Commission.

Done at Brussels, 21 February 2022.

For the Council
The President
J. DENORMANDIE

COUNCIL DECISION (EU) 2022/443

of 3 March 2022

on the position to be adopted, on behalf of the European Union, within the EEA Joint Committee, concerning the amendment to Annex IV (Energy) to the EEA Agreement (Directive on the Energy Performance of Buildings)

(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 194(2), in conjunction with Article 218(9) thereof,

Having regard to Council Regulation (EC) No 2894/94 of 28 November 1994 concerning arrangements for implementing the Agreement on the European Economic Area ([1]), and in particular Article 1(3) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) The Agreement on the European Economic Area ([2]) ('the EEA Agreement') entered into force on 1 January 1994.

(2) Pursuant to Article 98 of the EEA Agreement, the EEA Joint Committee may decide to amend, inter alia, Annex IV to the EEA Agreement, which contains provisions on energy.

(3) Directive 2010/31/EU of the European Parliament and of the Council ([3]) is to be incorporated into the EEA Agreement.

(4) Annex IV (Energy) to the EEA Agreement should be amended accordingly.

(5) The position of the Union in the EEA Joint Committee should therefore be based on the attached draft Decision,

HAS ADOPTED THIS DECISION:

Article 1

The position to be adopted, on behalf of the Union, within the EEA Joint Committee on the proposed amendment to Annex IV (Energy) to the EEA Agreement shall be based on the draft decision of the EEA Joint Committee attached to this Decision.

Article 2

This Decision shall enter into force on the date of its adoption.

Done at Brussels, 3 March 2022.

For the Council
The President
G. DARMANIN

([1]) OJ L 305, 30.11.1994, p. 6.
([2]) OJ L 1, 3.1.1994, p. 3.
([3]) Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

DRAFT DECISION OF THE EEA JOINT COMMITTEE No …

of …

amending Annex IV (Energy) to the EEA Agreement

THE EEA JOINT COMMITTEE,

Having regard to the Agreement on the European Economic Area ('the EEA Agreement'), and in particular Article 98 thereof,

Whereas:

(1) Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings ([1]) ('the EPBD') is to be incorporated into the EEA Agreement.

(2) Due to the specificities of Iceland's relatively recent and uniform building stock, a temporary and conditional exemption from applying Directive 2010/31/EU on the energy performance of buildings is agreed. That exemption should apply to Directive 2010/31/EU as in force before the amendment by Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018. The exemption should be strictly limited in time and should apply only until an agreement is reached concerning the incorporation of Directive 2010/31/EU as amended by Directive (EU) 2018/844 into the EEA Agreement.

(3) In line with the very small size of the building stock in Liechtenstein and its climatic and building typology, Liechtenstein is exempted from the obligation under Article 5 of the EPBD to carry out its own calculations for the establishment of cost-optimal levels of minimum energy performance requirements for buildings.

(4) Pursuant to the conditions of adaptation (c), Norway and Liechtenstein may stipulate regulations on minimum energy performance requirements using a different system boundary than primary energy use which is the one required under the EPBD, provided that the conditions stipulated in adaptation (c)are met.

(5) Adaptation (d) ensures that the user-operated energy performance certification system in Norway produces equivalent results to certificates issued by independent experts as required by Article 17 of the EPBD.

(6) Annex IV to the EEA Agreement should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

The text of point 17 (Directive (EC) No 2002/91 of the European Parliament and of the Council of 16 December 2002) of Annex IV of the EEA Agreement is replaced by the following:

'**32010 L 0031**: Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings ("the EPBD") (OJ L 153, 18.6.2010, p. 13).

The provisions of the Directive shall, for the purposes of this Agreement, be read with the following adaptations:

(a) The Directive shall not apply to Iceland.

(b) The following shall be added to Article 5(2):

"For the purpose of establishing the cost-optimal levels of minimum energy performance requirements, Liechtenstein may use the calculations of another Contracting Party having comparative parameters.".

([1]) OJ L 153, 18.6.2010, p. 13.

(c) For the purpose of Article 9(3)(a) and Annex I of the EPBD, Liechtenstein and Norway may base their requirements for energy use on net energy, provided that the following conditions and safeguards are fulfilled:

(i) The minimum energy performance requirements are set in line with the requirements of Article 5 of the EPBD, following the basic principles of the methodology framework, which has been established for the calculation of cost-optimal levels of minimum energy performance requirements. ([2])

(ii) A numeric indicator of primary energy use corresponding to the energy performance requirements set in the building code is published.

(iii) The Commission reserves the right to revisit this specific adaptation in the context of the future negotiations on the EPBD as amended by Directive (EU) 2018/844.

(d) The following shall be added to Article 17:

"EFTA States may establish a simplified user-operated energy performance certification system for residential buildings that can be used as an alternative to the use of experts if the following conditions are met:

(i) There is a thorough knowledge and good quality data available on the entire residential building stock, including all the building typologies and age bands, and the characteristics of the building envelope and technical building systems in use per typology, which enables the calculation of the energy performance of individual buildings and building units with a high degree of certainty on the basis of user inputs,

(ii) Detailed information is available on cost-optimal or cost-effective improvements for each building typology,

(iii) Measures are in place to support the users to operate the system for the purpose of the system issuing building certificates. These measures may include a helpline or advisory services that will enable contact between the users on the one hand, and independent experts and system experts on the other,

(iv) To ensure negligible risk of manipulation of results, the user-operated certification system includes quality control and verification mechanism(s) to check users' input data and that the users' input data are transparent,

(v) Independent control systems are in place to ensure that the user-operated energy performance certification produces equivalent results to certificates issued by experts, in terms of quality and reliability,

(vi) The user-operated system issues recommendations which can advise the users of cost-optimal or cost-effective improvements specific for their buildings and building units.".'.

Article 2

The text of Directive 2010/31/EU in the Icelandic and Norwegian languages, to be published in the EEA Supplement to the *Official Journal of the European Union*, shall be authentic.

Article 3

This Decision shall enter into force on […], provided that all the notifications under Article 103(1) of the EEA Agreement have been made ([3])*.

Article 4

This Decision shall be published in the EEA Section of, and in the EEA Supplement to, the *Official Journal of the European Union*.

([2]) Commission Delegated Regulation (EU) No 244/2012 of 16 January 2012 supplementing Directive 2010/31/EU of the European Parliament and of the Council on the energy performance of buildings by establishing a comparative methodology framework for calculating cost-optimal levels of minimum energy performance requirements for buildings and building elements (OJ L 81, 21.3.2012, p. 18).

([3]) [No constitutional requirements indicated.] [Constitutional requirements indicated.]

Done at Brussels, […].

For the EEA Joint Committee
The President

The Secretaries
To the EEA Joint Committee

COMMISSION DECISION (EU) 2022/444

of 28 June 2021

on the state aid scheme SA.49414 (2020/C) (ex 2019/NN) implemented by France in favour of operators of natural gas storage infrastructure

(notified under document C(2021)4494)

(Only the French text is authentic)

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first subparagraph of Article 108(2) thereof,

Having regard to the Agreement on the European Economic Area, and in particular Article 62(1)(a) thereof,

Having called on interested parties to submit their comments pursuant to those articles ([1]), and having regard to their comments,

Whereas:

1. PROCEDURE

(1) By letter of 23 October 2017, the French authorities informed the Commission of the draft reform of the legal and regulatory framework applicable to natural gas storage ('the reform'). The French authorities pre-notified the draft on 23 November 2017 and, following adoption of the reform by the French Parliament, sent additional information to the Commission.

(2) By letter of 28 February 2020, the Commission informed France of its decision ('the opening decision') to initiate the procedure laid down in Article 108(2) of the Treaty on the Functioning of the European Union ('the formal investigation procedure') in respect of the measure.

(3) The opening decision was published in the *Official Journal of the European Union*. The Commission called on interested parties to submit their comments on the measure.

(4) During the formal investigation procedure, the Commission received comments from interested parties. It forwarded them to France, giving it the opportunity to comment. The French authorities submitted their comments by letter of 3 August 2020.

(5) The French authorities submitted additional information on 21 September 2020, 26 January 2021, 15 March 2021 and 10 May 2021.

2. BACKGROUND TO THE MEASURE

2.1. Natural gas storage in France

(6) Underground natural gas storage infrastructure enables natural gas stocks connected to the transmission network to be built up. It contributes to gas flow management in the network.

([1]) OJ C 112, 3.4.2020, p. 39.

(7) Storage is used as a means of ensuring a balance between the amount of natural gas in the network and the amount consumed, for example in the event of supply disruption or a peak in demand linked to a cold spell in winter. Together with pipelines and compressors, storage also makes it possible to deliver gas within the transmission network, particularly in the event of congestion.

(8) Storage operators offer storage capacity to natural gas suppliers operating in retail and wholesale markets and to transmission system operators. The willingness of natural gas suppliers to pay for storage capacity depends on the difference in the natural gas price between summer and winter ('the spread'). Natural gas production levels are relatively stable throughout the year, whereas gas consumption varies considerably depending on temperature.

(9) There are 14 storage facilities in France, 11 of which are in operation ([2]), and 3 storage operators:

— Storengy, a wholly owned subsidiary of ENGIE, owns and operates 12 sites, 3 of which are on standby and 9 in operation. The latter account for a working volume of 102,1 TWh (74 % of total national capacity);

— Teréga (formerly TIGF), owned by Snam (40,5 %), GIC (31,5 %), EDF Investissement (18 %) and Predica (10 %), runs a site in operation with a working volume of 33,1 TWh (24 % of total national capacity);

— Géométhane, owned by Storengy (50 %), CNP (49 %) and Géostock (1 %), runs a site in operation with a working volume of 3,3 TWh (2 % of total national capacity).

(10) Seasonal variations in natural gas prices have decreased since 2009. Until 2011, the spread was high enough to induce suppliers to take up all available storage capacity. Since 2011, the spread has been insufficient to cover the storage price offered by operators (spread of EUR 1,5-2/MWh at a price of EUR 6-7/MWh). As a result, storage capacity has not been fully taken up since 2010-2011. Three sites were run at reduced capacity ('placed on standby') in 2014 and 2015, while the take-up rate of the storage infrastructure in operation was 63 % in 2017-2018.

2.2. **Legal and regulatory framework**

(11) To safeguard security of supply, France initially introduced a decree in 2014 to strengthen the obligations on natural gas suppliers to build up natural gas stocks ([3]). It subsequently took the view that this system had several flaws, and some natural gas suppliers brought an action challenging the legality of the decree. In the light of this, France decided to introduce an adjusted measure, which is the subject of this Decision ('the measure in question').

(12) Article 33 of Directive 2009/73/EC of the European Parliament and of the Council ([4]) allows Member States to regulate storage infrastructure. Natural gas storage is also one of the measures that Member States may put in place to comply with the obligations arising from Regulation (EU) 2017/1938 of the European Parliament and of the Council ([5]) under the conditions laid down therein, in particular the obligation to safeguard security of supply for national customers while ensuring the proper and continuous functioning of the internal market in natural gas.

([2]) There are 12 sites in operation if Lussagnet and Izaute are considered separately. The latter belong to Teréga and share some technical installations. For this reason, they are sometimes considered to be a single facility (e.g. multiannual energy programme (PPE) 2019-2028) and sometimes two separate facilities (e.g. PPE 2016-2023).

([3]) Decree No 2014-328 of 12 March 2014 amending Decree No 2006-1034 of 21 August 2006 on access to underground natural gas storage facilities (*décret n°2014-328 du 12 mars 2014 modifiant le décret n°2006-1034 du 21 août 2006 relatif à l'accès aux stockages souterrains de gaz naturel*).

([4]) Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ L 211, 14.8.2009, p. 94).

([5]) Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010 (OJ L 280, 28.10.2017, p. 1).

3. DETAILED DESCRIPTION OF THE MEASURE IN QUESTION AND GROUNDS FOR INITIATING THE PROCEDURE

3.1. Objective of the mechanism

(13) The regulatory mechanism is intended to ensure continued operation of the storage infrastructure necessary to safeguard security of natural gas supply in France in the medium and long term.

(14) In particular, the mechanism aims to ensure that the network is able to meet demand, especially during cold spells, and that natural gas can be delivered within the transmission network, in particular in the event of congestion.

3.2. Legal basis

(15) The mechanism for regulating essential natural gas storage infrastructure was incorporated into the Energy Code (*code de l'énergie*) by Act No 2017-1839 of 30 December 2017 ([6]) (*loi Hydrocarbures*, 'Hydrocarbons Act'), which entered into force on 1 January 2018.

(16) In particular, Article 12 of the Hydrocarbons Act provides that the scope of the regulatory mechanism is defined by the multiannual energy programme ('PPE'), referred to in Article L.141-1 of the Energy Code. The PPE is adopted by decree after consultation with several advisory bodies and revised at least every 5 years for two 5-year periods. The PPE for the period 2019-2028 was established by Decree No 2020-456 of 21 April 2020 ('Decree No 2020-456 on the PPE').

(17) In addition, under Article 12 of the Hydrocarbons Act, the Energy Regulatory Commission ('CRE') lays down certain procedures under the regulatory mechanism, in particular as regards the auctioning of storage capacity, the authorised revenue of storage operators and the arrangements for collecting that revenue through the sale of capacity and the tariffs for using the natural gas transmission network, which are paid to storage operators (see recitals 20 to 22).

3.3. Overall functioning of the mechanism

(18) The mechanism for regulating natural gas storage adopted in France in 2017 is based on three principles.

(19) First, the scope of the mechanism covers the underground storage infrastructure necessary to safeguard security of supply in France in the medium and long term ([7]) ('essential storage infrastructure'). The list of essential infrastructure is established by the Decree on the PPE. This infrastructure must be kept running by its operators ([8]).

(20) Secondly, essential storage infrastructure capacity is auctioned according to procedures laid down by the CRE ([9]). The auctions are open to any supplier established in an EU Member State or other State with authorisation to supply the French retail or wholesale market. As of January 2018, 213 French and foreign suppliers had such authorisation. Auction revenues are collected directly by storage operators.

([6]) Act No 2017-1839 of 30 December 2017 ending the exploration and extraction of hydrocarbons and laying down various provisions relating to energy and the environment (*loi n°2017-1839 du 30 décembre 2017 mettant fin à la recherche ainsi qu'à l'exploitation des hydrocarbures et portant diverses dispositions relatives à l'énergie et à l'environnement*).

([7]) Article L.421-3-1 of the Energy Code.

([8]) Article L.421-3-1 of the Energy Code.

([9]) Article L.421-5-1 of the Energy Code.

(21) Thirdly, operators of essential storage infrastructure are guaranteed that their costs will be covered in so far as they correspond to those of an 'efficient operator' ([10]). In this regard, they receive regulated revenue set by decision of the CRE ('authorised revenue'). If their direct revenue from customers is lower than their authorised revenue, storage operators receive compensation equal to the difference between the two amounts (see recital 89). This compensation is financed by natural gas shippers based on their portfolio of firm-service customers connected to the public natural gas distribution network who have not declared that they can be cut off without risk (see recitals 104 and 105). The compensation is collected by the transmission system operator in the form of a dedicated charge incorporated into the tariff for using the transmission network ('ATRT' tariff) and is then paid to storage operators.

(22) However, if the storage operators' revenue exceeds their authorised revenue, they must repay the surplus through the tariff for using the transmission network (see recital 90).

3.4. **Scope of the regulatory mechanism**

(23) According to the explanations provided by the French authorities, essential storage infrastructure is identified by determining the infrastructure needed to ensure the network can meet demand and the infrastructure needed to deliver natural gas within the transmission network.

3.4.1. *Infrastructure needed to ensure the network can meet demand in the event of a cold spell*

(24) The level of security of supply expected from the gas system is set out in Article R.121-4 of the Energy Code. The aim is to safeguard supplies to all consumers who have not contractually agreed to having supply interrupted in extremely cold weather conditions, such as those occurring statistically once every 50 years.

(25) The infrastructure needed to ensure that the system can meet demand is identified on the basis of work carried out by the transmission system operators, which compare demand for natural gas during cold spells of 1 to 30 days with natural gas supply capacity, in particular from liquefied natural gas (LNG) interconnectors and terminals.

3.4.1.1. Estimated demand for natural gas

(26) First of all, the French authorities examined five scenarios for the expected evolution of natural gas consumption over the next 10 years, excluding electricity generation. The expected reduction ranges from 2 % to 18 % compared with the reference year of 2012. The French authorities finally assumed a 2 % reduction in natural gas consumption, excluding electricity generation.

(27) Average daily consumption of natural gas (excluding electricity generation) during a cold spell was then estimated at around 3 640 GWh/d in 2025, excluding the consumption of low calorific natural gas ('L-gas'). The consumption of natural gas for electricity generation during a cold spell was estimated at 310 GWh/d.

(28) The French authorities also took into account the interruptible share of natural gas demand, i.e. the consumers who have concluded an interruptible contract with the operator of the network they are connected to. In this respect, at the time the regulatory mechanism was implemented, interruptibility measures for cold spells were still being formulated. The French authorities assumed potential interruptibility was 138 GWh/d.

(29) The French authorities specified that load shedding was a last resort in the event of a supply crisis and not a flexibility mechanism. This is why load shedding was not taken into account when estimating the demand for natural gas during cold spells.

([10]) Article L.452-1 of the Energy Code.

(30) The fact that average consumption during a short cold spell is higher than that during a longer cold spell was also taken into account.

(31) Lastly, the French authorities took account of the gradual decrease in the use of L-gas, in view of a programme for conversion to high-calorific natural gas ('H-gas'), which today accounts for 90 % of the natural gas consumed in France. The conversion operation started in 2018 and will be completed by 2028 at the latest. The French authorities estimate that demand for L-gas converted into H-gas will be 180 GWh/d in 2025.

(32) In the light of the above, the French authorities estimated the overall demand for natural gas during a cold spell of 4 days in 2025 to be around 4 000 GWh/d.

3.4.1.2. Estimated natural gas supply capacity

(33) The French authorities estimated natural gas supply capacity by taking into account interconnectors, LNG supply from LNG terminals and the performance of natural gas stocks.

(34) First, as regards interconnectors, estimates of firm capacity, based on the assumption of 100 % utilisation of firm H-gas interconnector capacities, amount to 1 780 GWh/d for imports and 425 GWh/d for exports ([11]). Net imports of H-gas via pipelines are estimated at 1 355 GWh/d.

(35) The French authorities pointed out that it would be very costly to strengthen the gas network and interconnectors ([12]), especially compared with using existing storage facilities. In any case, the infrastructure concerned would not be available in the medium term because of long construction times.

(36) Secondly, as regards LNG supply, the four French LNG terminals can feed a total of 1 160 GWh/d into the network ([13]). However, this capacity can be mobilised only if LNG is available in the tanks at the LNG terminals. For a contingency like a cold spell of less than 10 days, the French authorities considered that only LNG stocks in tanks would be released. However, beyond 10 days, LNG shipments could be delivered, and LNG terminals could be used to their full capacity. Two scenarios were chosen based on the average level of LNG stocks observed in tanks: the worst winter (scenario 1) and the best winter (scenario 2).

(37) Both scenarios reflect a level of use of LNG terminals which is higher than the average use during the winters of 2011 to 2018. France finally opted for scenario 1 and estimated the potential feed-in from LNG terminals at 330 GWh/d for a 4-day cold spell.

(38) The French authorities pointed out that the existing liquefaction terminals operate at close to maximum capacity in order to recoup the significant investment cost. In addition, almost all LNG shipments are covered by long-term contracts owing to the capital intensity of the projects and are therefore already sold before being produced. The lower cost of storing natural gas in gaseous form also explains the lack of development of LNG storage worldwide. The quantities of LNG available in the short term are therefore limited.

(39) Thirdly, as regards the performance of underground natural gas stocks, the French authorities explained that the aquifers used, which account for 90 % of storage infrastructure in France, must be filled to a sufficiently high level and emptied to a sufficiently low level each year. The rate at which gas can be withdrawn from storage infrastructure also decreases as the stock decreases.

([11]) The data on firm H-gas interconnector capacities are taken from ENTSOG's Transmission Capacity Map 2017.

([12]) For example, France has estimated the cost of building the Arc Lyonnais, Eridan and Perche pipelines to facilitate gas transmission from northern to southern France at EUR 1,6 billion.

([13]) The feed-in capacity is divided as follows among the four terminals: the Montoir terminal has a feed-in capacity of 400 GWh/d, the Fos-Cavaou LNG terminal 205 GWh/d, the Fos-Tonkin LNG terminal 205 GWh/d and the Dunkirk LNG terminal 520 GWh/d. When the Dunkirk interconnector is used at full capacity, the Dunkirk LNG terminal can feed no more than 350 GWh/d into the French natural gas network on account of a bottleneck in the transmission network.

(40) Given that, during the nine winters preceding France's analysis, storage facilities were on average 42 % full on 1 February and 85 % of the cold spells recorded over the last 70 years started before 5 February, the French authorities assumed that a withdrawal rate associated with a filling level of 45 % of working volume is available in each storage facility at the beginning of a cold spell.

(41) The French authorities also took into account the buffer stocks that the natural gas transmission system operators must build up in order to supply essential social services as a last resort in the event of the failure of a supplier, i.e. a withdrawal rate of 124 GWh/d at a filling level of 45 % of working volume.

(42) On the basis of all of these assumptions, for the period 2019-2025 the French authorities established an annual need for storage infrastructure of 138,5 TWh in working volume and a withdrawal rate of 2 376 GWh/d at a filling level of 45 % of working volume in order to ensure the network can meet demand during a cold spell ([14]).

3.4.2. *Infrastructure needed to deliver natural gas within the transmission network*

(43) The French authorities also identified the storage infrastructure needed to safeguard supply throughout the country taking into account the delivery capacity of the natural gas transmission network. To this end, they examined the various instances of congestion in the transmission network.

(44) The transmission system operators ('TSOs') identified the most likely congestion scenario, which reflects the situation observed at the time in a market where, according to the French authorities, suppliers seek to maximise natural gas imports from Norway and Russia, currently the most competitive sources of natural gas in Europe, and to reduce imports of LNG, for which higher valuations can be obtained in Asia. In this situation, four main operational limitations are likely to be observed (see Figure 1 below).

Figure 1: Main operational limitations likely to be observed in the transmission network when suppliers seek to maximise natural gas injections from north-eastern France

([14]) Decree No 2020-456 on the PPE.

(45) The methodology takes account of the fact that natural gas suppliers need LNG stocks to be able to meet consumer demand, but there is no constraint on them as regards how LNG stocks are distributed among the four French LNG terminals.

(46) Where a constraint applies, it is assumed that transmission system operators initially use the interruptible capacity of the interconnectors to address congestion. When congestion persists, the volume of natural gas that would need to be removed from underground storage infrastructure downstream of the congestion point is noted.

(47) This makes it possible to establish the underground natural gas stocks required downstream of each congestion point to be able to deliver natural gas within the transmission network.

(48) When this method is applied to the winter of 2018-2019 with regard to the main congestion points likely to be observed when suppliers seek to maximise natural gas injections from north-eastern France, the estimated combined working volumes needed from underground storage are at least:

— 16 TWh downstream of congestion point NS4 (Izaute, Lussagnet and Manosque storage facilities);

— 54 TWh downstream of congestion point NS3 (Céré-la-Ronde, Chemery, Izaute, Lussagnet and Manosque storage facilities);

— 55 TWh downstream of congestion point NS2 (Céré-la-Ronde, Chemery, Etrez, Izaute, Lussagnet, Manosque and Tersanne storage facilities);

— 64 TWh downstream of congestion point NS1 (Beynes, Céré-la-Ronde, Chemery, Etrez, Germigny-sous-Coulomb, Gournay-sur-Aronde, Izaute, Lussagnet, Manosque, Saint-Illiers-la-Ville and Tersanne storage facilities).

3.4.3. *List of facilities falling within the scope of regulation*

(49) The French authorities pointed out that, since the work on identifying essential infrastructure could not be completed sufficiently early in view of winter 2018-2019, the regulatory mechanism was initially applied as a provisional measure for the year 2018-2019 to all natural gas storage facilities in France. The facilities were identified by the 2016 PPE as necessary for security of supply ([15]).

(50) The Decree of 26 December 2018 ([16]) subsequently removed from the list of necessary infrastructure the three Storengy sites running at reduced capacity (Soings-en-Sologne, Saint-Clair-sur-Epte and Trois-Fontaines) and the Lussagnet phase 1 (Teréga) and Manosque 2 (Géométhane) projects. This infrastructure has not been used since the introduction of regulated access to natural gas storage.

(51) Lastly, for the period 2019-2023, Decree No 2020-456 on the PPE sets out the underground natural gas storage infrastructure which must be kept running in order to safeguard security of supply in the medium to long term. It represents a working volume of 138,5 TWh and a withdrawal capacity of 2 376 GWh/d at a filling level of 45 % of working volume:

Facility	Operator	Year of entry into service	Type of storage
Beynes	Storengy	1956	Aquifer
Céré-la-Ronde	Storengy	1993	Aquifer
Cerville-Verlaine	Storengy	1970	Aquifer
Chemery	Storengy	1968	Aquifer
Etrez	Storengy	1980	Salt cavern

([15]) Decree No 2016-1442 of 27 October 2016 on the PPE (*décret n° 2016-1442 du 27 octobre 2016 relatif à la PPE*).
([16]) Decree No 2018-1248 of 26 December 2018 on gas storage infrastructure necessary for security of supply (*décret n° 2018-1248 du 26 décembre 2018 relatif aux infrastructures de stockage de gaz nécessaires à la sécurité d'approvisionnement*).

Germigny-sous-Coulomb	Storengy	1982	Aquifer
Gournay	Storengy	1976	Aquifer
Lussagnet/Izaute	Teréga	1957	Aquifer
Manosque	Géométhane	1993	Salt cavern
Saint-Illiers-la-Ville	Storengy	1965	Aquifer
Tersanne/Hauterives	Storengy	1970	Salt cavern

Table 1: Natural gas storage installations required to remain in operation until 2023

(52) The PPE expects storage needs to decrease for the period 2024-2028. The list of storage infrastructure could be reduced by a withdrawal capacity of at least 140 GWh/d at 45 % of working volume by 2026. Given the uncertainties surrounding the volumes necessary for security of supply after 2026, these volumes should be confirmed in 2023 and set out in the next PPE.

3.5. **Auctioning of storage capacity**

(53) In accordance with Article L.421-5-1 of the Energy Code, regulated storage capacity is auctioned according to procedures laid down by the CRE. In particular, under the CRE decision of 22 February 2018, the auctions are carried out with a reserve price of zero ([17]).

(54) The results of the first auction were as follows:

Storage period	**Revenue (million EUR)**	**Average award price (EUR/MWh)**
2018-2019	68,4	0,53
2019-2020	233,6	1,80
2020-2021	504,6	3,85

Table 2: Auction results and revenue from additional sales during the year

3.6. **Coverage of the authorised revenue of storage operators as laid down by the CRE**

(55) Under Article L.452-1 of the Energy Code 'tariffs for the use of transmission networks ... shall be set in a transparent and non-discriminatory manner in order to cover all the costs incurred by transmission system operators and operators of the storage infrastructure referred to in Article L. 421-3-1, in so far as those costs correspond to those of efficient operators'.

(56) The same article also provides that those costs 'shall take into account the characteristics of the service provided and the costs associated with that service' and that, in the case of storage operators, they must include in particular 'a normal return on the capital invested'.

(57) Article L.452-2 of the Energy Code empowers the CRE to lay down the 'methods used to set tariffs for the use of natural gas transmission networks' and to ask storage operators to provide it with the information necessary to set those tariffs, in particular accounting and financial data.

(58) It follows from these provisions that the CRE is empowered by law to set the authorised revenue of storage operators in such a way as to cover the costs of an 'efficient operator' and to ensure a normal return on the capital invested.

([17]) Decision No 2018-039 of 22 February 2018 on the procedures for selling storage capacity in the context of implementing regulated third-party access to underground storage of natural gas in France (*délibération n°2018-039 du 22 février 2018 portant décision relative aux modalités de commercialisation des capacités de stockage dans le cadre de la mise en œuvre de l'accès régulé des tiers aux stockages souterrains de gaz naturel en France*).

(59) The CRE set the projected authorised revenue by decision, initially for a regulatory period of 2 years. This first storage tariff was valid in 2018 and 2019 ('ATS 1') ([18]). The CRE then harmonised the regulatory framework for storage operators with that of other infrastructure tariffs. The second storage tariff ('ATS 2') applies from 2020 for a period of 4 years ([19]).

(60) The general approach to setting the projected authorised revenue is the same for the various storage tariffs. The authorised revenue of storage operators was set *ex ante* by the CRE on the basis of forecasts sent by operators, which are then adjusted the following year and subject to *ex-post* audits. The costs of storage operators are taken into account by the CRE to the extent that they are considered efficient.

(61) However, given the particularly short deadlines for implementing the reform, a simplified framework was applied for 2018 and 2019. For these first years, the CRE adopted a tariff framework in which the differences between the projected and actual level of all costs and revenue were adjusted retrospectively. This mechanism guarantees a tariff level which is ultimately exactly the same as the operator's actual expenditure and revenue. For the period 2020-2023, the CRE wished to extend the regulatory principles incentivising storage infrastructure and, after completing its analyses, assumed a stable progression of operators' costs in a context marked by a downward trend in natural gas consumption.

(62) According to the method set out by the CRE, projected authorised revenue is equal to the sum of estimated net operating expenses, estimated regulatory capital costs and settlement of the balance of the previous year's clawback account ('CRCP').

Authorised revenue = net operating expenses + regulatory capital costs + clawback account

(63) Only activities falling within the scope of regulation are taken into account for the calculation of these components.

3.6.1. *Net operating expenses*

(64) Net operating expenses correspond to the gross operating expenses (energy costs, external consumption, staff costs, taxes and charges) of an 'efficient operator' after deducting operating income (in particular, capitalised production, non-tariff income, profits or losses from the purchase/sale of stored natural gas).

(65) Given the short deadlines for implementing the reform, the CRE could not determine for the period 2018-2019 whether the operators' costs corresponded to those of an 'efficient operator'. As a result, the costs taken into account during this period ultimately correspond to the actual costs borne by the storage operators, as validated by the CRE. For the ATS 2 tariff, the CRE implemented an incentivising regulatory mechanism for net operating expenses, with the exception of certain predefined items. With a few exceptions, any deviation from the operating expenses projected for the ATS 2 period will thus be borne by the operator or accrue to the operator.

3.6.2. *Regulatory capital costs*

(66) Regulatory capital costs comprise depreciation of and return on fixed capital. This item thus corresponds to the sum of the depreciation of the regulated asset base ('RAB'), the return on fixed capital calculated on the basis of the weighted average cost of capital ('WACC') for the RAB already put into service and the cost of the debt for assets under construction ('AUC').

Regulatory capital costs = RAB depreciation + RAB x WACC + AUC x cost of debt

(67) The CRE confirmed that this methodology corresponds to the regulatory practice for regulated facilities in the natural gas and electricity markets in France and Western Europe ([20]).

([18]) CRE decision No 2018-068 of 22 March 2018 on the tariff for the use of the underground natural gas storage infrastructure of Storengy, TIGF and Géométhane from 2018 (*délibération de la CRE n°2018-068 du 22 mars 2018 portant décision sur le tarif d'utilisation des infrastructures de stockage souterrain de gaz naturel de Storengy, TIGF et Géométhane à compter de 2018*).

([19]) CRE decision No 2020-011 of 23 January 2020 on the tariff for the use of the underground natural gas storage infrastructure of Storengy, Teréga and Géométhane.

([20]) The CRE bases this comparison on the study *Methodologies and parameters used to determine the allowed or target revenue of gas transmission system operators (TSOs)*, carried out by Economic Consulting Associates (ECA) for the Agency for the Cooperation of Energy Regulators (ACER).

(68) In order to determine the initial level of the RAB on 1 January 2018 ('initial RAB' or 'opening RAB'), the CRE uses the 'current economic costs' method ([21]). This involves calculating the net economic value of assets (i) on the basis of the gross accounting value of assets included in the operators' accounts (historical construction costs), (ii) adjusted for inflation, then (iii) depreciated over the useful life of the assets.

(69) Each year, the RAB evolves according to:

— depreciation, based on the useful life of the assets, deducted from the RAB;

— new investment put into service, which increases the RAB;

— where appropriate, assets dismantled before being fully depreciated, which reduces the RAB;

— the revaluation of assets for inflation (consumer price index excluding tobacco).

(70) The CRE considers that the most representative measure of the initial value of investments carried out by operators is the gross value of assets recorded in their company accounts. According to the CRE, this value, examined by auditors as part of their annual audit, is documented and objective. This method is identical to that applied in 2002, when natural gas TSOs were first regulated, and is also used for regulated LNG terminals in France.

(71) The CRE did not take into account the replacement cost of assets, but a depreciated value, in line with the depreciation recorded by the storage operators before 2018, so as not to impose on the community a cost already paid in the past or the depreciation of assets already taken into account.

(72) For most assets, the depreciation periods applied by operators in their historical accounts are similar to those they requested in their tariff proposals. They also correspond to standard data for the sector seen in other countries.

(73) As regards cushion gas ([22]), however, the CRE rejected the operators' request to consider a uniform depreciation period of 250 years. The CRE took into account the fact that cushion gas, unlike their other assets, was depreciated by operators over periods which varied from one operator to the next and over time (from 25 years to 250 years). As a result, in order to establish the initial RAB of the storage operators, the CRE assumed a degree of depreciation of cushion gas in line with the level of accounting depreciation recorded by each of the three operators. For the future, it has set the depreciation period for cushion gas at 75 years, corresponding to three renewals of the concession to operate the underground cavern for 25 years.

(74) The useful life assumed by the CRE for the different asset categories of operators is as follows:

Asset category	Useful life
Cushion gas	75 years
Wells, caverns, collection	50 years
Processing, compression, delivery and metering installations	20-30 years
Real estate and buildings	30 years
Miscellaneous equipment	10-15 years
Software, small items	5 years

Table 3: Depreciation period assumed by asset category

([21]) This method follows from the amending Finance Act of 28 December 2001, which set up a special committee (the Houri committee) to determine the price at which the State should sell natural gas transmission networks. A comparable method was also used to value the assets of LNG terminals and natural gas distributors.

([22]) 'Cushion gas' is the gas injected permanently into underground reservoirs which is essential for the operation of the storage facilities because it is needed to maintain a minimum storage pressure allowing the working volume to be supplied at the required withdrawal rate (CRE decision No 2018-068, referred to above).

(75) In addition, in 2017 the CRE asked the external consultant […] to audit the storage operators' initial RAB request. The result of the calculation for Storengy is [EUR 3-5 billion].

(76) In the case of Teréga, an additional study carried out by the consultancy PwC based on a discounted cash flow approach values the RAB at [EUR 1-2 billion].

(77) For the implementation of the regulatory mechanism, the CRE thus revised the initial RABs requested by the storage operators in order to take into account the independent economic assessment of the market value of the assets. The CRE then adopted the following initial RABs:

As of 1 January 2018	Storengy (billion EUR)	Teréga (billion EUR)	Géométhane (billion EUR)
Operator's request	4,0	1,37	0,20
RAB set by the CRE	3,5	1,15	0,19

Table 4: Initial RABs of storage operators on entry into force of the regulation

(78) As regards the rate of return on capital, the CRE used the WACC method to enable the operator to finance interest costs and obtain a return on equity comparable to the return it could obtain for investments with comparable levels of risk. The CRE pointed out that the WACC method is commonly used by European regulators to determine the rate of return on regulated infrastructure assets.

(79) On the basis of economic studies and the work of external consultants ([23]), the CRE set the WACC at 5,75 % for 2018 and 2019. For the period 2020-2023, the CRE assumed a WACC of 4,75 %. The method used to establish the WACC for ATS 2 is unchanged from that used for ATS 1. This is justified by lower financing costs, the planned reduction in corporation tax and an increase in asset beta. This increase in asset beta reflects consideration of the financial risk, in particular the stranded costs borne by shareholders in natural gas infrastructure companies on account of the energy transition.

(80) In the absence of a comparable storage operator listed on the stock market, the CRE took the WACC of the natural gas TSOs as the reference rate and increased it by a specific risk premium for storage. This premium is set at 50 basis points owing to the concentration of storage facilities, the geological risk below ground and the risk of substitutability by LNG terminals as well as of interconnectors with other countries.

(81) The CRE also specified that this rate of return is lower than that granted to regulated operators of LNG terminals (7,25 % when the measure entered into force), whose activity is more risky, especially in commercial terms, because of the co-existence of regulated and unregulated LNG terminals and a smaller number of customers. Furthermore, the CRE referred to the example of the 6,5 % rate of return used by the Italian regulator for natural gas storage.

3.6.3. *Investment*

(82) Each year, under Article L.421-7-1 of the Energy Code, underground natural gas storage operators submit their annual investment programme to the CRE for approval. In this context, the CRE 'ensures that the investment necessary for the proper development of storage and transparent and non-discriminatory access to it is carried out'.

(83) In the second storage tariff, the CRE introduced an incentive to control the costs of various categories of investment.

([23]) In particular, the Compass Lexecon report of 20 March 2017 recommended setting the WACC between 4,2 % and 5,8 %.

3.6.4. *Clawback account*

(84) The authorised revenue is set by the CRE on the basis of the operators' forecasts of their expenditure and revenue for the following year. The clawback account was introduced to take into account the difference between the projected expenditure or revenue and the expenditure or revenue actually recorded for a number of predefined items. This therefore protects operators from variations in certain expenditure or revenue items. The clawback account is also used for the payment of financial incentives resulting from the application of incentivising regulatory mechanisms and for taking into account any capital gains or stranded costs, once validated by the CRE.

(85) For the ATS 1 tariff, in the first period of regulated storage, the CRE adopted a tariff framework in which the differences between projected total expenditure and revenue and actual total expenditure and revenue were adjusted retrospectively. The tariff was therefore '100 % clawback' and no cost or revenue items were incentivised.

(86) For the ATS 2 tariff, the CRE defines the scope of the clawback account in line with the general framework for all tariffs for electricity networks and natural gas infrastructure. Only certain predefined items are thus subject to *ex-post* coverage of the differences between forecast and actual amounts via the clawback account. These items relate in particular to investment expenditure and sales revenue. By contrast, almost all operating expenses are subject to an incentive, which may be total (100 % of the differences between forecast and actual amounts are at the expense of or accrue to the operator) or partial (e.g. for energy costs, where the incentive is 20 %, with 80 % of the differences being covered by clawback).

3.7. **Beneficiaries**

(87) The beneficiaries of the measure are the operators of the natural gas storage infrastructure falling within the scope of the regulatory mechanism. Since the entry into force of the measure, the beneficiaries have been Storengy, Teréga and Géométhane.

3.8. **Financing of the measure through tariffs for using the transmission network**

(88) The authorised revenue of the storage operators is financed from their direct revenue and, where this is lower than the authorised revenue, also from storage compensation equivalent to the difference between the authorised revenue and direct revenue.

Compensation = authorised revenue – direct revenue

(89) The operators' direct revenue mainly stems from auctions, but also from any historical long-term contracts and additional services.

(90) Storage compensation is collected by TSOs from natural gas shippers in the form of a dedicated charge, the 'storage charge', incorporated into the tariff for using the transmission network (ATRT tariff) under conditions set by the CRE (see recital 21).

(91) It should be noted first that there are two TSOs in France, i.e. two holders of an authorisation to use natural gas transmission pipelines under Article L.431-1 of the Energy Code: GRTgaz and Teréga (formerly TIGF).

(92) GRTgaz is a public limited company, owned 75 % by ENGIE and 25 % by Société d'Infrastructures Gazière. GRTgaz, directly controlled by ENGIE, is independent from the other parts of its vertically integrated undertaking (the ENGIE group) in line with the independent TSO model, ensuring effective separation of TSO activities from production and supply activities ([24]).

([24]) CRE decision of 26 January 2012 on the licensing of GRTgaz (*Délibération de la CRE du 26 janvier 2012 portant décision de certification de la société GRTgaz*); CRE decision No 2019-135 of 25 June 2019 on the maintenance of Teréga's licensing following three acquisitions by Crédit Agricole Group of holdings in energy production companies (*délibération n°2019-135 de la CRE du 25 juin 2019 portant décision sur le maintien de la certification de la société Teréga à la suite de trois prises de participation du groupe Crédit Agricole dans des entreprises de production d'énergie*).

(93) As described in recital 9, Teréga is owned 40,5 % by Snam, 31,5 % by GIC, 18 % by EDF Investissement and 10 % by Predica. Teréga also meets the conditions of an independent TSO ([25]).

3.8.1. *Setting by the CRE of the storage charge incorporated into the tariffs for using the transmission network*

(94) In accordance with the sixth subparagraph of Article L.452-1 of the Energy Code, 'tariffs for the use of natural gas transmission networks shall be collected by the operators of those networks. Transmission system operators shall pay to the underground natural gas storage operators referred to in Article L. 421-3-1 a share of the amount collected in accordance with methods set out by the Energy Regulatory Commission.'

(95) Under Article L.452-2 of the Energy Code, 'the methods used to establish tariffs for the use of natural gas transmission networks ... shall be set by the Energy Regulatory Commission'.

(96) On the basis of those provisions, by its decision No 2018-069 of 22 March 2018 ([26]), the CRE laid down procedures for calculating the storage charge, applicable from 1 April 2018.

(97) According to the CRE, the storage charge paid by each shipper must reflect the value of 'security of supply', i.e. the remuneration for storage which gives priority to supplying natural gas to customers whose supply cannot be interrupted, in particular domestic customers.

3.8.2. *Payment of the storage charge by shippers and passing on to final customers*

(98) With regard to shippers' obligation to pay the storage charge, by its decision of 22 March 2018 the CRE incorporated the storage charge into the ATRT tariffs by inserting new provisions in its decision No 2018-022 of 7 February 2018 on the adjustment of the tariff for the use of the natural gas transmission networks of GRTgaz and TIGF on 1 April 2018.

(99) It follows from that amendment that 'any shipper who is assigned firm delivery capacity at at least one transport distribution interface point (PITD) is subject to a storage charge based on the winter modulation of the customers connected to the public gas distribution networks in its portfolio on the first day of each month'.

(100) 'Shipper' refers to any 'natural or legal person who enters into a contract with a TSO for the delivery of gas in the transmission network. The shipper may be the eligible customer, the supplier or their authorised representative.' A PITD is defined as a 'physical or notional interface between a transmission network and a public distribution system'.

(101) Moreover, it follows from the wording of the sixth subparagraph of Article L.452-1 of the Energy Code that TSOs must levy ATRT tariffs (see recital 94 – 'shall be collected').

(102) As regards passing on the storage charge to end users, the CRE pointed out that shippers will pass the storage charge on to their final customers included in the compensation calculation in the 'transmission' part of their invoice. The CRE does not have a list of the customers concerned.

([25]) CRE decision of 26 January 2012 on the licensing of TIGF; CRE decision of 4 February 2016 on the maintenance of TIGF's licensing following Predica's acquisition of a stake in TIGF Holding (*délibération de la CRE du 4 février 2016 portant décision sur le maintien de la certification de la société TIGF à la suite de l'entrée de la société Predica dans le capital de TIGF Holding*).

([26]) CRE decision No 2018-69 of 22 March 2018 incorporating a storage charge into the tariff for the use of the transmission networks of GRTgaz and TIGF (*délibération de la CRE n°2018-69 du 22 mars 2018 portant décision d'introduction d'un terme tarifaire stockage dans le tarif d'utilisation des réseaux de transport de GRTgaz et TIGF*).

(103) More specifically, this passing-on is mandatory only for the regulated tariffs for the sale of natural gas under Articles L.445-3 and R.445-3 of the Energy Code ([27]). For market offers, it is at the discretion of the supplier.

3.8.3. *Distribution of funds collected by TSOs among storage operators according to procedures laid down by the CRE*

(104) In accordance with the CRE's decision on the storage charge, once the revenue from the storage charge is collected, it is paid by the TSOs to the various storage operators in proportion to the compensation to be received ([28]). The share allocated to each operator corresponds to the ratio between the operator's projected annual compensation and the total projected compensation of all regulated storage operators, as set by the CRE. These shares are specified annually in the CRE decision adapting the storage charge.

(105) To that end, in accordance with the CRE decision, TSOs enter into a contract with each storage operator in order to set out the arrangements for collecting and paying compensation, the cost of which is set by the CRE and covered by the authorised revenue of the operators. For 2018, the cost was EUR 130 000 per TSO per storage operator ([29]).

3.9. **Budget**

(106) Each year, the total amount of compensation paid to regulated operators depends on auction revenues and the authorised revenue set by the CRE. The compensation paid to the three regulated storage operators amounted to EUR 528 million in 2018, EUR 540 million in 2019 and EUR 251 million in 2020.

	2018 (million EUR)	**2019 (million EUR)**	**2020 (million EUR)**
Storengy	402	392	199
Teréga	101	113	25
Géométhane	26	36	28
Total	528	540	251

Table 5: Level of storage compensation for 2018, 2019 and 2020

3.10. **Duration**

(107) The provisions of the Hydrocarbons Act relating to the mechanism for regulating storage operators entered into force on 1 January 2018. The CRE set the authorised revenue of storage operators from 1 January 2018. In addition, the first auction of storage capacity took place from 5 to 29 March 2018 for the period 2018-2019, and further auctions were held in 2019-2020 and 2020-2021 (see Table 2 in recital 54).

(108) The storage charge was also incorporated into the ATRT tariff with effect from 1 April 2018. The CRE first set the projected authorised revenue for a regulatory period of 2 years ([30]). It then harmonised the regulatory framework for storage operators with that of other infrastructure tariffs. This second storage tariff applies for the period 2020-2023 ([31]).

([27]) Article L.445-3 of the Energy Code: 'Regulated tariffs for the sale of natural gas shall be determined on the basis of the intrinsic characteristics of the supplies and the costs associated with those supplies. They shall cover all those costs ... '
Article R.445-3 of the Energy Code: 'For each supplier a tariff formula shall be established which reflects the entire cost of supplying natural gas. *The tariff formula and the costs other than those of supply shall make it possible to determine the average cost of supplying natural gas, on the basis of which the regulated tariffs for the sale of gas are fixed, according to the detailed conditions for serving the customers concerned. Costs other than those of supply shall include in particular:* …2. the costs of using natural gas storage facilities, if appropriate'.

([28]) Decision No 2018-069, referred to above, pp. 7-8.

([29]) Decision No 2018-069, referred to above.

([30]) CRE decision No 2018-069 of 22 March 2018, referred to above.

([31]) CRE decision No 2020-011 of 23 January 2020, referred to above.

(109) The French authorities have not set an end date for the mechanism. However, the scope of the mechanism was defined by the last PPE ([32]) until the PPE is next revised. That revision is planned for 2023 and will take place by 31 December 2028 at the latest.

3.11. **Commitments**

(110) The French authorities have given two commitments. First, they have undertaken to submit a report to the Commission by the end of 2024. The points to be covered in the report are as follows:

— information on the implementation of the measure during the previous period (2018-2023), in particular the auction results in terms of volumes and prices and the amounts of remuneration received per site;

— an updated overview of the functioning of the natural gas market in France and in particular of the factors justifying the continuation of the measure for the period 2023-2028, including the spread, the level of demand, investment in the gas network in France and abroad, and investment in LNG terminals;

— information on the revision of the PPE in 2023 and any impact on the scope of the measure;

— the method for calculating the guaranteed remuneration during the regulatory period 2023-2028. If the calculation method changes, the Commission would like information on the reasons for the change;

— data on the impact of the measure on competition, with an emphasis on the potential distortion of competition identified in the Decision, e.g. the impact of the measure on natural gas storage facilities in neighbouring Member States, on interconnectors and on French LNG terminals. This information should be supported by historical data on the use of the assets and by relevant changes to the regulatory regime for natural gas storage in the countries neighbouring France. The impact of the measure on the retail trade in France must also be assessed and quantified.

(111) Secondly, the French authorities undertake to publish the following information on a comprehensive website dedicated to State aid in France ([33]) and on the Transparency Award Module: a link to the full text of the mechanism and the procedures for implementing it; the identity of the beneficiaries of the funding; the form of the funding; the amount granted to each beneficiary; the date of award; the type of undertaking (SME/large company), the region in which the beneficiary is established and the main economic sector in which the beneficiary operates.

3.12. **Grounds for initiating the formal investigation procedure**

(112) The Commission took the preliminary view in its opening decision that the regulatory mechanism constituted State aid within the meaning of Article 107(1) TFEU which could be compatible with the internal market under Article 107(3)(c) TFEU. Nevertheless, during the formal investigation procedure, the Commission had expressed doubts as to the proportionality of the regulatory mechanism and the possible distortion of competition.

(113) More specifically, the Commission had found that, for the purpose of setting the storage operators' authorised revenue, the CRE allows them to obtain a return on their fixed capital. The calculation of this return involves assessing the value of the regulated assets. The Commission expressed doubts about the process of independent economic assessment of the market value of the assets when the regulatory mechanism was introduced by the CRE, which could have called into question the proportionate nature of the measure.

(114) In the light of the information supplied to the Commission during the formal investigation procedure, the Commission could not rule out that the mechanism might distort competition. Excessive distortion of competition could have existed between (i) natural gas suppliers in France and those in other Member States, (ii) natural gas storage operators, on the one hand, and LNG and interconnector operators, on the other, and (iii) natural gas storage operators in France and those in other Member States.

([32]) Decree No 2020-456 of 21 April 2020, referred to above.
([33]) http://www.europe-en-france.gouv.fr/Centre-de-ressources/Aides-d-etat/Regimes-d-aides.

4. COMMENTS BY FRANCE

(115) France sent its comments to the Commission with the CRE's comments in annex. The CRE's comments are thus considered to be an integral part of the comments by France.

(116) France considers that the doubts expressed by the Commission with regard to the reform of natural gas storage are unfounded.

4.1. **Existence of aid**

(117) First, France disputes that the measure in question involves State resources. Furthermore, in France's view, requiring an operator to move from a negotiated scheme to a regulated scheme cannot be considered to confer an economic advantage on that operator. France also contests the notion that operators of interconnectors and LNG terminals are competitors of storage operators.

(118) Next, with regard to financing through State resources, France disputes the notion that covering part of the costs borne by operators of essential facilities for natural gas storage constitutes a mandatory contribution. The tariff for using natural gas transmission networks is paid by natural gas suppliers in exchange for a delivery service that is designed to ensure a high degree of reliability and the long-term ability to meet a reasonable level of demand ([34]).

(119) France also notes that it is only mandatory to pass on the cost of using the transmission network to natural gas consumers in their bills if a consumer has chosen to benefit from regulated sales tariffs for natural gas. According to France, only a small proportion of natural gas supplied in France is offered at the regulated tariff ([35]); moreover, regulated sales tariffs for natural gas are due to be gradually phased out ([36]).

(120) Furthermore, with regard to the advantage conferred, France notes that, first, the lower risk to which regulated activities are exposed is taken into account when determining the cost of capital since the return on invested capital is lower compared with non-regulated activities. Second, France contests the notion that revenue received by a storage operator under the regulated scheme is systematically higher than that received by the same operator under a negotiated scheme ([37]). France also points out that the regulatory framework that has been in place since 2018 is symmetrical: 'compensation' could work in reverse and be paid out by storage operators if their sales revenue exceeded the authorised amount set by the CRE. Thus, the regulated model cannot be dissociated from the obligations and loss of economic opportunity to which storage operators are subject under that model.

(121) The EUR 494 million write-down of ENGIE group's regulated storage operations came only a few days after the CRE's chosen parameters for the storage tariff were published, illustrating that there was no longer an expectation that profits could be made as a result of favourable market conditions. Lastly, France notes that the introduction of the regulatory mechanism did not lead to an increase in revenue for French storage operators between 2017 and 2018, with the exception of Storengy. France also points out that, at comparable spread levels, Storengy's authorised revenue under the regulated framework is lower than its revenue from sales under the negotiated scheme.

(122) France considers that it is not appropriate to analyse the situation of storage operators located in other Member States when assessing the selective nature of the advantage conferred. It quotes the General Court and the Court of Justice, which found that 'the condition relating to selectivity […] can be assessed only at the level of a single Member State' ([38]). In any event, France points out that storage operators in other Member States are not in a comparable factual and legal situation with regard to the objective of the measure in question, namely, to guarantee the security of natural gas supplies in France.

([34]) Pursuant to Article 14(4) of Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.

([35]) According to the Retail market report for the fourth quarter of 2019 (*Observatoire des marchés de détail du 4e trimestre 2019*) published by the CRE on 31 December 2019, 66 % of residential and non-residential sites are paying market rates, while 34 % are charged the regulated sales tariff, and 91 % of natural gas supplied is charged at market rate, while 9 % is charged at the regulated sales tariff.

([36]) Pursuant to Article 63 of Law No 2019-1147 of 8 November 2019 on energy and climate.

([37]) Although sales revenue was low between 2013 and 2017, the total authorised revenue is significantly lower than the turnover achieved by the operators in question for 2008-2012, in a context where spread was high.

([38]) Judgment of 7 November 2014, *Banco Santander* v *Commission*, T-399/11, EU:T:2014:938, paragraph 75; Judgment of 11 November 2004, *Spain* v *Commission*. C-73/03, EU:C:2004:711, paragraph 28.

(123) With regard to interconnector operators, on the one hand, and operators of LNG terminals, on the other, France notes that all of these operators are regulated in France ([39]). They are therefore subject to regulatory mechanisms that are very similar to the mechanism in place for storage, with the regulator setting an amount of authorised revenue allowing them to cover their costs. Consequently, France considers that it cannot be disputed that the measure in question confers a selective advantage on these operators vis-à-vis operators of gas interconnectors and LNG terminals.

(124) With regard to the effect on competition and trade between Member States, France takes the view that operators of interconnectors and LNG terminals are not in competition with storage operators (see recitals (133) et seq.).

4.2. **Compatibility of the measure with the internal market**

4.2.1. *Proportionality*

(125) France points out that regulation based on operators' costs is an approach that has been widely adopted by European regulators. This approach guarantees that operators have sufficient revenue to safeguard their operations and ensures that end consumers do not pay for storage at a price that exceeds that of the service provided. Conversely, France notes that, in its view, a method based on spread levels would be volatile and, depending on short-term market price fluctuations, might not allow operators to cover their costs or could, on the other hand, generate undue profits.

(126) In order to set the storage tariff, the CRE has adopted a regulatory system based on covering what are deemed to be efficient costs borne by operators. Thus, the CRE sets an amount of authorised revenue for each operator to cover operating costs as well as the depreciation of assets and the cost of capital. To calculate storage operators' initial RAB value on 1 January 2018, the CRE reassessed the gross book value of operators' assets on 31 December 2016 (see recital (55) et seq. on setting authorised revenue).

(127) In the alternative, France provides additional information to demonstrate that other methods give RAB values that are consistent with the CRE's method.

(128) Storage operators' value for their shareholders is determined by applying accounting rules and on the basis of long-term revenue forecasts for their operations. For Storengy, the CRE took an initial RAB value of EUR 3,5 billion, with Storengy valued at [EUR 3 to 5 billion] in ENGIE's balance sheet on 31 December 2016. For Teréga, the CRE took an initial RAB value of EUR 1,156 billion, with the storage operation valued at around [EUR 1 to 2 billion] in the parent company's balance sheet on 31 December 2016.

(129) Recent transactions also shed light on the value of the undertakings and the valuation of storage operations in transactions. For example, based on transactions involving Teréga's share capital in 2013 ([40]) and 2015 ([41]), its storage operation assets are estimated to be worth [EUR 1 to 2 billion].

(130) Moreover, France states that external consultants also worked on calculating the operators' RAB values. For Storengy, the calculation made by the consultant […] for the CRE gave a value of [EUR 3 to 5 billion]. France also refers to a study by PwC, commissioned by Teréga, which gives an RAB value of between [EUR 1 and 2 billion] in 2018.

(131) Lastly, France considers that an alternative method, involving drawing up an historical overview of an operator's revenue to determine whether it covered past investment, would not be a sufficiently sound basis for determining the RAB value. This method would involve reconstructing an overview, from the date of the initial commissioning, of the oldest storage assets (from the end of the 1950s) and the free cash flows of each operator i.e. the cash flow available to the operator after financing its working capital requirements, taxes and investments, so as to compare those figures against the gross value of its assets.

([39]) With the exception of Dunkerque LNG, which is covered by an exemption.
([40]) Purchase of the undertaking TIGF by a consortium comprising GIC, Snam and EDF.
([41]) Purchase of TIGF shares by Prédica.

(132) It would be particularly complex to piece together this overview owing to the exhaustive document-based searches required and the changes in the current storage undertakings' organisational and ownership structures. For Storengy, which is part of an integrated model within Gaz de France/GDF Suez, reconstructing this historical overview would require carve-out scenarios to be drawn up for the activity. Meanwhile Terega has undergone successive changes of ownership.

4.2.2. *Negative effects on competition and trade*

(133) As regards distortions of competition between French suppliers and suppliers from other Member States taking up storage capacity in France, France explains that the 'nationality' of the supplier is irrelevant. Public auctions are open to all authorised suppliers of natural gas. Authorisation to supply natural gas is not restricted to French suppliers and may be granted to any person established in the territory of an EU Member State ([42]). Second, the French authorities stress that, for the same delivery service, the same tariff is charged to French suppliers and suppliers from other Member States for use of the natural gas transmission networks.

(134) Furthermore, according to France, storage operators are not in competition with interconnectors and LNG terminals. First, France points out that the Commission has never considered that a single market exists for the storage of natural gas, regasification facilities and interconnectors. France also notes that, in assessments of the gas system's ability to meet a reasonable level of demand, essential facilities for natural gas storage complement the full use of interconnectors and the use of LNG terminals at full capacity, in line with available stocks of liquefied natural gas.

(135) Furthermore, France notes that the Commission has, on several occasions, acknowledged the existence of a separate market for underground natural gas storage, both in France ([43]) and in other Member States ([44]). Following a market investigation concerning a transaction on French territory, the Commission found that storage and other forms of flexibility were not substitutable ([45]). France also notes that in two decisions, the Commission took the view that the natural gas storage market was regional or even national in scope ([46]).

(136) France considers that each flexibility instrument has its own functions and features, meaning that it cannot be substituted by another flexibility instrument. Interconnectors are used to supply the country's natural gas. Were it not for storage, interconnectors would need to have the capacity to guarantee the supply of natural gas across French territory at times of peak demand. Capacity on such a scale would be inefficient. Moreover, the EU has set the objective of reducing natural gas consumption. There are no plans for any further investment in France's current interconnectors. The question raised by the Commission with regard to competition and long-term investment signals would therefore appear to be purely theoretical.

(137) LNG terminals offer the option of arbitrage as a means of supplying the country at a lower cost. The availability of LNG is uncertain and depends to a great extent on global supply and demand conditions that regularly cause shipments to be redirected. Furthermore, LNG terminals have limited storage capacity ([47]), which, even in a best-case scenario, could not be drawn on for more than 5 days. This is less than the average duration of a cold spell, which is 5 to 15 days, meaning that an inbound shipment could not be arranged quickly enough to prevent a breakdown in supply ([48]).

(138) Natural gas storage therefore offers trans-seasonal flexibility that cannot be provided by interconnectors in comparable economic conditions or by LNG terminals. However, the existence of energy stocks in France cannot in itself guarantee the security of natural gas supplies for the country. It remains vital to use interconnectors and LNG terminals to supply the country.

([42]) Pursuant to Article L. 443-4 of the Energy Code.
([43]) See for example the Commission Decision of 14 November 2006 in case M.4180 – Gaz de France/Suez, paragraph 341.
([44]) Commission Decision of 29 September 1999 in case M.1383 – Exxon/Mobil, paragraphs 69 and 261; Commission Decision of 25 April 2003 in case M.3086 – Gaz de France/Preussag Energie, paragraph 14; Commission Decision of 21 December 2005 in case M.3696 – EON/MOL, paragraph 99; Commission Decision of 19 November 2013 in case M.6984 – EPH/Stredoslovenska Energetika, paragraph 24.
([45]) Commission Decision of 8 October 2004 in case M.3410 – Total/Gaz de France, paragraph 19.
([46]) Commission Decision of 21 December 2005 in case M.3696 – EON/MOL, paragraph 130; Commission Decision of 19 November 2013 in case M.6984 – EPH/Stredoslovenska Energetika, paragraph 24.
([47]) 4,2 TWh in storage on average in French terminals during winter.
([48]) 10 to 15 days depending on where the gas is coming from.

(139) The different types of infrastructure are therefore complementary and are not competing to ensure security of supply in France.

(140) Even if interconnectors, LNG terminals and natural gas storage were considered to be in competition, France notes that French interconnectors and LNG terminals are all regulated, with the exception of the Dunkirk terminal. The profitability of the infrastructure therefore corresponds to the rate of return on the assets set by the CRE. As a result, implementation of the regulatory scheme for storage cannot have an impact on the profitability of other regulated infrastructure.

(141) Furthermore, France notes that recent history contradicts any hypothesis of there being competition that is detrimental to interconnectors or LNG terminals. Since the end of 2018, levels of usage of French and European terminals have been particularly high compared to the previous 10 years. Moreover, operators of LNG terminals have recently successfully launched procedures to sell their medium-term capacity. Regulation of storage, combined with the merging of zones in France that took place at the end of 2018, has made a significant contribution to improving the depth and liquidity of the market in France and Western Europe.

(142) France also contests the notion that regulation of storage could reduce incentives to use LNG terminals and existing interconnectors. These incentives come from price signals sent by the various natural gas markets ([49]). In this context, storage is an additional means of optimising the cost of supplying natural gas and ensuring competitive market prices.

(143) France also notes that decisions to invest in interconnectors and LNG terminals are based on supply strategies that are not negatively impacted by natural gas storage.

(144) Lastly, France considers that the situation of storage operators in other Member States is in no way affected by the measure in question. The French authorities note that, as a result of the design of the French gas system, whereby 100 % of available capacity at interconnectors is taken into account, means of supply upstream of interconnectors, particularly natural gas storage facilities in other EU Member States, are taken into account automatically. Moreover, the French authorities note that some of these facilities are also regulated.

(145) Storage capacity is sold by means of auctions and at market price. Consequently, the measure in question does not disadvantage storage operators in other Member States. Moreover, the measure in question can have only a minimal effect on price formation. Around 130 TWh ([50]) can be stored in France, which is a low figure compared with the quantities traded on the market. In 2018, 28 220 TWh were traded on the TTF ([51]).

(146) Storage operators in the various Member States are therefore all subject to market conditions over which French storage facilities have little influence, and thus it cannot be considered that the introduction of the measure in question could reduce their profitability.

(147) France also notes that filling levels are high at German and Belgian facilities and that these levels increased between 2018 and 2019 ([52]). These high levels illustrate that the regulation of French storage facilities does not prevent operators in other Member States from selling all of their storage capacity in favourable market conditions.

5. **COMMENTS BY INTERESTED PARTIES**

(148) The Commission received comments from 18 interested parties, three of whom are beneficiaries of the measure in question. Their comments are summarised in recitals (149) to (233).

([49]) Global LNG price on the various European marketplaces.
([50]) Sold over a 4-month period.
([51]) Title Transfer Facility, which accounts for the majority of futures trading.
([52]) Rising from 88 % to 99 % and from 54 % to 97 % respectively.

5.1. **Comments by beneficiaries of the measure**

5.1.1. *Géométhane*

(149) Géométhane highlights the positive effects of the introduction of the measure in terms of energy security. Géométhane sent a detailed report to the Commission to support its arguments ([53]).

5.1.1.1. Existence of aid

(150) According to Géométhane, for various reasons the measure in question does not constitute State aid.

(151) First, Géométhane notes that State resources are not used to finance the measure given that the storage charge cannot be considered a mandatory contribution: resources are transferred between private operators only (natural gas suppliers and storage operators), the State has limited control over the funds, the measure in question does not draw on the State budget, and it requires operators to maintain the essential storage facilities covered by the scheme.

(152) Moreover, the measure in question cannot be considered to confer a selective advantage on storage operators operating on French territory vis-à-vis operators located abroad since they are not in a legal and factual situation that is comparable to that of storage operators located on French territory with regard to the objective of the measure in question. Furthermore, operators of other flexibility instruments are not in a comparable legal and factual situation.

(153) Lastly, Géométhane states that the measure in question does not have an impact on competition and trade between Member States.

5.1.1.2. Compatibility of the aid

(154) If the measure in question were found to constitute State aid, Géométhane argues that the measure ought to be considered compatible with the rules on State aid. The measure in question helps ensure energy security, which is an objective of common interest. Moreover, the measure is necessary and appropriate as a means of achieving this objective, in the light of analysis of alternative measures.

(155) The introduction of the measure in question has an incentive effect given that, without such a measure, low take-up rates for storage capacity and the drop in revenue from auctions as a result of a decrease in spreads would have led storage operators to mothball, or even permanently close, facilities that are essential for ensuring the security of natural gas supplies in France.

(156) Calculating authorised revenue using the RAB valuation method based on current economic costs is justified and proportionate given that:

— the RAB value was subject to an independent economic evaluation when the regulatory mechanism was introduced, by means of an external audit carried out by the consultancy firm […];

— the initial RAB value proposed by the operators was not accepted by the CRE;

— the current economic costs methodology is based on the gross book value of the assets for the RAB valuation;

— the methodology makes it possible to reflect the cost of replacing assets net of depreciation;

— the methodology applies to all tariffs for regulated infrastructure in France;

— the methodology is used by almost all European regulators.

([53]) *Technical-financial report drawn up following the launch by the European Commission of an investigation into regulatory conditions for natural gas storage in France*, […] 12 June 2020.

(157) Alternatively, establishing an RAB value based on the market value as represented by spreads would not be appropriate as it would not cover operators' costs, which goes against the principle of covering costs set out in Directive 2009/73/EC. Thus, taking into account the market value would jeopardise the regulatory mechanism, the aim of which is to ensure that storage facilities which are essential for the proper functioning of the transmission network remain in operation. Furthermore, there is a risk of overpayment in the event of an increase in spread. The RAB value applied by the CRE is consistent with the market value of the infrastructure over the medium and long term.

(158) It would not have been appropriate to assess whether or not the revenue generated prior to the introduction of the regulatory mechanism was sufficient to cover their initial investment costs, since taking this revenue into account in the assessment would go against the practices of European regulators and would be complex and unreliable.

(159) Lastly, measures are in place to limit the scope for operators to make profits (namely, the weighted average cost of capital, effective cap on costs for operators of storage infrastructure and an incentivising regulatory mechanism).

(160) In the alternative, Géométhane notes that the RAB value used by the CRE corresponds to the value of a recent transaction. In 2016, 98 % of the share capital of Géosud, which itself holds a 50 % stake in Géométhane, was transferred from Total, Ineos and Géostock to the undertaking CNP Assurances for […]. It is thus possible to calculate the total value of Géométhane as estimated by the purchaser at the time of this transfer, namely […] ([54]) (added to which was […] in available cash flow, making a total of around […]). According to Géométhane, this market value is consistent […] with the RAB value of EUR 188,9 million given by the CRE in 2018, in addition to which were assets under construction […].

(161) The measure in question prevents negative effects on competition and trade between Member States.

— There is no distortion of competition between French suppliers of natural gas and foreign suppliers of natural gas. The method of auctioning storage services ensures equal treatment of French and foreign natural gas suppliers. The method of financing storage compensation set out in the regulatory mechanism also ensures that foreign and French suppliers are treated equally. Foreign suppliers do not benefit from lower prices than their French counterparts;

— nor is there any distortion of competition with respect to storage operators in neighbouring countries. Since the regulatory mechanism came into effect, filling levels have been on the rise throughout the EU and have reached particularly high levels;

— nor is there any distortion of competition between storage operators and LNG terminals or interconnectors given that LNG terminals and interconnectors are not substitutable. When adopting decisions on mergers, the Commission has defined the natural gas storage market as a separate market. It is more a matter of natural gas storage, LNG terminals and interconnectors being complementary.

5.1.2. *Storengy*

(162) Storengy highlights the positive effects of the introduction of the measure in terms of the energy security objective. Storengy sent a detailed report to the Commission to support its arguments ([55]).

5.1.2.1. Existence of aid

(163) According to Storengy, for various reasons the measure in question does not constitute State aid.

([54]) Making a purchase price of (130,6)/(98 % x 50 %).

([55]) *Technical-financial report drawn up following the launch by the European Commission of an investigation into regulatory conditions for natural gas storage in France*, […] 12 June 2020.

(164) First, Storengy notes that State resources are not used to finance the measure given that the storage charge cannot be considered a mandatory contribution, resources are transferred between private operators only (natural gas suppliers and storage operators), the State has limited control over the funds, the measure in question does not draw on the State budget, and it requires operators to maintain the essential storage facilities covered by the scheme.

(165) Moreover, the measure in question cannot be considered to confer a selective advantage on storage operators operating on French territory vis-à-vis operators located abroad since they are not in a legal and factual situation that is comparable to that of storage operators located on French territory with regard to the objective of the measure in question. Furthermore, operators of other flexibility instruments are not in a comparable legal and factual situation.

(166) Lastly, Storengy states that the measure in question does not have an impact on competition and trade between Member States.

5.1.2.2. Compatibility of the aid

(167) If the measure in question were found to constitute State aid, Storengy argues that the measure ought to be considered compatible with the rules on State aid. The measure helps ensure energy security, which is an objective of common interest. Moreover, the measure in question is necessary and appropriate as a means of achieving this objective, in the light of analysis of alternative measures.

(168) The introduction of the measure in question has an incentive effect given that, without the measure, low take-up rates for storage capacity and the drop in revenue from auctions as a result of a decrease in spreads would have led storage operators to mothball, or even permanently close, facilities that are essential for ensuring the security of natural gas supplies in France.

(169) Calculating authorised revenue using the regulated asset base valuation method based on current economic costs is justified and proportionate given that:

— the RAB value was subject to an independent economic evaluation when the regulatory mechanism was introduced, by means of an external audit carried out by the consultancy firm […];

— the initial RAB value proposed by the operators was not accepted by the CRE;

— the current economic costs methodology is based on the gross book value of the assets for the RAB valuation;

— the methodology makes it possible to reflect the cost of replacing assets net of depreciation;

— the methodology applies to all tariffs for regulated infrastructure in France;

— the methodology is used by almost all European regulators.

(170) Alternatively, establishing an RAB value based on the market value as represented by spreads would not be appropriate as it would not cover operators' costs, which goes against the principle of covering costs set out in Directive 2009/73/EC. Thus, taking into account the market value would jeopardise the regulatory mechanism, the aim of which is to ensure that storage facilities which are essential for the proper functioning of the transmission network remain in operation. Furthermore, there is a risk of overpayment in the event of an increase in spread. The RAB value given by the CRE is consistent with the market value of the infrastructure over the medium and long term.

(171) It would not have been appropriate to assess whether or not the revenue generated prior to the introduction of the regulatory mechanism was sufficient to cover their initial investment costs, since taking this revenue into account in the assessment would go against the practices of European regulators and would be complex and unreliable.

(172) Lastly, measures are in place to limit the scope for operators to make profits (namely, the weighted average cost of capital, effective cap on costs for operators of storage infrastructure and an incentivising regulatory mechanism).

(173) The measure in question prevents negative effects on competition and trade between Member States.

— There is no distortion of competition between French suppliers of natural gas and foreign suppliers of natural gas. The method of auctioning storage services ensures equal treatment of French and foreign natural gas suppliers. The method of financing storage compensation set out in the regulatory mechanism also ensures that foreign and French suppliers are treated equally. Foreign suppliers do not benefit from lower prices than their French counterparts;

— nor is there any distortion of competition with respect to storage operators in neighbouring countries. Since the regulatory mechanism came into effect, filling levels have been on the rise throughout the EU and have reached particularly high levels;

— nor is there any distortion of competition between storage operators and LNG terminals or interconnectors given that LNG terminals and interconnectors are not substitutable. When adopting decisions on mergers, the Commission has defined the natural gas storage market as a separate market. It is more a matter of natural gas storage, LNG terminals and interconnectors being complementary.

5.1.3. *Teréga*

(174) Teréga stresses that the main objective of the storage reform is ensuring the security of natural gas supplies in France, something which was under threat prior to the entry into force of the regulatory mechanism.

5.1.3.1. Existence of aid

(175) Teréga considers that the measure cannot be classified as State aid. Teréga notes that regulatory systems based on the principles of covering the costs of an efficient operator and a normal return on invested capital are commonplace in the EU, and are not considered to constitute State aid.

(176) First, Teréga considers that the measure in question is simply a tariff regulation instrument that is not financed through State resources. It has no impact on the State budget and does not generate any extra costs that must be passed on to final customers. Moreover, the French State does not exert government control over the funds collected by TSOs or over the TSOs themselves, which are private-law undertakings controlled by shareholders that are mostly from the private sector.

(177) Next, Teréga considers that the measure in question does not confer a selective advantage on the operators concerned. The regulatory mechanism is based on auctions and also comprises efficiency incentives and an *ex-post* adjustment instrument for all costs and revenue. Furthermore, the symmetrical nature of the regulatory mechanism means that storage operators do not necessarily receive compensation but may in fact be required to repay any overcompensation.

(178) Moreover, with regard to the criterion of selectivity, Teréga considers that the situation of foreign operators is not relevant when assessing this aspect. Storage operators are in a factual and legal situation that differs in many respects from that of LNG terminal operators and interconnector operators, particularly with regard to the objective of ensuring security of natural gas supplies in France.

(179) Lastly, Teréga states that the measure in question in no way affects competition and trade between Member States. Storage capacity is assigned through auctions, using a market mechanism that does not discriminate against operators located in other Member States. Moreover, when adopting decisions on mergers and anti-competitive practices, the Commission has always defined the relevant natural gas storage market as, at most, national in scale and has never considered there to be a larger-scale market, either in terms of the services in question or in terms of geography. In any event, the fact that gas infrastructure is very widely regulated is incompatible with the view that competition on the natural gas markets is distorted.

5.1.3.2. Compatibility of the aid with the internal market

(180) Even were the regulatory mechanism to constitute State aid (which it does not), Teréga maintains that the regulatory mechanism meets all the conditions for it to be compatible with the internal market within the meaning of Article 107(3)(c) TFEU.

(181) Teréga considers that the objective of the measure in question is one of common interest as it aims to ensure security of natural gas supplies in France. By increasing the amount of natural gas available at storage sites, the regulatory mechanism seeks to achieve a specific and quantifiable level of supply security. Moreover, the measure in question constitutes a necessary intervention by the State that is based on a reasonable assessment and addresses well-identified market flaws, such as final consumers' inability to indicate the value they assign to security of supply (such as the insurance value or system value). Furthermore, Teréga stresses that the measure at issue is an appropriate means of strengthening security of supply on French territory, not only compared with other available flexibility measures, but also compared with other types of storage regulation.

(182) Teréga questions the Commission's reasoning in the Opening Decision with regard to the proportionality of the measure in question. The regulatory mechanism limits the amount of alleged aid to the minimum amount required. The regulatory mechanism is based on the principle of covering the costs of an 'efficient operator', capping storage operators' revenue and having in-built incentives for operators to encourage efficiency with regard to their operating expenditure. Moreover, the CRE had an independent cost assessment carried out to be certain that only acceptable costs are taken into account. The CRE also referred to a set of objective, contemporary and credible economic studies carried out by independent experts to value the regulated assets. In this respect, the method used by the CRE to value the assets is consistent with and corresponds to the practices of other European regulators. Contrary to what the Commission suggests, Teréga considers that taking into account pre-regulation revenue in the regulated asset base value would necessarily be incomplete in the absence of available data and, in any event, might be contrary to general principles of law. Moreover, the CRE's work relates to storage operators' operating costs as well as the valuation of their assets, information which has systematically been made public in the CRE's tariff-setting decisions, thus ensuring that the measure is transparent.

(183) Lastly, Teréga takes the view that the measure in question does not distort competition between natural gas suppliers located in France and those located abroad. The measure at issue is non-discriminatory. All retail suppliers can purchase capacity at French storage sites through auctions. Also, all retail suppliers serving French customers pay ATRT tariffs, thereby supporting the compensation mechanism. The measure even has a positive impact on the retail markets for natural gas by limiting periods of system stress and reducing the risk of network congestion. Nor is there any distortion of competition with respect to LNG operators and operators of interconnectors. These operators are themselves subject to significant regulation of their revenue, and rather than competing with storage operators, they complement their activities to ensure security of supply. The measure in question does not favour one source of natural gas supplies over another, nor does it prohibit or discourage the use of interconnectors and LNG terminals as complementary tools. For example, capacity take-up rates at European LNG terminals in recent years illustrate this trend. Lastly, the measure in question does not introduce a distortion of competition with regard to foreign storage operators, since they could not be placed at a disadvantage by the auctions, which use a market-based mechanism. Furthermore, in practice, the introduction of the measure has not hindered the general increase in take-up rates for storage in Europe.

5.2. **Comments by other interested parties**

5.2.1. *French Independent Electricity and Gas Association (AFIEG)* ([56])

(184) The AFIEG provided its comments on the method of valuing storage assets and the scale of storage assets required in terms of volume and withdrawal rate to ensure security of supply.

(185) The AFIEG points out that the distortions of competition that existed prior to the reform, caused by the previous system's lack of transparency, have been eliminated.

([56]) The AFIEG brings together French undertakings and subsidiaries of European operators in the electricity and gas sectors: Alpiq Energie France, BKW France, Endesa, Fortum France, Gazprom Energy, Total Direct Energie, Gazel Energie and Vattenfall. Enovos and Primeo Energie are associate members.

(186) With regard to the method used to value the regulated asset base, the AFIEG does not have precise figures available that would make it possible to confirm the CRE's valuation, but it considers that economic value should take precedence over book value. Using the economic value would make it possible to reflect stocks at a given time ('t') rather than giving a more historical overview. Moreover, the AFIEG considers that the valuation of cushion gas is a fundamental aspect of the valuation of storage assets, and it therefore expressed its desire for the chosen cushion gas depreciation rules to be taken into consideration with regard to their financial impact on the RAB value. Furthermore, the AFIEG points out that storage operators are not exposed to greater business risks than transmission network operators. Consequently, the rate of return on the RAB value used for storage operators should not be higher than the rate of return for TSOs.

(187) The AFIEG considers that the scale of storage assets required in terms of volume and withdrawal rate to ensure security of supply should be reduced by the French authorities in order to maximise the cost-benefit ratio of storage for consumers. The French authorities have set out the minimum natural gas stock levels required to ensure security of supply, namely a withdrawal rate of 1 990 GWh/d and a volume of 64 TWh ([57]), whereas the list set out in the Decree on the PPE for 2023-2028 refers to a withdrawal rate of 2 376 GWh/d and a volume of 138,5 TWh. The AFIEG considers that the figures set out in the Decree on the PPE are too high in relation to the storage requirements needed to guarantee security of supply in France. The figures should therefore be lowered so as to avoid extra costs for end consumers and to ensure that other natural gas flexibility capacity is not placed at a disadvantage. Furthermore, the AFIEG notes that the figure chosen by the French authorities for disruption risk coverage is too stringent at 2 % compared with neighbouring countries, where it is 5 %.

5.2.2. *French Gas Association (AFG)* ([58])

(188) In the AFG's opinion, the regulatory framework for natural gas storage introduced by the French authorities on 1 January 2018 is a good one.

(189) The AFG considers that the measure in question is underpinned by the principle of cost-based regulation and has led to efficient and proportionate valuation of assets. The principle of cost-based regulation is used by the majority of regulatory authorities and applies to transmission activities, natural gas distribution and LNG terminals in France.

(190) According to the AFG, a method using market prices rather than the costs of 'efficient operators' could have led to a regulatory framework that was unstable and far removed from the most desirable economic outcome: if spreads were unfavourable, the method would not ensure coverage of operators' costs and could potentially put them in a critical situation. Conversely, if market spreads were very favourable, operators' revenue would have been too high and far removed from the best value for customers using storage facilities.

(191) According to the AFG, regulation of French storage facilities has not led to a distortion of competition vis-à-vis other natural gas infrastructure in France, LNG terminals in France and the EU, or storage operators in the EU. With regard to LNG terminals, the AFG notes that the volume of LNG imported into France has doubled in the space of 2 years, rising from 9,6 Gm^3 in 2017 to 21,5 Gm^3 in 2019. The AFG also mentions that LNG terminal development projects are currently being considered in Germany. With regard to storage operators in Europe, the AFG points out that filling levels in Germany, the Netherlands and Belgium increased between 2018 and 2019, and reached at least 95 % in Western Europe on 1 November 2019.

5.2.3. *National Association of Energy Retailers (ANODE)* ([59])

(192) According to ANODE, the regulation of French storage facilities makes it possible to reconcile suppliers' desire to have market rules governing the sale of storage capacity with a regulated mechanism to ensure security of supply.

([57]) Order of 13 March 2018 on minimum natural gas stock levels to guarantee security of natural gas supplies from 1 November 2018 to 31 March 2019.

([58]) The AFG is the professional association for the French gas industry. Its full members are EDF, ENGIE, France Gas Liquides, Gazprom, GRDF, GRTgaz, Teréga and Total. In addition to full members, the association has associate members, partner members and members who are natural persons from within the industry.

([59]) ANODE represents alternative energy suppliers in France. ANODE's members are EkWateur, Enercoop, Energie d'ici, Eni Gas & Power France, Greenyellow, Gaz Européen, Planète OUI, Plüm Energie, SAVE, Total Direct Energie, Vattenfall and Wekiwi.

(193) Furthermore, ANODE considers it crucial to regularly review the target take-up rates and filling levels for storage facilities and the scale of assets taken into account in the compensation mechanism for the purpose of guaranteeing security of supply so as to ensure that they correspond to actual requirements. ANODE argues that this point is all the more important given that France assumed a 2 % reduction in natural gas consumption, excluding electricity generation […].

(194) With regard to proportionality, ANODE considers that the CRE will need to take into account experience gained with regard to costs and the operation of storage facilities as well as the reduction in the risk borne by storage operators. In its view, the rate of return on the RAB value for storage operators should be aligned with the rate for TSOs.

5.2.4. *Electricity and Gas Regulatory Commission (CREG)* ([60])

(195) The CREG considers that it has not been proven that all storage capacity in France is required at all times to ensure the security of natural gas supplies. Charterers use part of this natural gas, potentially a significant part, to make profits linked to speculation on the difference between summer and winter prices for natural gas. The compensation mechanism could therefore also be a way for charterers to make profits from natural gas for free. This gives charterers operating in France a competitive advantage that charterers in neighbouring countries do not have.

(196) Belgium has only one natural gas storage facility at the Loenhout site, operated by Fluxys Belgium ([61]). The CREG considers this site to be in competition with other storage sites in the north-west of the EU.

(197) Although the spread between winter and summer natural gas prices was small in 2017 and 2018, the fact that the largest storage facility in the United Kingdom was unavailable led to an increase in reservations for storage capacity on the north-western EU market. This explains the filling levels of 87 % and 84 % for Loenhout for the 2016-2017 and 2017-2018 seasons.

(198) However, the filling level for the 2018-2019 season was low, standing at 54 %, while the filling level for the EU 28 remained fairly stable. The CREG notes that the filling level for storage facilities in France increased from 75 % for the 2017-2018 season to 94 % for the 2018-2019 season. Loenhout's role as a source of flexibility has been taken over by French storage facilities that have benefited from very low tariffs under a new regulatory support framework. The CREG considers that the introduction of the French compensation mechanism has therefore had a very significant impact on Loenhout: only market operators with existing long-term contracts have remained active at the Loenhout site. The CREG takes the view that the French compensation mechanism forces storage operators in neighbouring countries to sell their storage capacity at their marginal cost, or even at a lower cost.

(199) Moreover, the CREG notes that the filling level for the 2019-2020 season was exceptional, both for Belgium (97 %) and for the EU 28 (97 %). This level can be explained by the very low price of natural gas during the summer of 2019 and a wide spread.

(200) The CREG concludes that it cannot be ruled out that the compensation mechanism used in France causes distortions of competition between operators of storage facilities on French territory and those in neighbouring Member States, between market operators active on the French market and those active in neighbouring Member States, and between natural gas storage operators on the one hand and LNG operators and interconnector operators on the other.

([60]) The CREG is the electricity and gas regulator in Belgium.

([61]) The site has a storage capacity of 780 million cubic metres (equating to 9 TWh).

5.2.5. *[…]* ([62])

(201) […] considers that it is imperative to build up stocks of natural gas to ensure security of supply in the short term and that the regulatory principles implemented in 2018 are appropriate. Given that the volume of stocks required to ensure security of supply is greater than the 'economic' volume that would be spontaneously arrived at by the market, it is necessary to supplement storage operators' revenue.

(202) However, the scope of regulation must be restricted to storage capacity that is strictly necessary to ensure security of supply. This point is important to ensure that end consumers do not bear excessive costs. Too large a scope could also be detrimental to storage facilities located in another Member State and have an impact on LNG terminals and interconnectors.

(203) […] acknowledges that it is difficult to calculate precisely the storage volume required to ensure security of supply. However, […] considers that it could be necessary to include all underground storage facilities when determining the scale of facilities required to ensure security of supply. In light of recent developments, […] considers that the scenarios assumed by France could factor in greater use of LNG resources in particular, which would reduce the volume required to ensure security of supply.

(204) […] also questions the decision to limit the scope of regulation to underground storage facilities only, particularly given that French legislation acknowledges the existence of supplies in storage at LNG terminals and considers that these supplies could help ensure the security of natural gas supplies.

(205) In the medium and long term, […] expects that France will need to manage the decommissioning of some of its gas infrastructure. Consequently, even if strengthening import capacity reduced the volume that needed to be kept in storage to ensure security of supply, this alternative could ultimately prove very costly. As a result, to ensure security of supply, it would appear to be more appropriate to use existing storage facilities rather than build new import capacity.

5.2.6. *European Federation of Energy Traders (EFET)* ([63])

(206) The EFET supports the reform introduced by the French authorities in 2018, which created an attractive and competitive market for natural gas storage in France.

(207) As regards the compatibility of the aid, the EFET does not cast doubt on the methodology used to calculate the base value or the rate of return on capital, as set by the CRE. The value of the regulated assets should correspond to the regulated asset base and a regulated rate of return.

(208) The EFET does not believe that the introduction of the reform has created distortions of competition between French natural gas storage operators and those in other Member States, as demonstrated by the steady increase in operators' market participation in France and abroad since 2018; nor has it created distortions of competition between natural gas storage operators and LNG terminal operators, since the market value of LNG terminals has been increasing since 2018.

5.2.7. *Elengy* ([64])

(209) The introduction of the reform has not resulted in an artificial reduction in incentives to use LNG terminals. First, activity at Elengy's terminals has increased since the measure was implemented, reaching record levels in 2019 and 2020.

(210) Second, the appeal of LNG terminals is influenced by a number of factors: the gap between EU and Asian markets, tariffs, the existence of long-term contracts, the depth and liquidity of the market downstream, the flexibility of the terminal, and trade rules. The measure concerning storage does not have a direct impact on these factors, but has had indirect, positive effects. The reform has helped to maximise EU storage capacity by deepening the natural gas market in the EU, making it possible to store natural gas and reduce costs for consumers when demand for natural gas is high, and by increasing the liquidity available on the French market.

([62]) […].
([63]) The EFET brings together more than 100 energy traders operating in more than 28 European countries.
([64]) LNG terminal operator.

5.2.8. *Enovos* ([65])

(211) Enovos considers that, when there are various players participating in the system in sufficient number, the market is best placed to set the value of an asset. The current auctioning mechanism ensures a fair market assessment. If the auction system leads to a situation where certain market players are remunerated more or less than others, adjustments will take place at auctions in subsequent years.

5.2.9. *Fluxys* ([66])

(212) Fluxys notes that natural gas storage in the EU has been facing significant challenges in recent years, given that it is increasingly difficult for natural gas storage operators to cover operating costs. To adapt to rapid changes in the market, it is necessary to put in place an appropriate economic model that reflects the value of natural gas storage for the system and its contribution to security of supply. Establishing support mechanisms unilaterally could create distortions of competition with other EU Member States. Consequently, a compensation mechanism based on strict criteria should apply to all EU Member States.

5.2.10. *National Federation of Mines and Energy CGT (FNME-CGT)* ([67])

(213) According to the FNME-CGT, the reform of natural gas storage in France has made it possible to achieve the following two objectives: guarantee energy security at a fair price for consumers and ensure the proper functioning of the transmission network to safeguard delivery.

(214) The FNME-CGT considers that the measure in question cannot be classified as State aid. It does not regard the compensation as being financed through State resources. Moreover, the measure in question is not a mandatory charge in exchange for which there is no consideration, like a tax. Also, the FNME-CGT states that it is only mandatory to pass on the cost of using the transmission network to natural gas consumers in their bills if a consumer has chosen to benefit from regulated sales tariffs. In addition, the storage charge revenue and the operators collecting compensation are not controlled by the State.

(215) The FNME-CGT does not consider that the measure in question confers a selective advantage given that storage operators are subject to obligations requiring them to ensure continued operation of their facilities. Moreover, operators must pay back any surplus revenue to network operators, leading to a loss of economic opportunity.

(216) If the measure in question were found to constitute State aid, it would be compatible with the internal market.

(217) The FNME-CGT considers that the method of valuing regulated assets is proportionate to the objective of ensuring security of supply. Regulating operators' revenue based on costs that are controlled and approved by the national regulatory authority has ensured that final consumers pay a price that is set in advance in a transparent manner.

(218) Moreover, the method of calculating the RAB is applied to all tariffs for regulated infrastructure in France, aside from electricity distribution. A calculation based on summer/winter spreads would not have made it possible to correct the shortcomings of a market that was not able to reflect the insurance value of assets in prices. Moreover, the RAB values proposed by operators were subject to an independent audit commissioned by the CRE, following which the initial RAB value was lowered. Furthermore, the initial RAB value takes into account the depreciated value of the assets. Certain fully depreciated assets were even included in the RAB value and given a value of zero, meaning that there was no return whatsoever on those assets.

(219) According to the FNME-CGT, there are other aspects which illustrate that the measure is proportionate: the scope of regulation under the PPE is reviewed regularly, coverage of gas infrastructure operators' costs is limited to costs that correspond to those of 'efficient operators', the compensation is symmetrical, which prevents any risk of overcompensation, and the regulation aims to maximise take-up of storage capacity as well as revenue from auctions.

([65]) Trader in the energy sector.
([66]) Gas storage operator in Belgium.
([67]) French trade union affiliated to the General Confederation of Labour (CGT).

(220) The FNME-CGT considers that the measure has not had a negative impact on competition and trade. First, the compensation financed by each supplier is determined by its consumption profile, regardless of whether its facilities are based on French territory or in a neighbouring country, hence this does not create distortion of competition between suppliers. Second, storage is not in competition with LNG and interconnectors; instead they are complementary. LNG terminals have technical characteristics and operational constraints that are specific to the LNG supply chain. While storage facilities are designed to cover requirements at times of peak demand, LNG terminals and gas interconnectors are a means of importing natural gas and diversifying sources of supply. The complementarity between storage facilities and LNG terminals has made it possible to store LNG that was imported into the EU at a low cost, which benefits natural gas users. Third, the measure in question does not create a distortion of competition vis-à-vis storage operators in other Member States, as demonstrated by the fact that take-up rates and use of storage facilities in the EU have both increased and are now at high levels.

(221) Unlike the PPE, the FNME-CGT does not believe that natural gas consumption will fall by 2 % per year, given the development of new uses for natural gas. The FNME-CGT highlights certain aspects of supply security that are often forgotten when determining the scale of infrastructure, such as the fact that, in average weather conditions, the main source of supply is cut off for up to 6 months.

5.2.11. *GRTgaz* ([68])

(222) According to GRTgaz, the network and storage facilities have been designed to work together and both are indispensable to cover winter demand. GRTgaz carried out simulations at the beginning of 2018 which indicated a storage requirement of 115 to 125 TWh taking into account weather scenarios that corresponded to recent winters. GRTgaz also notes that filling storage facilities to maximum levels, i.e. 135 TWh, would not suffice in a cold winter that includes a cold spell and if LNG were not used.

(223) Between 2012 and 2018, GRTgaz issued regular warnings regarding the problems caused by insufficient take-up rates and filling levels at underground storage facilities, and particularly the risk in terms of security and continuity of supply. Moreover, GRTgaz considers that the creation of the single area (TRF) on 1 November 2018 strengthened the role of storage facilities in the French gas system.

5.2.12. *Hungarian Gas Storage* ([69])

(224) Natural gas storage in itself constitutes a guarantee and brings value to the system, as demonstrated by studies carried out by the association Gas Infrastructure Europe. This value is not reflected in market prices ([70]). Regulatory intervention is therefore needed ([71]), such as the mechanism introduced in France. The French system, which is market-based, guarantees a level playing field with other sources of flexibility. Overcompensation is prevented, since any difference between regulated revenue and market revenue is paid back. Transparency of compensation is ensured by the arrangements put in place by the CRE. As a result of the introduction of the measure, there are no distortions of competition on the storage market or in the energy value chain. The measure in question serves as an example for other EU countries.

5.2.13. *Total Direct Énergie* ([72])

(225) As set out in the PPE Decree, the scale of assets required to ensure security of supply was set at 138,5 TWh, whereas only 90 TWh were considered necessary in the previous storage mechanism.

(226) Total Direct Énergie questions the assumed figure for usage of interconnectors, which stands at 1 585 GWh/d, while the technical capacity is 1 810 GWh/d. This difference does not appear to be justified. The delivery period for shipments, which is 10 days, should be updated and firm contracts for LNG deliveries should be taken into account (which would make it possible to bring down the average delivery period). Lastly, the benefits of LNG are reduced since cold spells lasting only 6 to 9 days are taken into account.

([68]) Gas transmission system operator.
([69]) Gas storage operator.
([70]) Study carried out by Gas Infrastructure Europe (GIE): Gas Storage Market Failures, Pöyry, September 2017.
([71]) Study carried out by Gas Infrastructure Europe (GIE): Measures for a sustainable gas storage market, FTI-CL Energy, October 2018.
([72]) Undertaking operating in the energy sector.

(227) Overestimating infrastructure requirements would automatically lead to storage operators being overpaid. The initial RAB value should have taken into account depreciation that had already occurred. Moreover, Total Direct Énergie considers that storage operators' activities are over-remunerated compared with the risks borne. These activities are not exposed to greater risks than those faced by transmission network operators. There is therefore no justification for a higher rate of return. For this reason, the chosen rate of return on the RAB value should not be higher than the rate of return for TSOs, which the CRE has currently set at 5,25 %.

(228) Total Direct Énergie also considers that the scope of the measure is such that it distorts price signals on the wholesale markets and does not encourage operators to use other flexibility instruments (especially interconnectors and LNG), despite their being just as vital. Total Direct Énergie notes that long-term agreements for take-up of interconnector capacity will expire in the coming years, but current market signals do not encourage renewal of those agreements.

5.2.14. *Uniper Energy Storage* ([73])

(229) The availability of storage capacity is essential to ensure reliable and cost-effective operation of all the infrastructure used to import natural gas. However, the fact that the market should encourage full use of storage capacity is not reflected in the market conditions for underground natural gas storage ([74]). For many years now, operators of storage systems have been faced with a significant reduction in market prices. These circumstances are made worse by the different situations across Europe with regard to competition, which vary based on the different national frameworks that apply to access to storage and flexibility (market-based or regulated). It is therefore necessary to harmonise national regulatory systems for natural gas storage ([75]).

5.2.15. *Professional Association of Private Gas Operators (Uprigaz)* ([76])

(230) UPRIGAZ notes that France already amended its regulatory mechanism for storage after UPRIGAZ brought an action for misuse of powers before the Council of State challenging the previous mechanism. UPRIGAZ considers that the updated mechanism is appropriate and allows a real market value to emerge for storage products in France.

(231) UPRIGAZ takes the view that the use of French LNG terminals and of those located in neighbouring countries cannot be considered to be hindered by the regulatory mechanism for natural gas storage. French LNG terminals sent out 9,6 Gm^3 in 2017. Send-out volumes in 2018 (11,1 Gm^3) and 2019 (21,5 Gm^3) clearly illustrate the market appetite for French LNG terminals over that period. The same can be said of LNG terminals in neighbouring countries; send-out volumes rose sharply in Belgium (from 1,1 Gm^3 in 2017 to 6,7 Gm^3 in 2019) and the Netherlands (from 0,8 Gm^3 in 2017 to 7,9 Gm^3 in 2019).

(232) UPRIGAZ also considers that the methodology used by the French authorities, particularly the assumption of 100 % availability of firm entry capacity at interconnector points, does not restrict competition.

(233) Lastly, UPRIGAZ considers that the measure in question does not give French storage operators an unfair advantage over their foreign counterparts.

6. **ASSESSMENT OF THE AID**

6.1. **State aid within the meaning of Article 107(1) TFEU**

(234) State aid is defined in Article 107(1) TFEU as 'any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods … in so far as it affects trade between Member States'.

([73]) Gas storage operator.

([74]) Studies carried out by Gas Infrastructure Europe (GIE): Gas Storage Market Failures, Pöyry, September 2017 and Value of the gas storage infrastructure for the electricity system, Artelys, October 2019.

([75]) Study carried out by Gas Infrastructure Europe (GIE): Measures for a sustainable gas storage market, FTI-CL Energy, October 2018.

([76]) UPRIGAZ brings together undertakings involved in the entire gas supply chain or part thereof: Dalkia France, Eni, ENGIE, Equinor, ENGIE Cofely, Naturgy, Total Energie Gaz, Teréga and Total Gaz Électricité Holdings France.

(235) For a measure to be classed as State aid, all of the following criteria have to be met: (a) the measure must be imputable to the State and financed through State resources; (b) the measure must confer a selective advantage likely to favour certain undertakings or the production of certain goods; and (c) the measure must distort or threaten to distort competition and must be likely to affect trade between Member States.

6.1.1. *State resources and imputability*

(236) For measures to be classed as State aid within the meaning of Article 107(1) TFEU, they must, first, be granted directly or indirectly through State resources and, second, be imputable to the State ([77]).

(237) With regard, first, to the condition relating to the imputability of the measure, it is necessary to examine whether the public authorities must be regarded as having been involved in adopting the measure ([78]).

(238) It should be noted that the regulatory mechanism was established by a law adopted in 2017 ([79]), the scope of which is laid down by decree ([80]) and the detailed rules of which are set down in decisions adopted by the CRE, an independent administrative authority, within the framework of the powers conferred on it by law (see recitals (15) to (17)). In particular, the CRE devises the detailed rules for auctioning essential infrastructure capacity, determines the authorised revenue of storage operators and sets out the methodology for calculating the storage charge in the ATRT tariffs. The regulatory mechanism must therefore be regarded as imputable to the State.

(239) As regards the condition relating to direct or indirect financing through State resources, it is clear from the case-law of the Court of Justice that it is not necessary to establish in every case that there has been a transfer of State resources for the advantage granted to one or more undertakings to be capable of being regarded as State aid within the meaning of Article 107(1)TFEU ([81]).

(240) The Court has, more specifically, held that funds financed through compulsory contributions imposed by State legislation, and managed and apportioned in accordance with the provisions of that legislation, may be regarded as State resources within the meaning of Article 107(1) TFEU, even if they are administered by institutions distinct from the public authorities ([82]). It is not necessary to make a distinction between institutions governed by public or private law ([83]). The decisive factor, in that regard, consists of the fact that such institutions are appointed by the State to manage a State resource and are not merely bound by an obligation to purchase by means of their own financial resources ([84]). In the *ENEA SA* judgment, the Court held that a measure was not granted through State resources where the extra costs resulting from that measure could not be fully passed on to end-users ([85]). Moreover, it is clear from the case-law of the Court that the detailed rules for calculating those contributions may be determined precisely by regulation or by decision of a public body, such as the national regulatory authority, without, however, ruling out the classification of 'compulsory contributions imposed by the legislation of the State' ([86]).

([77]) Judgment of 16 May 2002, *French Republic* v *Commission*, C-482/99, EU:C:2002:294, paragraph 24; judgment of 30 May 2013, *Doux Élevage et Coopérative agricole UKL-ARREE*, C-677/11, EU:C:2013:348, paragraph 27, and judgment of 19 December 2013, *Association Vent De Colère! and Others*, C-262/12, EU:C:2013:851, paragraph 16.

([78]) Judgment of 19 December 2013, *Association Vent De Colère! and Others*, C-262/12, EU:C:2013:851, paragraph 17 and the case-law cited.

([79]) Act No 2017-1839 of 30 December 2017 ending the exploration and extraction of hydrocarbons and laying down various provisions relating to energy and the environment.

([80]) Decree No 2020-456 on the multiannual energy programme (PPE).

([81]) Judgment of 16 May 2002, *France* v *Commission*, C-482/99, EU:C:2002:294, paragraph 36; judgment of 30 May 2013, *Doux Élevage et Coopérative agricole UKL-ARREE*, C-677/11, EU:C:2013:348, paragraph 34; judgment of 28 March 2019, *Germany* v *Commission*, C-405/16 P, EU:C:2019:268, paragraph 55; and judgment of 20 September 2019, *FVE Holýšov I e.a.* v *Commission*, T-217/17, EU:T:2019:633, paragraph 105.

([82]) Judgment of 2 July 1974, *Italy* v *Commission*, C-173/73, EU:C:1974:71, paragraph 35; judgment of 19 December 2013, *Association Vent De Colère! and Others*, C 262/12, EU:C:2013:851, paragraph 25; judgment of 28 March 2019, *Germany* v *Commission*, C 405/16 P, EU:C:2019:268, paragraph 58; and judgment of 20 September 2019, *FVE Holýšov I e.a.* v *Commission*, T-217/17, EU:T:2019:633, paragraph 107.

([83]) Judgment of 20 September 2019, *FVE Holýšov I and others* v *Commission*, T-217/17, EU:T:2019:633, paragraph 126.

([84]) Judgment of 28 March 2019, *Germany* v *Commission*, C 405/16 P, EU:C:2019:268, paragraph 59 and the case-law cited, and judgment of 20 September 2019, *FVE Holýšov I and others* v *Commission*, T-217/17, EU:T:2019:633, paragraph 108.

([85]) Judgement of 13 September 2017, *ENEA*, C-329/15, EU:C:2017:671, paragraph 30.

([86]) Judgment of 15 May 2019, *Achema and others* C-706/17, EU:C:2019:407, paragraph 66.

(241) In the *Essent Netwerk Noord* judgment ([87]), the measure in question was classified as a charge and hence a measure involving a State resource since the surcharge was imposed by the State by law on purchasers of electricity in accordance with the objective criterion of the number of kilowatt hours (kWh) transmitted ([88]). The Court stated, in that regard, that the identity of the person liable for payment of the charge was of little account in so far as the charge related to the product or to a necessary activity in connection with the product ([89]).

(242) Moreover, in *EEG 2012* ([90]), the Court held that the fact that the financial burden levied on suppliers was optional and was passed on to final consumers only 'in practice' was not sufficient for it to be concluded that State resources were involved.

(243) In the present case, the compensation of storage operators' costs comes within the scope of the regulatory mechanism and is covered by the tariffs for using the transmission network, as provided for by the Hydrocarbons Act (see recitals (17) and (104)). Under its statutory powers (see recital (17)), the CRE incorporated a charge into the ATRT tariffs which is intended to finance the regulatory mechanism in question (the storage charge) (see recital (90)). The financing also covers the cost of collection and payment of compensation to the TSOs (see recital (105)).

(244) In accordance with the CRE's decision of 7 February 2018 ([91]), any shipper who is assigned firm delivery capacity at at least one transport distribution interface point (PITD) is subject to a storage charge to be paid to the TSO with which they have concluded a delivery contract (see recital (99)). The storage charge for each shipper, in accordance with the methodology laid down by the CRE, is based on the winter modulation of its non-load shedding and non-interruptible customers connected to the public natural gas distribution networks (see recital (21)). Contrary to the view expressed by some interested parties, it follows from the above that the storage charge amounts to a compulsory contribution imposed on shippers by law, and is not optional; the amount of the charge is calculated according to the objective criterion of the winter modulation of their customers based on the methodology established by the CRE. These contributions are calculated to cover all TSO costs related to this service.

(245) This analysis is confirmed by the fact that the storage charge paid by shippers must be passed on to consumers in the regulated sales tariffs for natural gas (see recitals (98) to (101)).

(246) Under the Hydrocarbons Act, TSOs pay to storage operators covered by the regulatory mechanism a proportion of the sums collected under the ATRT tariffs in accordance with the detailed rules laid down by the CRE, a public body. The CRE thus sets the amount of that proportion and the cost of the collection and payment service (see recital (90)). TSOs are appointed and mandated by law to collect and pay the storage charge to regulated storage operators. The TSOs are not free to use these funds as they wish since they have no discretion in terms of setting and allocating these funds, which are subject to mandatory redistribution, the amounts being decided by the CRE.

(247) Consequently, the storage charge forming part of the ATRT tariffs, which is used to finance the regulatory mechanism, takes the form of a compulsory contribution imposed by law on both shippers and consumers, as regulated tariffs, under the supervision of the CRE. In addition, the funds from the storage charge are managed and distributed by the TSOs. The Commission therefore considers that the measure is granted through State resources.

6.1.2. *Selective advantage*

(248) According to settled case-law, measures which, whatever their form, are likely directly or indirectly to favour certain undertakings or which confer an economic advantage that the recipient undertaking would not have obtained under normal market conditions, are regarded as State aid ([92]).

([87]) Judgment of 17 July 2008, *Essent Netwerk Noord BV*, C-206/06, EU:C:2008:413.
([88]) Judgment of 17 July 2008, *Essent Netwerk Noord BV*, C-206/06, EU:C:2008:413, paragraphs 47 and 66.
([89]) Judgment of 17 July 2008, *Essent Netwerk Noord BV*, C-206/06, EU:C:2008:413, paragraph 49.
([90]) Judgment of 28 March 2019, *Germany* v *Commission* (C-405/16 P, EU:C:2019:268).
([91]) Decision No 2018-022 of 7 February 2018 on changes in the tariff for using the natural gas transmission networks of GRTgaz and TIGF as of 1 April 2018.
([92]) Judgment of 17 July 2008, *Essent Netwerk Noord and Others*, C-206/06, EU:C:2008:413, paragraph 79, judgment of 27 June 2017; *Congregación de Escuelas Pías Provincia Betania*, C-74/16, EU:C:2017:496, paragraph 65; and judgment of 15 May 2019, *Achema and Others*, C 706/17, EU:C:2019:407, paragraph 74.

(249) In the present case, under the regulatory mechanism, regulated storage operators receive a guaranteed income, the 'authorised revenue', set by the CRE in such a way as to guarantee that their costs are covered, in so far as they correspond to those of an 'efficient operator', and that they receive a normal return on the capital invested (see recital (21) above). This authorised revenue is made up of the income directly received by operators and, where this income is lower than the authorised revenue, the storage compensation paid by the TSOs. Thus regulated storage operators, who would be compensated for any losses, are no longer subject to the uncertainty inherent in normal market conditions. Contrary to the arguments put forward by some interested parties, the Commission therefore considers that operators of essential storage infrastructure enjoy an economic advantage.

(250) In order to assess the selectivity of the advantage, the Court has held that it is necessary to determine whether, under a particular legal regime, the national measure in question is such as to favour 'certain undertakings or the production of certain goods' over others which, in the light of the objective pursued by that regime, are in a comparable factual and legal situation and which are accordingly subject to different treatment ([93]).

(251) In this case, the regulatory mechanism applies only to natural gas underground storage infrastructure regarded as necessary to ensure security of supply on French territory in the medium to long term. A restrictive list of this essential infrastructure is laid down by decree (see recital (19)).

(252) For winter 2018-2019, that list included, as a transitional measure, all storage infrastructure on French territory (see recital (16)). As the legislation currently stands, the essential storage infrastructure for the period 2019-2023 comprises all the storage infrastructure in operation on French territory, excluding the three facilities on standby and two projected developments for the storage of natural gas (see recitals (49) and (50)). The current multiannual energy programme (PPE) also provides for a reduction in the list of essential infrastructure during the next revision of the PPE (see recital 52).

(253) Thus, storage sites for natural gas that have been placed on standby are excluded from the scope of the regulatory mechanism. In addition, France anticipates that sites in operation at the moment will be excluded in future because of the decrease in natural gas consumption projected in the PPE. Storage operators from other Member States, in particular neighbouring ones, are also excluded. Operators of other flexibility instruments which also contribute to ensuring security of supply, such as operators of LNG terminals and interconnector operators, are excluded as well.

(254) Therefore, even if the existence of a selective advantage were examined at national level and concerned only natural gas storage infrastructure, contrary to the views expressed by some interested parties, the Commission considers that the measure at issue would confer a selective advantage as this advantage is reserved for operators of the essential storage infrastructure included in the current PPE list.

(255) Consequently, the measure in question may favour certain undertakings over others which, in the light of the objective pursued by that regime, are in a comparable factual and legal situation.

6.1.3. *Impact on competition and trade between Member States*

(256) As regards the potential effect on trade between Member States, according to the case-law of the Court the fact that an economic sector such as natural gas has been liberalised at EU level may serve to determine that the aid in question has a real or potential effect on trade between the Member States ([94]).

([93]) Judgment of 14 January 2015, *Eventech*, C-518/13, EU:C:2015:9, paragraphs 53 to 55, and judgment of 21 December 2016, *Commission* v *World Duty Free Group and Others*, C-20/15 P and C-21/15 P, EU:C:2016:981, paragraph 54.

([94]) Judgment of 5 March 2015, *Banco Privado Português et Massa Insolvente do Banco Privado Português*, C-667/13, EU:C:2015:151, paragraph 51, judgment of 18 May 2017; *Fondul Proprietatea*, C-150/16, EU:C:2017:388, paragraph 34; and judgment of 15 May 2019, *Achema and Others*, C 706/17, EU:C:2019:407, paragraph 94.

(257) In this case, operators of essential storage facilities in France will obtain an advantage over their competitors because of the introduction of the regulatory mechanism. This concerns in particular storage operators from other Member States, even if it is considered, as alleged by some, that the market is regional. Based on the submissions from the interested parties, the Commission cannot rule out the fact that the measure will have an impact on the storage of natural gas in neighbouring countries, in particular in Belgium where there is no guaranteed remuneration for natural gas storage.

(258) Nor can the Commission rule out implications for operators of other flexibility instruments such as LNG terminal operators and interconnector operators. Even though they also operate on the basis of an authorised revenue, as stated by some interested parties, their income is not supplemented by the State in the same way.

(259) As the natural gas market has been liberalised at European Union level, any advantage granted to an undertaking in this sector has the potential to affect trade between Member States. The Commission therefore considers that the measure is likely to affect trade between Member States.

(260) The measure at issue is intended to guarantee a certain income for storage operators of essential storage facilities. The Commission thus concludes that the measure is likely to distort competition.

6.1.4. *Conclusion as regards the classification of the measure at issue as State aid*

(261) For the reasons set out in recitals (234) to (260), the Commission considers that the measure at issue constitutes State aid within the meaning of Article 107 TFEU.

6.2. **Unlawfulness of the State aid**

(262) By setting the authorised revenue of storage operators from 1 January 2018, organising auctions and incorporating a storage charge into the ATRT tariffs from 1 April 2018, the French authorities implemented a regulatory mechanism that constitutes State aid.

(263) The French authorities did not notify the measure to the Commission before the date on which they started to implement it. Thus France acted in breach of Article 108(3) TFEU. Consequently, the Commission considers that the measure at issue has been unlawfully implemented.

6.3. **Compatibility of the State aid with the internal market**

6.3.1. *Legal basis for assessing the compatibility of the measure in question*

(264) The mechanism for regulating natural gas storage infrastructure implemented by France is intended to boost the economic activity of storing natural gas in order to ensure security of supply in the medium and long term.

(265) The Commission would point out that this is the first time that it has had to assess the compatibility of a natural gas storage regulatory mechanism with the internal market.

(266) This type of measure is not provided for in the Guidelines on State aid for environmental protection and energy ([95]) or in any other Commission guidelines.

(267) The compatibility of the regulatory mechanism with the internal market should be assessed in the light of the provisions of the TFEU and in particular Article 107(3)(c), which states that aid to facilitate the development of certain economic activities may be considered compatible with the internal market where such aid does not adversely affect trading conditions to an extent contrary to the common interest.

([95]) Communication from the Commission – Guidelines on State aid for environmental protection and energy 2014-2020 (OJ C 200, 28.6.2014, p. 1).

(268) Thus, in order for the aid to be declared compatible, it must be intended to facilitate the development of certain economic activities or of certain economic areas and, in addition, it must not adversely affect trading conditions to an extent contrary to the common interest ([96]).

(269) With respect to the first condition, the Commission must examine the aid scheme to see whether it is intended to facilitate the development of certain economic activities. With respect to the second, the Commission must weigh the positive effects which the proposed aid has on the development of the activities it is intended to support against the negative effects that it may have on the internal market in terms of distortions of competition and adverse effects on trade caused by the aid.

6.3.2. *Facilitating the development of an economic activity*

6.3.2.1. The economic activity developed

(270) Under Article 107(3)(c) TFEU, aid may be regarded as compatible with the internal market if it facilitates the development of certain economic activities ([97]). It must act as an incentive for the undertaking or undertakings concerned by changing their behaviour in such a way as to facilitate the development of an economic activity which, without the aid, would not be carried out or would be carried out in a limited or different manner. The aid must not subsidise the costs of an activity that an undertaking would have engaged in in any case, and must not compensate for the normal business risk of an economic activity.

(271) In this case, the economic activity developed by the aid is the storage of natural gas in France.

(272) The regulatory mechanism is intended to change the economic behaviour of natural gas storage operators. The French authorities said that, if France had not put in place the regulatory mechanism and had abolished the previous system of storage obligations, the price charged by storage operators would be very close to the spread of natural gas sales prices. Spreads have in fact been decreasing since 2009. As a result, the prices charged no longer allowed storage operators to cover their costs before the reform was introduced. Following the decline in profitability of natural gas storage in France, three natural gas storage sites were placed on standby in 2014 and 2015 (see recital (10)). France then identified a real risk that operators would further reduce the storage capacity offered to the market and placed additional storage sites on standby.

(273) The Commission would also point out that the filling rate at storage sites has dropped. The rate of take-up of storage capacity stood at only 63 % in 2017-2018. The drop in the take-up rate thus led to a further fall in income for operators.

(274) As a result of the reform, take-up rates increased to 93 % of storage capacity in 2018-2019 and 2019-2020.

(275) In a counterfactual scenario, without the introduction of the regulatory mechanism there would have been a risk of a significant reduction in the development of the economic activity of natural gas storage in France. Since the implementation of the reform, the authorised revenue and the obligation of storage operators to make their storage capacity available through auctions have thus fostered the development of the economic activity of storage operators.

(276) Therefore, the Commission considers that the regulatory mechanism facilitates the development of the economic activity of natural gas storage in France.

6.3.2.2. Compliance of the aid scheme with other provisions of EU law

(277) The Commission would point out that the measure at issue and the economic activity developed comply with the provisions of EU law.

([96]) Judgment of 22 September 2020, *Austria* v *Commission*, C-594/18 P (Hinkley point (C), EU:C:2020:742, paragraph 19.

([97]) As confirmed by the recent judgment of the Court of Justice of 22 September 2020, *Austria* v *Commission*, EU:C:2020:742.

(278) In the field of energy, any charge intended to finance a State aid measure must comply in particular with Articles 30 and 110 TFEU. In the present case, the storage charge is hypothecated to the support granted to storage operators (see recital (246)). A charge which is imposed on domestic and imported products according to the same criteria may nevertheless be prohibited by the TFEU if the revenue from such a charge is intended to support activities which specifically benefit the domestic products subject to the charge.

(279) In the present case, the storage charge is paid by shippers using the natural gas transmission network, in which almost all of the gas is imported, irrespective of whether the shippers are French or not (see recitals (98) to (100)). On the other hand, the beneficiaries are the operators of the natural gas storage infrastructure. French and foreign shippers have non-discriminatory access to the auctions organised by natural gas storage operators (see recital (20)). It is therefore not a situation in which the charge specifically benefits the domestic products on which it is levied. Articles 30 and 110 TFEU are therefore complied with.

(280) Furthermore, as stated in recital (12), Article 33 of Directive 2009/73/EC explicitly allows Member States to regulate storage infrastructure. The storage of natural gas is also one of the measures that Member States can introduce to ensure compliance with the obligations arising from Regulation (EU) 2017/1938, under the conditions laid down in that Regulation, in particular the obligation to safeguard security of supply to national customers in accordance with the need for the proper and continuous functioning of the internal market in natural gas.

6.3.2.3. Conclusion on facilitating the development of an economic activity

(281) In view of the above, the Commission considers that the measure in question contributes to the development of the economic activity of the storage of natural gas in France, in compliance with the other provisions of European law.

6.4. **The adverse effects resulting from the aid do not affect trading conditions to an extent contrary to the common interest**

(282) The Commission must examine whether the adverse effects resulting from the aid do not adversely affect trading conditions to an extent contrary to the common interest. First, the Commission will set out the positive effects of the aid, taking into account the common interest and, second, it will assess the elements for limiting the negative effects of the aid on trade, namely the necessity, appropriateness, proportionality and transparency of the aid. In the light of this analysis, the Commission will identify the remaining effects on trade before weighing up the positive and negative effects of the aid on the internal market.

6.4.1. *Positive effects of the aid*

(283) As indicated in recitals (270) to (276), the aid scheme has positive effects on facilitating the development of the economic activity of natural gas storage in France.

(284) In addition, the Commission notes that the development of the economic activity of natural gas storage has positive effects in terms of security of supply of natural gas in France in the medium to long term. Storage is necessary to ensure that the network is capable of meeting demand during cold spells and delivering gas in the transmission network in the event of congestion.

(285) In relation to cold spells, France carried out simulations of the level of natural gas demand and natural gas supply capacity in the medium to long term. The demand for natural gas was thus estimated for cold spells of 1 to 30 days, such as those occurring once every 50 years in France (see recital (25)). The French authorities took on board a number of assumptions about the development of natural gas consumption over the next 10 years. They assumed that consumption would drop by 2 % during the period 2018-2028 (see recital (26)). They also estimated the effects of interruptibility mechanisms which, however, have not yet been implemented (see recital (28)).

(286) In terms of supply, the French authorities took into account the availability parameters of the different sources of natural gas. In particular, estimates were based on an assumption of 100 % utilisation of the firm capacity of existing interconnectors and the supply of LNG from LNG terminals with a delivery time of 10 days for new cargoes (see recitals (33) to (38)).

(287) This methodology appears to be consistent with historical data and availability forecasts at the time of the analysis carried out.

(288) The French authorities estimated the need for natural gas storage in terms of 2 376 GWh/d in withdrawal rate associated with a filling level of 45 % of the working volume in order to cope with cold spells in the period between 2019 and 2025.

(289) However, as mentioned in recital (10), the decrease in spreads observed since 2009 has led to a drop in the take-up rate of storage capacity to below the level necessary to ensure security of supply, and resulted in three sites being placed on standby, despite the obligation for suppliers to maintain natural gas stocks.

(290) Consequently, it seems that the normal functioning of the gas storage market is not sufficient to maintain the storage infrastructure considered necessary to guarantee the security of supply required by France. The aim of the aid scheme is thus to facilitate the development of natural gas storage activity in France, which would not be guaranteed simply by the normal functioning of the market.

6.4.2. *Limiting the negative impact of the aid scheme on the internal market*

(291) In the opening decision, the Commission established that the aid scheme introduced by the French authorities could have an impact on the following markets: (i) French natural gas suppliers and those of other Member States, (ii) natural gas storage operators, and LNG and interconnector operators, and (iii) French natural gas storage operators and those of other Member States.

(292) The Commission has assessed the factors that could contribute to limiting the negative impact of the measure in question, namely the necessity, appropriateness and proportionality of the mechanism, as well as its transparency.

(a) The necessity of the aid scheme

The Commission considers that State intervention is necessary if, in a given situation, such intervention can bring about a significant improvement which the normal functioning of the market alone would not bring about, for example, by correcting a well-defined market failure.

(293) As stated in recital (10), spreads have decreased since 2009 and storage operators are no longer able to cover their costs. There was a risk that the economic activity of natural gas storage in France would be significantly reduced. Since the implementation of the reform, the rate of storage of natural gas in France has in fact increased.

(294) Therefore, the Commission concludes that the reform was necessary to facilitate the development of the economic activity of natural gas storage in France.

(b) The appropriateness of the aid scheme

(295) Aid is an appropriate policy instrument to facilitate an economic activity where it is not possible to achieve the same result through other policy instruments that cause fewer distortions of competition.

(296) Several alternative instruments were envisaged by France, but these would not facilitate the development of the economic activity of natural gas storage in France in the same way or guarantee the same level of security of supply for the following reasons.

(297) First, maintaining the previous system of storage obligations imposed on suppliers would not have ensured security of supply. As the spread has become significantly lower than the cost of storage capacity, incentives to suppliers to reserve capacity have significantly decreased, resulting in three sites being placed on standby. Placing other sites on standby would have been problematic since it emerged from the assessment of the need for storage that all facilities were necessary to ensure security of supply in the event of a prolonged cold spell. Furthermore, the overall storage cost under the storage obligation system was higher ([EUR 5 to EUR 8/MWh in 2016 and 2017]) than under the regulatory mechanism (EUR 5,6/MWh after the reform).

(298) Second, strengthening the gas network and interconnectors would not be a credible alternative either because of the high cost of these measures compared to using existing storage infrastructure. In any case, this type of investment would not address potential shortages of natural gas in the event of a cold spell and would not be available in the medium term.

(299) Similarly, it appears from the information provided by France that increasing recourse to LNG is not a credible alternative for ensuring security of supply. Existing liquefaction terminals are operating at a level close to their maximum capacity in order to recoup the significant investment cost. In addition, almost all LNG cargoes are subject to long-term contracts due to the capital intensity of these projects and are therefore already sold prior to their production. The lower cost of storing natural gas in gaseous form also explains the lack of development of LNG storage worldwide. Thus the quantities of LNG available in the short term are low.

(300) Third, France explained that a purely administrative system of penalties imposed on suppliers for failure to supply natural gas to final customers could not be regarded as a satisfactory alternative either. This kind of system presents a feasibility problem as the balancing of European gas markets takes place on a daily basis. The load-shedding measures implemented by the system operator in the event of a critical drop in pressure in the network would lead to a subsequent trade in natural gas that would make it extremely difficult to identify the supplier initially in default. Similarly, the customers cut off are not necessarily the customers of the defaulting supplier. In this context, France argues that *ex ante* measures are preferable to *ex post* penalties.

(301) Fourth, the same applies to load-shedding or interruptibility mechanisms. The French authorities specified that load shedding was a last resort in the event of a supply crisis and not a flexibility mechanism, the effectiveness of which depends on the consumer's compliance with the load-shedding order issued by the network operator, since it is not possible to carry out automatic load shedding remotely. The mechanism for regulating essential storage infrastructure is designed to avoid supply crises requiring the use of load shedding. Interruptibility mechanisms which address high hazard and low probability risks such as cold spells were still being defined at the time of the reform and were taken into account to assess the demand for natural gas. On the other hand, interruptibility mechanisms would not be suitable for addressing the risks of congestion characterised by a lower hazard but a higher probability.

(302) In view of these factors, the Commission considers that the regulatory mechanism is an appropriate instrument to facilitate the development of natural gas storage activity and to ensure security of supply.

(c) Proportionality of the aid scheme

(303) Aid is regarded as proportionate when it is confined to the minimum amount necessary to limit the effects on the internal market.

(304) In the present case, under the regulatory mechanism, storage operators benefit from a guaranteed income. To assess the proportionality of the regulatory mechanism, it is necessary to assess the proportionality of the method for calculating the authorised revenue of storage operators described in recitals (59) to (81).

(305) In its opening decision, the Commission expressed doubts about the CRE's independent economic assessment of the market value of the RAB at the time when the regulatory mechanism was introduced. The Commission felt that this might have undermined the proportionality of the aid scheme.

(306) Although this valuation is mainly based on gross accounting value and depreciation of assets, France and the beneficiaries were able to demonstrate that the CRE carried out a thorough revaluation of the original RAB on 31 December 2016. The CRE checked that the depreciation periods requested by the operators corresponded to the periods indicated in their historical accounts and to standard industry data observed in other countries. In particular, the CRE questioned the depreciation period of cushion gas. As stated in recital (73), the CRE rejected the request for a depreciation period of 250 years, instead setting the depreciation period for cushion gas at 75 years. The CRE hired external economic consultants to assist it in defining the initial RAB. The Commission notes that, following these reviews, the CRE selected an initial RAB of EUR 4,8 billion for the three operators, a drop of 13 % compared to the RAB requested by the operators (see Table 4 in recital (77)).

(307) The Commission also notes that the use of alternative methods such as the value of storage operators in their shareholders' accounts, the values taken into account in recent transactions or the discounted cash-flow approach used in the Teréga study by PwC lead to similar asset values (see recitals (76), (129) and (160)).

(308) Furthermore, the use of a value based on spreads does not include the value that the storage of natural gas represents for the system in terms of security of supply. That indicator is therefore not sufficiently representative of medium- and long-term developments to be useful as an indicator for a regulatory mechanism such as the one in the present case, which is designed to ensure security of supply in the medium to long term.

(309) In the comments received by the Commission in the course of the procedure, it was stated that a historical reconstruction of operators' revenue would necessarily be incomplete in the absence of available data, and would be contrary to general principles of law.

(310) The Commission would also point out that the storage tariff is intended to compensate operators for their costs, in so far as those costs correspond to those of 'efficient operators'. To this end, the CRE reviews the compensation requested by operators at the beginning of each tariff period and checks the investments envisaged by operators on an annual basis (see recital (82)). The compensation also comprises a clawback mechanism. The Commission notes that, for the years 2018-2019, the CRE took into account only the costs considered to be efficient, and that since ATS 2, an incentive has been in place for many items to keep costs under control: an incentivising regulatory mechanism for net operating expenses and investment expenditure, and an incentivising regulation on service quality (see recitals (60), (61), (65), (83), (84) and (85)).

(311) Lastly, the methodology determining the WACC of natural gas storage sites and the mark-up in relation to the GRTgaz reference rate are adequate.

(312) The Commission therefore concludes that the remuneration method established by the CRE, and in particular the valuation of regulated assets, results in proportionate compensation which limits the impact of the aid scheme on the internal market.

(d) Transparency of the aid scheme

(313) The Commission considers that the commitments by France listed in recital (111) ensure the transparency of the aid scheme.

6.4.3. *Prevention of negative effects on competition and trade*

(314) The Commission considers that an aid measure minimises the negative effects on competition and trade between Member States where those effects are sufficiently limited for the overall balance of the measure to be positive.

(315) In the opening decision, the Commission could not rule out the fact that the mechanism might distort competition to a greater extent than the minimum negative effects justified by the introduction of the aid scheme between (i) French natural gas suppliers and those of other Member States, (ii) natural gas storage operators and LNG operators and interconnector operators, and (iii) French natural gas storage operators and those of other Member States.

(316) In the present case, the Commission does not consider that the aid scheme distorts competition between French suppliers and suppliers of natural gas from other Member States on the natural gas supply markets, since the auctions are open to all natural gas suppliers, under similar conditions, whether they are located in France or in another Member State. In addition, some interested parties confirmed in their comments that, for the same delivery service, the same tariff is charged to French suppliers and suppliers from other Member States for use of the natural gas transmission networks. The Commission was therefore unable to find any distortions of competition between French natural gas suppliers and those from other Member States.

(317) Moreover, as regards distortions of competition between storage operators and suppliers of alternative flexibility instruments in France, the French authorities and interested parties consider that the other instruments are imperfect substitutes for the storage of natural gas since they operate within varying timeframes and may be needed in different situations. For instance, in the case of cold spells, LNG terminal capacity can be mobilised only if LNG is

available in the tanks. This limited capacity could not be mobilised for more than 5 days under the best possible conditions. This is less than the average duration of a cold spell, meaning that an inbound shipment could not be arranged quickly enough to prevent a breakdown in supply. In the event of network congestion, the effectiveness of LNG terminals depends on their geographical proximity to consumption points.

(318) Several third parties also pointed out that the take-up of LNG terminals and the storage of natural gas are not in competition. According to them, LNG imports into Europe and France have increased significantly since the introduction of the aid scheme in 2018. The importation of ~ 21,5 bcm of LNG into France in 2019 was a record high.

(319) According to the comments received, interconnectors are primarily import instruments. The interested parties state that, were it not for storage, interconnectors would need to have the capacity to guarantee the supply of natural gas across French territory at times of peak demand. This would not be an efficient approach. In view of the projected decline in the consumption of natural gas in France, there is no plan to build new interconnectors. The cost of building additional interconnectors and strengthening the network would in fact be higher than the cost of the aid scheme at issue.

(320) Furthermore, the storage of natural gas has no impact on the total volume of natural gas passing through interconnectors as this is based on the volume of natural gas consumed in France. Nevertheless, interested parties cite a report ([98]) by the Agency for the Cooperation of Energy Regulators (ACER) which states that the abundance of gas in the storage inventory minimises imports when peak consumption occurs, which is normally when the gas price is the highest.

(321) As stated by interested parties, the Commission has on several occasions acknowledged (without taking a position) that a relevant market exists for natural gas transmission infrastructure, including in particular interconnectors, natural gas storage, LNG terminals and regasification infrastructure. The Commission recognises that the different flexibility instruments can provide complementary services without completely ruling out the possibility that natural gas storage has an impact on LNG terminals and interconnectors. However, the Commission could not find any significant distortions of competition.

(322) The aid scheme could also lead to distortions of competition with respect to storage operators in other Member States, in particular those neighbouring France. This risk is especially high for Belgium and Germany because of the interconnectors.

(323) The CREG (Belgian Commission for Electricity and Gas Regulation) informed the Commission that, following the introduction of the regulatory mechanism, the filling level of the only Belgian storage site, Loenhout, fell from 84 % (winter of 2017-2018) to 54 % (winter of 2018-2019). The filling level then rose to 97 % in the winter of 2019-2020. The filling level in 2018-2019 corresponded to long-term contracts. According to the CREG, the introduction of the remuneration mechanism in France (see recitals (195) to (200)) had an impact. Although the filling levels rose again the following winter, the Commission cannot rule out an impact on the storage of natural gas in neighbouring countries. However, the Commission notes that Fluxys, the Loenhout operator, does not say that the regulatory mechanism had a significant impact on its activities (see recital (212)).

(324) In the short term, distortions of competition between operators in neighbouring Member States are limited by the significant take-up rate (e.g. over 90 % in Germany, and 60 % in Belgium), based on long-term contracts. However, these contracts will end in 2022-2023. When these long-term contracts are renegotiated, the regulatory mechanism could therefore influence future commercial conditions in terms of prices, take-up rates and also the profitability of storage operators in neighbouring Member States. In order for the Commission to make sure that its assessment on this point remains valid once the long-term contracts come to an end, the French authorities undertook to provide a report to the Commission before the end of 2024 containing data on the impact of the measure on competition (see recital (111)).

(325) The Commission also takes note of Fluxys' wish to have an appropriate model at European Union level to respond to market developments (see recital (212)). Other storage operators made positive comments on the reform introduced in France while at the same time expressing a preference for a harmonised approach in the European Union (see recitals (224) and (229)).

([98]) ACER report of 6 April 2020, *The internal gas market in Europe:The role of transmission tariffs*, point 174.

6.5. **Balancing test: positive and negative effects of the aid on the internal market**

(326) The overall balance of the effects of a State aid scheme must be positive: the scheme must avoid adversely affecting trading conditions to an extent contrary to the common interest.

(327) The Commission would point out that, in the present case, the aid scheme facilitates the development of an economic activity, namely the storage of natural gas in France. It also notes that the regulatory mechanism contributes to the security of natural gas supplies. Moreover, the appropriateness, necessity and proportionality of the aid limit its impact on competition and trade. The Commission concludes that while an impact on competition between French natural gas storage operators and those from other Member States cannot be ruled out, it seems that the negative effects of the aid are sufficiently limited for the overall balance of the aid scheme to be positive until the end of the current PPE in 2028, provided that there are no significant changes in competition on the natural gas markets listed in recital (110) ([99]).

(328) In light of the above, the Commission concludes that the positive impact of the aid on the development of the economic activity in question outweighs the potential negative effects on competition and trade, at least until 2028. Competition and trade will therefore not be affected to an extent contrary to the common interest until then.

7. **CONCLUSIONS**

(329) The Commission regrets the fact that France unlawfully implemented the aid in question in breach of Article 108(3) of the TFEU. However, it finds that the measure in question is compatible with the internal market within the meaning of Article 107(3)(c) TFEU until 31 December 2028, when the current PPE period ends,

HAS ADOPTED THIS DECISION:

Article 1

The State aid which France has implemented for natural gas storage operators is compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty of the Functioning of the European Union.

Article 2

This Decision is addressed to the French Republic.

Done at Brussels, 28 June 2021.

For the Commission
Margrethe VESTAGER
Member of the Commission

([99]) If the Commission considers that existing aid is not or is no longer compatible with the internal market, it may initiate the procedure laid down in Chapter IV of Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union (OJ L 248, 24.9.2015, p. 9).

COMMISSION DECISION (EU) 2022/445

of 15 March 2022

amending the Annex to the Monetary Agreement between the European Union and the Principality of Andorra

THE EUROPEAN COMMISSION,

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

Having regard to the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra ([1]), and in particular Article 8(4) thereof,

Whereas:

(1) The Monetary Agreement between the Union and the Andorra ('the Agreement') entered into force on 1 April 2012.

(2) Article 8(1) of the Agreement requires Andorra to implement Union acts concerning the rules on euro banknotes and coins, banking and financial law, prevention of money laundering, prevention of fraud and counterfeiting of cash and non-cash means of payment, medals and tokens and statistical reporting requirements. Those acts are listed in the Annex to the Monetary Agreement.

(3) The Annex should be amended by the Commission every year to take into account the new relevant legal acts and rules of the Union and the amendments to the existing ones.

(4) Some legal acts and rules of the Union are not relevant anymore and should therefore be deleted from the Annex, while other relevant legal acts and rules of the Union were adopted or amended and should be added to the Annex.

(5) The Annex to the Monetary Agreement should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

The Annex to the Monetary Agreement between the European Union and the Principality of Andorra is replaced by the text in the Annex to this Decision.

Article 2

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

Done at Brussels, 15 March 2022.

For the Commission
The President
Ursula VON DER LEYEN

([1]) OJ C 369, 17.12.2011, p. 1.

ANNEX

'ANNEX

	LEGAL PROVISIONS TO BE IMPLEMENTED	DEADLINE FOR IMPLEMENTING
	Prevention of money laundering	
1	**Council Decision 2000/642/JHA** of 17 October 2000 concerning arrangements for cooperation between financial intelligence units of the Member States in respect of exchanging information (OJ L 271, 24.10.2000, p. 4).	
2	**Council Framework Decision 2001/500/JHA** of 26 June 2001 on money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities and the proceeds of crime (OJ L 182, 5.7.2001, p. 1).	
3	**Council Framework Decision 2005/212/JHA** of 24 February 2005 on Confiscation of Crime-Related Proceeds, Instrumentalities and Property (OJ L 68, 15.3.2005, p. 49).	31 March 2015 ([1])
4	**Council Decision 2007/845/JHA** of 6 December 2007 concerning cooperation between Asset Recovery Offices of the Member States in the field of tracing and identification of proceeds from, or other property related to, crime (OJ L 332, 18.12.2007, p. 103).	
5	**Directive 2014/42/EU** of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union (OJ L 127, 29.4.2014, p. 39).	1 November 2016 ([2])
6	**Regulation (EU) 2015/847** of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 (OJ L 141, 5.6.2015, p. 1).	1 October 2017 ([3])
7	**Directive (EU) 2015/849** of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73). Amended by:	1 October 2017 ([3])
8	Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (OJ L 156, 19.6.2018, p. 43). Supplemented by:	31 December 2020 ([6])
9	Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies (OJ L 254, 20.9.2016, p. 1). Amended by:	1 December 2017 ([5])
10	Commission Delegated Regulation (EU) 2018/105 of 27 October 2017 amending Delegated Regulation (EU) 2016/1675, as regards adding Ethiopia to the list of high-risk third countries in the table in point I of the Annex (OJ L 19, 24.1.2018, p. 1).	31 March 2019 ([6])

11	Commission Delegated Regulation (EU) 2018/212 of 13 December 2017 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding Sri Lanka, Trinidad and Tobago, and Tunisia to the table in point I of the Annex (OJ L 41, 14.2.2018, p. 4).	31 March 2019 ([6])
12	Commission Delegated Regulation (EU) 2018/1467 of 27 July 2018 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding Pakistan to the table in point I of the Annex (OJ L 246, 2.10.2018, p. 1).	31 December 2020 ([7])
13	Commission Delegated Regulation (EU) 2020/855 of 7 May 2020 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding the Bahamas, Barbados, Botswana, Cambodia, Ghana, Jamaica, Mauritius, Mongolia, Myanmar/Burma, Nicaragua, Panama and Zimbabwe to the table in point I of the Annex and deleting Bosnia-Herzegovina, Ethiopia, Guyana, Lao People's Democratic Republic, Sri Lanka and Tunisia from this table (OJ L 195, 19.6.2020, p. 1).	31 December 2022 ([9])
14	Commission Delegated Regulation (EU) 2021/37 of 7 December 2020 on amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards deleting Mongolia from the table in point I of the Annex (OJ L 14, 18.1.2021, p. 1).	31 December 2023 ([9])
15	Commission Delegated Regulation (EU) 2019/758 of 31 January 2019 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council with regard to regulatory technical standards for the minimum action and the type of additional measures credit and financial institutions must take to mitigate money laundering and terrorist financing risk in certain third countries (OJ L 125, 14.5.2019, p. 4).	
16	**Regulation (EU) 2018/1672** of the European Parliament and of the Council of 23 October 2018 on controls on cash entering or leaving the Union and repealing Regulation (EC) No 1889/2005 (OJ L 284, 12.11.2018, p. 6).	31 December 2021 ([7])
17	**Directive (EU) 2018/1673** of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law (OJ L 284, 12.11.2018, p. 22).	31 December 2021 ([7])
	Prevention of fraud and counterfeiting	
18	**Council Regulation (EC) No 1338/2001** of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting (OJ L 181, 4.7.2001, p. 6)	30 September 2013
	Amended by:	
19	Council Regulation (EC) No 44/2009 of 18 December 2008 amending Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting (OJ L 17, 22.1.2009, p. 1).	
20	**Council Decision 2001/887/JHA** of 6 December 2001 on the protection of the euro against counterfeiting (OJ L 329, 14.12.2001, p. 1).	30 September 2013
21	**Council Decision 2003/861/EC** of 8 December 2003 concerning analysis and cooperation with regard to counterfeit euro coins (OJ L 325, 12.12.2003, p. 44).	30 September 2013
22	**Council Regulation (EC) No 2182/2004** of 6 December 2004 concerning medals and tokens similar to euro coins (OJ L 373, 21.12.2004, p. 1).	30 September 2013

	Amended by:	
23	Council Regulation (EC) No 46/2009 of 18 December 2008 amending Regulation (EC) No 2182/2004 concerning medals and tokens similar to euro coins (OJ L 17, 22.1.2009, p. 5).	
24	**Directive 2014/62/EU** of the European Parliament and of the Council of 15 May 2014 on the protection of the euro and other currencies against counterfeiting by criminal law, and replacing Council Framework Decision 2000/383/JHA (OJ L 151, 21.5.2014, p. 1).	30 June 2016 ([2])
25	**Directive (EU) 2019/713** of the European Parliament and of the Council of 17 April 2019 on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/JHA (OJ L 123, 10.5.2019, p. 18).	31 December 2021 ([7])
	Rules on euro banknotes and coins	
	With the exception of Article 1a, paragraphs 2 and 3, and Articles 4a, 4b and 4c:	
26	**Council Regulation (EC) No 2532/98** of 23 November 1998 concerning the powers of the European Central Bank to impose sanctions (OJ L 318, 27.11.1998, p. 4).	30 September 2014 ([1])
	Amended by:	
27	Council Regulation (EU) 2015/159 of 27 January 2015 amending Regulation (EC) No 2532/98 concerning the powers of the European Central Bank to impose sanctions (OJ L 27, 3.2.2015, p. 1).	31 December 2020 ([8])
28	**Council Conclusions of 10 May 1999** on the quality management system for euro coins	31 March 2013
29	**Communication from the Commission 2001/C 318/03 of 22 October 2001** on copyright protection of the common face design of the euro coins **(COM(2001) 600 final)** (OJ C 318, 13.11.2001, p. 3).	31 March 2013
30	**Guideline of the European Central Bank ECB/2003/5** of 20 March 2003 on the enforcement of measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes (OJ L 78, 25.3.2003, p. 20).	31 March 2013
	Amended by:	
31	Guideline of the European Central Bank ECB/2013/11 of 19 April 2013 amending Guideline ECB/2003/5 on the enforcement of measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes (OJ L 118, 30.4.2013, p. 43).	30 September 2014 ([1])
32	Guideline (EU) 2020/2091 of the European Central Bank of 4 December 2020 amending Guideline ECB/2003/5 on the enforcement of measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes (ECB/2020/61) (OJ L 423, 15.12.2020, p. 65).	30 September 2022 ([9])
33	**Decision of the European Central Bank ECB/2010/14** of 16 September 2010 on the authenticity and fitness checking and recirculation of euro banknotes (OJ L 267, 9.10.2010, p. 1).	30 September 2013
	Amended by:	
34	Decision of the European Central Bank ECB/2012/19 of 7 September 2012 amending Decision ECB/2010/14 on the authenticity and fitness checking and recirculation of euro banknotes (OJ L 253, 20.9.2012, p. 19).	30 September 2014 ([1])

35	Decision (EU) 2019/2195 of the European Central Bank of 5 December 2019 amending Decision ECB/2010/14 on the authenticity and fitness checking and recirculation of euro banknotes (ECB/2019/39) (OJ L 330, 20.12.2019, p. 91).	31 December 2021 ([8])
36	**Regulation (EU) No 1210/2010** of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation (OJ L 339, 22.12.2010, p. 1).	31 March 2013
37	**Regulation (EU) No 1214/2011** of the European Parliament and of the Council of 16 November 2011 on the professional transport of euro cash by road between euro-area Member States (OJ L 316, 29.11.2011, p. 1)	31 March 2015 ([1])
38	**Regulation (EU) No 651/2012** of the European Parliament and of the Council of 4 July 2012 on the issuance of euro coins (OJ L 201, 27.7.2012, p. 135).	30 September 2014 ([1])
39	**Decision** of the European Central Bank **ECB/2013/10** of 19 April 2013 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes (OJ L 118, 30.4.2013, p. 37). Amended by:	30 September 2014 ([1])
40	Decision (EU) 2019/669 of the European Central Bank of 4 April 2019 amending Decision ECB/2013/10 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes (OJ L 113, 29.4.2019, p. 6).	31 December 2020 ([7])
41	Decision (EU) 2020/2090 of the European Central Bank of 4 December 2020 amending Decision ECB/2013/10 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes (ECB/2020/60) (OJ L 423, 15.12.2020, p. 62).	30 September 2022 ([9])
42	**Council Regulation (EU) No 729/2014** of 24 June 2014 on denominations and technical specifications of euro coins intended for circulation (Recast) (OJ L 194, 2.7.2014, p. 1).	30 September 2014 ([2])
	Banking and Financial Legislation	
43	**Council Directive 86/635/EEC** of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1). Amended by:	31 March 2016
44	Directive 2001/65/EC of the European Parliament and of the Council of 27 September 2001 amending Directives 78/660/EEC, 83/349/EEC and 86/635/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies as well as of banks and other financial institutions (OJ L 283, 27.10.2001, p. 28).	
45	Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings (OJ L 178, 17.7.2003, p. 16).	
46	Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings (OJ L 224, 16.8.2006, p. 1).	

47	**Council Directive 89/117/EEC** of 13 February 1989 on the obligations of branches established in a Member State of credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents (OJ L 44, 16.2.1989, p. 40).	31 March 2018
48	**Directive 97/9/EC** of the European Parliament and of the Council of 3 March 1997 on investment compensation schemes (OJ L 84, 26.3.1997, p. 22).	31 March 2018
49	**Directive 98/26/EC** of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45). Amended by:	31 March 2018
50	Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims (OJ L 146, 10.6.2009, p. 37).	
51	Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ L 331, 15.12.2010, p. 120).	
52	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).	30 September 2019
53	Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).	31 March 2018 except for Article 3(1): 1 February 2023 and from 1 February 2025 ([3])
54	Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (OJ L 150, 7.6.2019, p. 296).	31 December 2022 ([8])
55	**Directive 2001/24/EC** of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions (OJ L 125, 5.5.2001, p. 15) Amended by:	31 March 2018
56	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).	
57	**Directive 2002/47/EC** of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (OJ L 168, 27.6.2002, p. 43). Amended by:	31 March 2018

58	Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims (OJ L 146, 10.6.2009, p. 37).	
59	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).	31 March 2018 ([2])
60	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1).	31 December 2024 (with the exception of: Article 95 – 31 December 2022, Article 87(2) – 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 – 31 December 2024, Article 9(14) and Article 20 – 31 December 2025) ([9])
61	**Directive 2002/87/EC** of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (OJ L 35, 11.2.2003, p. 1) and the related level 2 measures as appropriate Amended by:	31 March 2018
62	Directive 2005/1/EC of the European Parliament and of the Council of 9 March 2005 amending Council Directives 73/239/EEC, 85/611/EEC, 91/675/EEC, 92/49/EEC and 93/6/EEC and Directives 94/19/EC, 98/78/EC, 2000/12/EC, 2001/34/EC, 2002/83/EC and 2002/87/EC in order to establish a new organisational structure for financial services committees (OJ L 79, 24.3.2005, p. 9).	
63	Directive 2008/25/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2002/87/EC on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate, as regards the implementing powers conferred on the Commission (OJ L 81, 20.3.2008, p. 40).	
64	Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ L 331, 15.12.2010, p. 120).	

65	Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate (OJ L 326, 8.12.2011, p. 113).	
66	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).	
67	Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).	31 December 2023 ([8])
68	**Regulation (EC) No 924/2009** of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001 (OJ L 266, 9.10.2009, p. 11) Amended by:	31 March 2018
69	Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (OJ L 94, 30.3.2012, p. 22).	
70	**Directive 2009/110/EC** of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7). Amended by:	31 March 2016
71	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).	30 September 2017 ([3])
72	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).	30 September 2018 ([4])
73	**Regulation (EU) No 1093/2010** of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12). Amended by:	31 March 2016
74	Regulation (EU) No 1022/2013 of the European Parliament and of the Council of 22 October 2013 amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards the conferral of specific tasks on the European Central Bank pursuant to Council Regulation (EU) No 1024/2013 (OJ L 287, 29.10.2013, p. 5).	

75	Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (OJ L 60, 28.2.2014, p. 34).	
76	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).	31 March 2018 ([2])
77	Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225, 30.7.2014, p. 1).	
78	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).	30 September 2018 ([4])
79	Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).	31 December 2023 ([8])
80	**Regulation (EU) No 1095/2010** of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84). Amended by:	31 March 2016
81	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1).	
82	Regulation (EU) No 258/2014 of the European Parliament and of the Council of 3 April 2014 establishing a Union programme to support specific activities in the field of financial reporting and auditing for the period of 2014-20 and repealing Decision No 716/2009/EC (OJ L 105, 8.4.2014, p. 1).	
83	Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ L 153, 22.5.2014, p. 1).	

84	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1).	31 December 2024 (with the exception of: Article 95 – 31 December 2022, Article 87(2) – 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 – 31 December 2024, Article 9(14) and Article 20 – 31 December 2025) ([9])
85	**Regulation (EU) No 648/2012** of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1) and the related level 2 measures as appropriate Amended by:	30 September 2019 ([1])
86	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 and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).	
87	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).	
88	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).	31 December 2020 ([3])
89	Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).	
90	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1).	30 September 2019 ([4])
91	Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 648/2012 as regards the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories (OJ L 141, 28.5.2019, p. 42).	31 December 2021 ([8])

92	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1).	31 December 2023 ([8])
93	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1).	31 December 2024 (with the exception of: Article 95 – 31 December 2022, Article 87(2) – 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 – 31 December 2024, Article 9(14) and Article 20 – 31 December 2025) ([9])
94	Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021 amending Regulation (EU) 2016/1011 as regards the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, and amending Regulation (EU) No 648/2012 (OJ L 49, 12.2.2021, p. 6).	31 December 2023 ([9])
95	**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 and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1) and the related level 2 measures as appropriate Amended by:	30 September 2017 ([1])
96	Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State (OJ L 345, 27.12.2017, p. 27).	30 June 2019 ([6])
97	Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (OJ L 347, 28.12.2017, p. 1).	31 March 2020 ([6])
98	Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures (OJ L 111, 25.4.2019, p. 4).	31 December 2020 ([7])
99	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1).	31 December 2023 ([8])

100	Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).	31 December 2023 ([8])
101	Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (OJ L 204, 26.6.2020, p. 4).	31 December 2022 (with the exception of point (4) of Article 1 – 31 December 2023) ([9])
102	Regulation (EU) 2021/558 of the European Parliament and of the Council of 31 March 2021 amending Regulation (EU) No 575/2013 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis (OJ L 116, 6.4.2021, p. 25).	31 December 2023 (with the exception of points (2) and (4) of Article 1 – 31 December 2024) ([9])
103	**Directive 2013/36/EU** of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338) and the related level 2 measures as appropriate Amended by:	30 September 2017 ([1])
104	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).	31 March 2018 ([2])
105	Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (OJ L 150, 7.6.2019, p. 253).	31 December 2022 ([8])
106	Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).	31 December 2023 ([8])
107	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 (OJ L 68, 26.2.2021, p. 14).	31 December 2023 ([9])
108	**Regulation (EU) No 596/2014** of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, (OJ L 173, 12.6.2014, p. 1) and the related level 2 measures as appropriate Amended by:	30 September 2018 ([4])
109	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).	1 March 2020 ([6])

110	Regulation (EU) 2016/1033 of the European Parliament and of the Council of 23 June 2016 amending Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) No 596/2014 on market abuse and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories (OJ L 175, 30.6.2016, p. 1).	30 September 2018 ([5])
111	**Directive 2014/49/EU** of the European Parliament and of the Council of 16 April 2014 on deposit-guarantee schemes (recast) (OJ L 173, 12.6.2014, p. 149).	31 March 2016 ([2])
112	**Directive 2014/57/EU** of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse (market abuse directive) (OJ L 173, 12.6.2014, p. 179).	30 September 2018 ([4])
113	**Directive 2014/59/EU** of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190) and the related level 2 measures as appropriate Amended by:	31 March 2018 ([2])
114	Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy (OJ L 345, 27.12.2017, p. 96).	31 October 2019 ([6])
115	Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (OJ L 150, 7.6.2019, p. 296).	31 December 2022 ([8])
116	Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).	31 December 2023 ([8])
117	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1).	31 December 2024 (with the exception of: Article 95 – 31 December 2022, Article 87(2) – 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 – 31 December 2024, Articles 9(14) and 20 – 31 December 2025) ([9])

118	**Directive 2014/65/EU** of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349) and the related level 2 measures as appropriate Amended by:	31 December 2020 ([3])
119	Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).	31 December 2020 ([4])
120	Directive (EU) 2016/1034 of the European Parliament and of the Council of 23 June 2016 amending Directive 2014/65/EU on markets in financial instruments (OJ L 175, 30.6.2016, p. 8).	31 December 2021 ([5])
121	With the exception of Article 64, paragraph 5: Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).	31 December 2023 ([8])
122	Directive (EU) 2019/2177 of the European Parliament and of the Council of 18 December 2019 amending Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Directive 2014/65/EU on markets in financial instruments and Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money-laundering or terrorist financing (OJ L 334, 27.12.2019, p. 155).	31 December 2024 ([8])
123	Directive (EU) 2020/1504 of the European Parliament and of the Council of 7 October 2020 amending Directive 2014/65/EU on markets in financial instruments (OJ L 347, 20.10.2020, p. 50).	31 December 2023 ([9])
124	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 (OJ L 68, 26.2.2021, p. 14).	31 December 2023 ([9])
125	**Regulation (EU) No 600/2014** of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84) and the related level 2 measures as appropriate Amended by:	31 December 2020 ([3])
126	Regulation (EU) 2016/1033 of the European Parliament and of the Council of 23 June 2016 amending Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) No 596/2014 on market abuse and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories (OJ L 175, 30.6.2016, p. 1).	31 December 2020 ([5])
127	Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).	31 December 2023 ([8])

128	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1).	31 December 2024 (with the exception of: Article 95 – 31 December 2022, Article 87(2) – 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 – 31 December 2024, Article 9(14) and Article 20 – 31 December 2025) ([9])
129	**Regulation (EU) No 909/2014** of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1). Amended by:	31 December 2020 ([4])
130	Regulation (EU) 2016/1033 of the European Parliament and of the Council of 23 June 2016 amending Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) No 596/2014 on market abuse and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories (OJ L 175, 30.6.2016, p. 1).	31 December 2020 ([6])
131	**Regulation (EU) 2015/2365** of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1). Amended by:	30 September 2019 ([4])
132	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1).	31 December 2024 (with the exception of: Article 95 – 31 December 2022, Article 87(2) – 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 – 31 December 2024, Article 9(14) and Article 20 – 31 December 2025) ([9])
133	**Directive (EU) 2015/2366** of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35) and the related level 2 measures as appropriate	30 September 2018 ([4])

134	**Regulation (EU) 2016/1011** of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1). Amended by:	1 March 2020 ([6])
135	Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (OJ L 317, 9.12.2019, p. 17).	31 December 2021 ([8])
136	Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021 amending Regulation (EU) 2016/1011 as regards the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, and amending Regulation (EU) No 648/2012 (OJ L 49, 12.2.2021, p. 6).	31 December 2023 ([9])
	Legislation on collection of statistical information (*)	
137	**Guideline of the European Central Bank ECB/2013/24** of 25 July 2013 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts (OJ L 2, 7.1.2014, p. 34). Amended by:	31 March 2016 ([2])
138	Guideline (EU) 2016/66 of the European Central Bank of 26 November 2015 amending Guideline ECB/2013/24 on the statistical reporting requirements of the ECB in the field of quarterly financial accounts (ECB/2015/40) (OJ L 14, 21.1.2016, p. 36).	31 March 2017 ([4])
139	Guideline (EU) 2020/1553 of the European Central Bank of 14 October 2020 amending Guideline ECB/2013/24 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts (ECB/2020/51) (OJ L 354, 26.10.2020, p. 24).	31 December 2022 ([9])
140	Guideline (EU) 2021/827 of the European Central Bank of 29 April 2021 amending Guideline ECB/2013/24 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts (ECB/2021/20) (OJ L 184, 25.5.2021, p. 4).	31 December 2022 ([9])
141	**Regulation (EU) 2021/379** of the European Central Bank of 22 January 2021 on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2) (OJ L 73, 3.3.2021, p. 16) (9)	31 December 2022 ([9])
142	**Regulation (EU) No 1072/2013** of the European Central Bank of 24 September 2013 concerning statistics on interest rates applied by monetary financial institutions (recast) (ECB/2013/34) (OJ L 297, 7.11.2013, p. 51). Amended by:	31 March 2016 ([2])
143	Regulation (EU) No 756/2014 of the European Central Bank of 8 July 2014 ECB/2014/30 amending Regulation (EU) No 1072/2013 (ECB/2013/34) concerning statistics on interest rates applied by monetary financial institutions (ECB/2014/30) (OJ L 205, 12.7.2014, p. 14).	
144	Guideline (EU) 2021/830 of the European Central Bank of 26 March 2021 on balance sheet item statistics and interest rate statistics of monetary financial institutions (ECB/2021/11)	31 December ([9])

(1) The Joint Committee of 2013 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra.
(2) The Joint Committee of 2014 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra.
(3) The Joint Committee of 2015 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra.
(4) The Joint Committee of 2016 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra.
(5) The Joint Committee of 2017 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra.
(6) The Joint Committee of 2018 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra.
(7) The Joint Committee of 2019 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra.
(8) The Joint Committee of 2020 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra.
(9) The Joint Committee of 2021 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 30 June 2011 between the European Union and the Principality of Andorra.
(*) As agreed under the template on simplified statistical reporting.2022'

COMMISSION DECISION (EU) 2022/446

of 15 March 2022

amending the Annex to the Monetary Agreement between the European Union and the Republic of San Marino

THE EUROPEAN COMMISSION,

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

Having regard to the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino ([1]), and in particular Article 8(5) thereof,

Whereas:

(1) The Monetary Agreement between the Union and San Marino ('the Agreement') entered into force on 1 September 2012.

(2) Article 8(1) of the Agreement requires San Marino to implement Union legal acts and rules on euro banknotes and coins, banking and financial law, prevention of money laundering, prevention of fraud and counterfeiting of cash and non-cash means of payment, medals and tokens and statistical reporting requirements. Those acts and rules are listed in the Annex to the Monetary Agreement.

(3) The Annex to the Monetary Agreement should be amended by the Commission once a year or more often if deemed appropriate to take into account the new relevant Union legal acts and rules and the amendments to the existing ones.

(4) Some legal acts and rules of the Union are not relevant anymore and should therefore be deleted from the Annex, while other legal acts and rules of the Union were adopted or amended and should be added to the Annex.

(5) The Annex to the Monetary Agreement should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

The Annex to the Monetary Agreement between the European Union and the Republic of San Marino is replaced by the text in the Annex to this Decision.

Article 2

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

Done at Brussels, 15 March 2022.

For the Commission
The President
Ursula VON DER LEYEN

([1]) OJ C 121, 26.4.2012, p. 5.

ANNEX

'ANNEX

	LEGAL PROVISIONS TO BE IMPLEMENTED	DEADLINE FOR IMPLEMENTING
	Prevention of money laundering	
1	**Council Decision 2000/642/JHA** of 17 October 2000 concerning arrangements for cooperation between financial intelligence units of the Member States in respect of exchanging information (OJ L 271, 24.10.2000, p. 4)	1 September 2013
2	**Council Framework Decision 2001/500/JHA** of 26 June 2001 on money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities and the proceeds of crime (OJ L 182, 5.7.2001, p. 1)	
3	**Council Framework Decision 2005/212/JHA** of 24 February 2005 on Confiscation of Crime-Related Proceeds, Instrumentalities and Property (OJ L 68, 15.3.2005, p. 49)	1 October 2014 ([1])
4	**Council Decision 2007/845/JHA** of 6 December 2007 concerning cooperation between Asset Recovery Offices of the Member States in the field of tracing and identification of proceeds from, or other property related to, crime (OJ L 332, 18.12.2007, p. 103)	
5	**Directive 2014/42/EU** of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union (OJ L 127, 29.4.2014, p. 39)	1 November 2016 ([2])
6	**Regulation (EU) 2015/847** of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 (OJ L 141, 5.6.2015, p. 1)	1 October 2017 ([3])
7	**Directive (EU) 2015/849** of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73) Amended by:	1 October 2017 ([3])
8	Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (OJ L 156, 19.6.2018, p. 43) Supplemented by:	31 December 2020 ([6])
9	Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies (OJ L 254, 20.9.2016, p. 1) Amended by:	1 October 2017 ([5])
10	Commission Delegated Regulation (EU) 2018/105 of 27 October 2017 amending Delegated Regulation (EU) 2016/1675, as regards adding Ethiopia to the list of high-risk third countries in the table in point I of the Annex (OJ L 19, 24.1.2018, p. 1)	31 March 2019 ([6])

11	Commission Delegated Regulation (EU) 2018/212 of 13 December 2017 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding Sri Lanka, Trinidad and Tobago, and Tunisia to the table in point I of the Annex (OJ L 41, 14.2.2018, p. 4)	31 March 2019 ([6])
12	Commission Delegated Regulation (EU) 2018/1467 of 27 July 2018 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding Pakistan to the table in point I of the Annex (OJ L 246, 2.10.2018, p. 1)	31 December 2019 ([7])
13	Commission Delegated Regulation (EU) 2020/855 of 7 May 2020 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding the Bahamas, Barbados, Botswana, Cambodia, Ghana, Jamaica, Mauritius, Mongolia, Myanmar/Burma, Nicaragua, Panama and Zimbabwe to the table in point I of the Annex and deleting Bosnia-Herzegovina, Ethiopia, Guyana, Lao People's Democratic Republic, Sri Lanka and Tunisia from this table (OJ L 195, 19.6.2020, p. 1)	31 December 2022 ([9])
14	Commission Delegated Regulation (EU) 2021/37 of 7 December 2020 on amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards deleting Mongolia from the table in point I of the Annex (OJ L 14, 18.1.2021, p. 1)	31 December 2023 ([9])
15	Commission Delegated Regulation (EU) 2019/758 of 31 January 2019 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council with regard to regulatory technical standards for the minimum action and the type of additional measures credit and financial institutions must take to mitigate money laundering and terrorist financing risk in certain third countries (OJ L 125, 14.5.2019, p. 4)	31 December 2020 ([7])
16	**Regulation (EU) 2018/1672** of the European Parliament and of the Council of 23 October 2018 on controls on cash entering or leaving the Union and repealing Regulation (EC) No 1889/2005 (OJ L 284, 12.11.2018, p. 6)	31 December 2021 ([7])
17	**Directive (EU) 2018/1673** of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law (OJ L 284, 12.11.2018, p. 22)	31 December 2021 ([7])
	Prevention of fraud and counterfeiting	
18	**Council Regulation (EC) No 1338/2001** of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting (OJ L 181, 4.7.2001, p. 6) Amended by:	1 September 2013
19	Council Regulation (EC) No 44/2009 of 18 December 2008 amending Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting (OJ L 17, 22.1.2009, p. 1)	
20	**Council Decision 2001/887/JHA** of 6 December 2001 on the protection of the euro against counterfeiting (OJ L 329, 14.12.2001, p. 1)	1 September 2013
21	**Council Decision 2003/861/EC** of 8 December 2003 concerning analysis and cooperation with regard to counterfeit euro coins (OJ L 325, 12.12.2003, p. 44)	1 September 2013

22	**Council Regulation (EC) No 2182/2004** of 6 December 2004 concerning medals and tokens similar to euro coins (OJ L 373, 21.12.2004, p. 1) Amended by:	1 September 2013
23	Council Regulation (EC) No 46/2009 of 18 December 2008 amending Regulation (EC) No 2182/2004 concerning medals and tokens similar to euro coins (OJ L 17, 22.1.2009, p. 5)	
24	**Directive 2014/62/EU** of the European Parliament and of the Council of 15 May 2014 on the protection of the euro and other currencies against counterfeiting by criminal law, and replacing Council Framework Decision 2000/383/JHA (OJ L 151, 21.5.2014, p. 1)	1 July 2016 ([2])
25	**Directive (EU) 2019/713** of the European Parliament and of the Council of 17 April 2019 on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/JHA (OJ L 123, 10.5.2019, p. 18)	31 December 2021 ([7])
	Rules on euro banknotes and coins	
26	With the exception of Article 1a, paragraphs 2 and 3, and Articles 4a, 4b and 4c: **Council Regulation (EC) No 2532/98** of 23 November 1998 concerning the powers of the European Central Bank to impose sanctions (OJ L 318, 27.11.1998, p. 4) Amended by:	1 September 2013
27	Council Regulation (EU) 2015/159 of 27 January 2015 amending Regulation (EC) No 2532/98 concerning the powers of the European Central Bank to impose sanctions (OJ L 27, 3.2.2015, p. 1)	31 October 2021 ([8])
28	**Council Conclusions of 10 May 1999** on the quality management system for euro coins	1 September 2013
29	**Communication from the Commission 2001/C 318/03 of 22 October 2001** on copyright protection of the common face design of the euro coins **(COM(2001) 600 final)** (OJ C 318, 13.11.2001, p. 3)	1 September 2013
30	**Guideline of the European Central Bank ECB/2003/5** of 20 March 2003 on the enforcement of measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes (OJ L 78, 25.3.2003, p. 20) Amended by:	1 September 2013
31	Guideline of the European Central Bank ECB/2013/11 of 19 April 2013 amending Guideline ECB/2003/5 on the enforcement of measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes (OJ L 118, 30.4.2013, p. 43)	1 October 2013 ([1])
32	Guideline (EU) 2020/2091 of the European Central Bank of 4 December 2020 amending Guideline ECB/2003/5 on the enforcement of measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes (ECB/2020/61) (OJ L 423, 15.12.2020, p. 65)	30 September 2022 ([9])
33	**Decision of the European Central Bank ECB/2010/14** of 16 September 2010 on the authenticity and fitness checking and recirculation of euro banknotes (OJ L 267, 9.10.2010, p. 1) Amended by:	1 September 2013
34	Decision of the European Central Bank ECB/2012/19 of 7 September 2012 amending Decision ECB/2010/14 on the authenticity and fitness checking and recirculation of euro banknotes (2012/507/EU) (OJ L 253, 20.9.2012, p. 19)	1 October 2013 ([1])

35	Decision (EU) 2019/2195 of the European Central Bank of 5 December 2019 amending Decision ECB/2010/14 on the authenticity and fitness checking and recirculation of euro banknotes (ECB/2019/39) (OJ L 330, 20.12.2019, p. 91)	31 December 2021 ([8])
36	**Regulation (EU) No 1210/2010** of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation (OJ L 339, 22.12.2010, p. 1)	1 September 2013
37	**Regulation (EU) No 1214/2011** of the European Parliament and of the Council of 16 November 2011 on the professional transport of euro cash by road between euro-area Member States (OJ L 316, 29.11.2011, p. 1)	1 October 2014 ([1])
38	**Regulation (EU) No 651/2012** of the European Parliament and of the Council of 4 July 2012 on the issuance of euro coins (OJ L 201, 27.7.2012, p. 135)	1 October 2013 ([1])
39	**Decision ECB/2013/10** on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes (ECB/2013/10) (OJ L 118, 30.4.2013, p. 37) Amended by:	1 October 2013 ([1])
40	Decision (EU) 2019/669 of the European Central Bank of 4 April 2019 amending Decision ECB/2013/10 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes (OJ L 113, 29.4.2019, p. 6)	31 December 2020 ([7])
41	Decision (EU) 2020/2090 of the European Central Bank of 4 December 2020 amending Decision ECB/2013/10 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes (ECB/2020/60) (OJ L 423, 15.12.2020, p. 62)	30 September 2022 ([9])
42	**Council Regulation (EU) No 729/2014** of 24 June 2014 on denominations and technical specifications of euro coins intended for circulation (Recast) (OJ L 194, 2.7.2014, p. 1)	1 October 2013 ([1])
	Banking and Financial Legislation	
43	**Council Directive 86/635/EEC** of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1) Amended by:	1 September 2016
44	Directive 2001/65/EC of the European Parliament and of the Council of 27 September 2001 amending Directives 78/660/EEC, 83/349/EEC and 86/635/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies as well as of banks and other financial institutions (OJ L 283, 27.10.2001, p. 28)	
45	Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings (OJ L 178, 17.7.2003, p. 16)	
46	Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings (OJ L 224, 16.8.2006, p. 1)	

47	**Council Directive 89/117/EEC** of 13 February 1989 on the obligations of branches established in a Member State of credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents (OJ L 44, 16.2.1989, p. 40)	1 September 2018
48	**Directive 97/9/EC** of the European Parliament and of the Council of 3 March 1997 on investment compensation schemes (OJ L 84, 26.3.1997, p. 22)	1 September 2018
49	**Directive 98/26/EC** of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45) Amended by:	1 September 2018
50	Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims (OJ L 146, 10.6.2009, p. 37)	
51	Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ L 331, 15.12.2010, p. 120)	
52	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1)	30 September 2019 ([3])
53	Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)	1 September 2018
54	Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (OJ L 150, 7.6.2019, p. 296)	31 December 2022 ([8])
55	**Directive 2001/24/EC** of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions (OJ L 125, 5.5.2001, p. 15) Amended by:	1 September 2018
56	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190)	

57	**Directive 2002/47/EC** of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (OJ L 168, 27.6.2002, p. 43) Amended by:	1 September 2018
58	Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims (OJ L 146, 10.6.2009, p. 37)	
59	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190)	1 September 2018 ([2])
60	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1)	31 December 2024 (with the exception of: Article 95 - 31 December 2022, Article 87(2) - 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 - 31 December 2024, Article 9(14) and Article 20 - 31 December 2025) ([9])
61	**Directive 2002/87/EC** of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (OJ L 35, 11.2.2003, p. 1) and the related level 2 measures as appropriate Amended by:	1 September 2018
62	Directive 2005/1/EC of the European Parliament and of the Council of 9 March 2005 amending Council Directives 73/239/EEC, 85/611/EEC, 91/675/EEC, 92/49/EEC and 93/6/EEC and Directives 94/19/EC, 98/78/EC, 2000/12/EC, 2001/34/EC, 2002/83/EC and 2002/87/EC in order to establish a new organisational structure for financial services committees (OJ L 79, 24.3.2005, p. 9)	
63	Directive 2008/25/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2002/87/EC on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate, as regards the implementing powers conferred on the Commission (OJ L 81, 20.3.2008, p. 40)	

64	Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ L 331, 15.12.2010, p. 120)	
65	Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate (OJ L 326, 8.12. 2011, p. 113)	
66	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338)	
67	Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64)	31 December 2023 ([8])
68	**Regulation (EC) No 924/2009** of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001 (OJ L 266, 9.10.2009, p. 11) Amended by:	1 September 2018
69	Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (OJ L 94, 30.3.2012, p. 22)	1 September 2018 ([1])
70	**Directive 2009/110/EC** of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7) Amended by:	1 September 2016
71	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).	1 September 2017 ([3])
72	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35)	30 September 2018 ([4])
73	**Regulation (EU) No 1093/2010** of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12) Amended by:	1 September 2016

74	Regulation (EU) No 1022/2013 of the European Parliament and of the Council of 22 October 2013 amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards the conferral of specific tasks on the European Central Bank pursuant to Council Regulation (EU) No 1024/2013 (OJ L 287, 29.10.2013, p. 5)	
75	Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (OJ L 60, 28.2.2014, p. 34)	
76	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190)	1 September 2018 ([3])
77	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35)	30 September 2018 ([4])
78	Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1)	31 December 2023 ([8])
79	**Regulation (EU) No 1095/2010** of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84) Amended by:	1 September 2016
80	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1)	
81	Regulation (EU) No 258/2014 of the European Parliament and of the Council of 3 April 2014 establishing a Union programme to support specific activities in the field of financial reporting and auditing for the period of 2014-20 and repealing Decision No 716/2009/EC (OJ L 105, 8.4.2014, p. 1)	
82	Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ L 153, 22.5.2014, p. 1)	

83	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1)	31 December 2024 (with the exception of: Article 95 - 31 December 2022, Article 87(2) - 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 - 31 December 2024, Article 9(14) and Article 20 - 31 December 2025) ([9])
84	**Regulation (EU) No 260/2012** of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (OJ L 94, 30.3.2012, p. 22) Amended by:	1 April 2018 ([2])
85	Regulation (EU) No 248/2014 of the European Parliament and of the Council of 26 February 2014 amending Regulation (EU) No 260/2012 as regards the migration to Union-wide credit transfers and direct debits (OJ L 84, 20.3.2014, p. 1)	
86	**Regulation (EU) No 648/2012** of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, (OJ L 201, 27.7.2012, p. 1) and the related level 2 measures as appropriate Amended by:	30 September 2019 ([3])
87	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 and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1)	
88	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190)	
89	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)	31 December 2020 ([3])
90	Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73)	

91	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1)	30 September 2019 ([4])
92	Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 648/2012 as regards the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories (OJ L 141, 28.5.2019, p. 42)	31 December 2021 ([8])
93	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1)	31 December 2023 ([8])
94	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1)	31 December 2024 (with the exception of: Article 95 - 31 December 2022, Article 87(2) - 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 - 31 December 2024, Article 9(14) and Article 20 - 31 December 2025) ([9])
95	Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021 amending Regulation (EU) 2016/1011 as regards the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, and amending Regulation (EU) No 648/2012 (OJ L 49, 12.2.2021, p. 6)	31 December 2023 ([9])
96	**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 and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1) and the related level 2 measures as appropriate Amended by:	1 September 2017 ([1])
97	Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State (OJ L 345, 27.12.2017, p. 27)	30 June 2019 ([6])

98	Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (OJ L 347, 28.12.2017, p. 1)	31 March 2020 ([6])
99	Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures (OJ L 111, 25.4.2019, p. 4)	31 December 2020 ([7])
100	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1)	31 December 2023 ([8])
101	Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1)	31 December 2023 ([8])
102	Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (OJ L 204, 26.6.2020, p. 4)	31 December 2022 (with the exception of point (4) of Article 1 - 31 December 2023) ([9])
103	Regulation (EU) 2021/558 of the European Parliament and of the Council of 31 March 2021 amending Regulation (EU) No 575/2013 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis (OJ L 116, 6.4.2021, p. 25)	31 December 2023 (with the exception of points (2) and (4) of Article 1 - 31 December 2024) ([9])
104	**Directive 2013/36/EU** of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338) and the related level 2 measures as appropriate Amended by:	1 September 2017 ([1])
105	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190)	1 September 2018 ([3])
106	Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (OJ L 150, 7.6.2019, p. 253)	31 December 2022 ([8])
107	Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64)	31 December 2023 ([8])

108	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 (OJ L 68, 26.2.2021, p. 14)	31 December 2023 ([9])
109	**Regulation (EU) No 596/2014** of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1) and the related level 2 measures as appropriate. Amended by:	30 September 2018 ([4])
110	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1)	1 March 2020 ([6])
111	Regulation (EU) 2016/1033 of the European Parliament and of the Council of 23 June 2016 amending Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) No 596/2014 on market abuse and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories (OJ L 175, 30.6.2016, p. 1)	30 September 2018 ([5])
112	**Directive 2014/49/EU** of the European Parliament and of the Council of 16 April 2014 on deposit-guarantee schemes (recast) (OJ L 173, 12.6.2014, p. 149)	1 September 2016 ([2])
113	**Directive 2014/57/EU** of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse (market abuse directive) (OJ L 173, 12.6.2014, p. 179)	30 September 2018 ([4])
114	**Directive 2014/59/EU** of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190) and the related level 2 measures as appropriate Amended by:	1 September 2018 ([2])
115	Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy (OJ L 345, 27.12.2017, p. 96)	31 October 2019 ([6])
116	Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (OJ L 150, 7.6.2019, p. 296)	31 December 2022 ([8])
117	Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64)	31 December 2023 ([8])

118	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1)	31 December 2024 (with the exception of: Article 95 - 31 December 2022, Article 87(2) - 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 - 31 December 2024, Article 9(14) and Article 20 - 31 December 2025) ([9])
119	**Directive 2014/65/EU** of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349) and the related level 2 measures as appropriate Amended by:	31 December 2020 ([3])
120	Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)	31 December 2020 ([4])
121	Directive (EU) 2016/1034 of the European Parliament and of the Council of 23 June 2016 amending Directive 2014/65/EU on markets in financial instruments (OJ L 175, 30.6.2016, p. 8) With the exception of Article 64, paragraph 5:	31 December 2021 ([5])
122	Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64)	31 December 2023 ([8])
123	Directive (EU) 2019/2177 of the European Parliament and of the Council of 18 December 2019 amending Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Directive 2014/65/EU on markets in financial instruments and Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money-laundering or terrorist financing (OJ L 334, 27.12.2019, p. 155)	31 December 2024 ([8])
124	Directive (EU) 2020/1504 of the European Parliament and of the Council of 7 October 2020 amending Directive 2014/65/EU on markets in financial instruments (OJ L 347, 20.10.2020, p. 50)	31 December 2023 ([9])
125	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 (OJ L 68, 26.2.2021, p. 14)	31 December 2023 ([9])

126	**Regulation (EU) No 600/2014** of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84) and the related level 2 measures as appropriate Amended by:	31 December 2020 ([3])
127	Regulation (EU) 2016/1033 of the European Parliament and of the Council of 23 June 2016 amending Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) No 596/2014 on market abuse and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories (OJ L 175, 30.6.2016, p. 1)	31 December 2020 ([5])
128	Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1)	31 December 2023 ([8])
129	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1)	31 December 2024 (with the exception of: Article 95 - 31 December 2022, Article 87(2) - 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 - 31 December 2024, Article 9(14) and Article 20 - 31 December 2025) ([9])
130	**Regulation (EU) No 909/2014** of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1) Amended by:	31 December 2020 ([4])
131	Regulation (EU) 2016/1033 of the European Parliament and of the Council of 23 June 2016 amending Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) No 596/2014 on market abuse and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories (OJ L 175, 30.6.2016, p. 1)	31 December 2020 ([6])
132	**Regulation (EU) 2015/2365** of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1) Amended by:	30 September 2019 ([4])

133	Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.1.2021, p. 1)	31 December 2024 (with the exception of: Article 95 - 31 December 2022, Article 87(2) - 31 December 2023, Articles 9(1), 9(2), 9(3), 9(4), 9(6), 9(7), 9(9), 9(10), 9(12), 9(13), 9(16), 9(17), 9(18), 9(19), 10(1), 10(2), 10(3), 10(8), 10(9), 10(10), 10(11), 10(12) and Article 11 - 31 December 2024, Article 9(14) and Article 20 - 31 December 2025) ([9])
134	**Directive (EU) 2015/2366** of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35) and the related level 2 measures as appropriate	30 September 2018 ([4])
135	**Regulation (EU) 2016/1011** of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1)	1 March 2020 ([6])
	Amended by:	
136	Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (OJ L 317, 9.12.2019, p. 17)	31 December 2021 ([8])
137	Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021 amending Regulation (EU) 2016/1011 as regards the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, and amending Regulation (EU) No 648/2012 (OJ L 49, 12.2.2021, p. 6)	31 December 2023 ([9])
	Legislation on collection of statistical information (*)	
138	**Guideline of the European Central Bank ECB/2013/24** of 25 July 2013 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts (OJ L 2, 7.1.2014, p. 34)	1 September 2016 ([2])
	Amended by:	
139	Guideline (EU) 2016/66 of the European Central Bank of 26 November 2015 amending Guideline ECB/2013/24 on the statistical reporting requirements of the ECB in the field of quarterly financial accounts (ECB/2015/40) (OJ L 14, 21.1.2016, p. 36)	31 March 2017 ([4])

140	Guideline (EU) 2020/1553 of the European Central Bank of 14 October 2020 amending Guideline ECB/2013/24 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts (ECB/2020/51) (OJ L 354, 26.10.2020, p. 24)	31 December 2022 ([9])
141	Guideline (EU) 2021/827 of the European Central Bank of 29 April 2021 amending Guideline ECB/2013/24 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts (ECB/2021/20) (OJ L 184, 25.5.2021, p. 4)	31 December 2022 ([9])
142	**Regulation (EU) 2021/379** of the European Central Bank of 22 January 2021 on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2) (OJ L 73, 3.3.2021, p. 16) (9)	31 December 2022 ([9])
143	**Regulation (EU) No 1072/2013** of the European Central Bank of 24 September 2013 concerning statistics on interest rates applied by monetary financial institutions (recast) (ECB/2013/34) (OJ L 297, 7.11.2013, p. 51) Amended by:	1 September 2016 ([2])
144	Regulation (EU) No 756/2014 of the European Central Bank of 8 July 2014 amending Regulation (EU) No 1072/2013 (ECB/2013/34) concerning statistics on interest rates applied by monetary financial institutions (ECB/2014/30) (OJ L 205, 12.7.2014, p. 14)	
145	**Guideline (EU) 2021/830** of the European Central Bank of 26 March 2021 on balance sheet item statistics and interest rate statistics of monetary financial institutions (ECB/2021/11)	31 December 2022 ([9])

([1]) The Joint Committee of 2013 agreed on these deadlines pursuant to Article 8(5) of the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino.
([2]) The Joint Committee of 2014 agreed on these deadlines pursuant to Article 8(5) of the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino.
([3]) The Joint Committee of 2015 agreed on these deadlines pursuant to Article 8(5) of the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino.
([4]) The Joint Committee of 2016 agreed on these deadlines pursuant to Article 8(5) of the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino.
([5]) The Joint Committee of 2017 agreed on these deadlines pursuant to Article 8(5) of the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino.
([6]) The Joint Committee of 2018 agreed on these deadlines pursuant to Article 8(5) of the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino.
([7]) The Joint Committee of 2019 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino.
([8]) The Joint Committee of 2020 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino.
([9]) The Joint Committee of 2021 agreed on these deadlines pursuant to Article 8(4) of the Monetary Agreement of 27 March 2012 between the European Union and the Republic of San Marino.
(*) As agreed under the template on simplified statistical reporting'

DECISION (EU) 2022/447 OF THE EUROPEAN CENTRAL BANK

of 8 March 2022

amending Decision 2011/15/EU concerning the opening of accounts for the processing of payments in connection with EFSF loans to Member States whose currency is the euro (ECB/2022/10)

THE EXECUTIVE BOARD OF THE EUROPEAN CENTRAL BANK,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular Articles 17 and 21 thereof,

Whereas:

(1) Deposits held with the European Central Bank (ECB) as provided for in Decision 2011/15/EU of the European Central Bank (ECB/2010/31) [1] should be remunerated in accordance with the provisions of Article 2(1) of Decision (EU) 2019/1743 of the European Central Bank (ECB/2019/31) [2] in order to ensure consistency in the remuneration of comparable deposits across the Eurosystem.

(2) Therefore, Decision 2011/15/EU (ECB/2010/31) should be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

Amendment

Article 5 of Decision 2011/15/EU (ECB/2010/31) is replaced by the following:

'*Article 5*

Remuneration

The NCB cash account shall be remunerated in accordance with the provisions of Article 2(1) of Decision (EU) 2019/1743 of the European Central Bank (ECB/2019/31) (*).

(*) Decision (EU) 2019/1743 of the European Central Bank of 15 October 2019 on the remuneration of holdings of excess reserves and of certain deposits (ECB/2019/31) (OJ L 267, 21.10.2019, p. 12).'.

Article 2

Entry into force

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

Done at Frankfurt am Main, 8 March 2022.

The President of the ECB
Christine LAGARDE

[1] Decision 2011/15/EU of the European Central Bank of 20 December 2010 concerning the opening of accounts for the processing of payments in connection with EFSF loans to Member States whose currency is the euro (ECB/2010/31) (OJ L 10, 14.1.2011, p. 7).

[2] Decision (EU) 2019/1743 of the European Central Bank of 15 October 2019 on the remuneration of holdings of excess reserves and of certain deposits (ECB/2019/31) (OJ L 267, 21.10.2019, p. 12).

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