

Guidelines amending guidelines EBA/GL/2020/02 on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (EBA/GL/2020/08)

These guidelines from the European Authority Banking (EBA) are addressed to competent authorities, as defined in point (i) of Article 4(2) of Regulation (EU) No 1093/2010, and to credit institutions as defined in point 1 of Article 4(1) of Regulation (EU) No 575/2013.

The EBA published on 2 of April 2020 the guidelines on legislative and non-legislative moratoria on loan repayments applied in light of the COVID-19 crisis (EBA/ GL/2020/02). The Executive Commission of the Bank of Spain, in its capacity as the competent authority for the direct supervision of less significant credit institutions, as well as specialized lending institutions, adopted them as their own on 19 May 2020.

Subsequently, on 25 June 2020, the EBA published an amendment (EBA/GL/2020/08) of the previous guidelines, where the application date has been extended. Precisely, the moratoria was previously required to have been put in place before 30 June 2020 and that period has now been extended to 30 September 2020.

The Executive Commission of the Banco de España, in its role of competent authority for the direct supervision of the less significant credit institutions as well as specialized lending institutions adopted the amendments made by these guidelines on 14 July 2020.



EBA/GL/2020/08

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1. Executive summary

The outbreak of the COVID-19 pandemic and the response measures that have been adopted in many countries across the globe and in the European Union (EU), including various forms of population confinement, have significant economic consequences. In particular, many businesses and private individuals affected by the crisis may face liquidity shortages and difficulties in timely payment of their financial and other commitments.

In this context, the EBA has taken a number of steps to clarify the flexibility embedded in the regulatory capital framework and provide operational relief in response to the COVID-19 pandemic. One of the main decisive EBA actions was the publication of the guidelines on legislative and non-legislative moratoria on loan payments applied in the context of the COVID-19 crisis (EBA/GL/2020/02, GL on moratoria herein after).¹ The GL on moratoria specify the criteria that legislative and non-legislative moratoria must fulfil, such that the automatic reclassification to forbearance and the automatic assessment of distress restructuring measures do not have to be applied. Among the conditions, it was agreed that the GL on moratoria would be time constrained, consequently the moratorium is to be announced and applied (i.e. payment should be rescheduled) before 30 June 2020.

However, when issuing the GL on moratoria, the EBA considered the possibility to extend, depending on the subsequent development, the deadline of 30 June 2020. With EU economies not yet fully opened and considering that the COVID-19 crisis has been affecting EU countries in a different way and at a different pace the EBA has decided to continue supporting banks in providing financing to the European businesses by extending the application date of the Guidelines by three months.²

These guidelines now amend paragraph 10, letter f), of the GL on moratoria introducing a new deadline of 30 September 2020 replacing the previous date of 30 June 2020.

Due to the urgency of the matter and the specific focus of these guidelines on COVID-19 pandemic-related measures, the EBA decided not to carry out public consultations or a cost-benefit analysis in this case. The EBA has notified the Banking Stakeholder Group (BSG) of its intention to issue the guidelines but has not requested the BSG's advice.

¹ <https://eba.europa.eu/eba-publishes-guidelines-treatment-public-and-private-moratoria-light-covid-19-measures>

² <https://eba.europa.eu/eba-extends-deadline-application-its-guidelines-payment-moratoria-30-september>.

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1. Compliance and reporting obligations

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010³. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.
2. Guidelines set the EBA's view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to which guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

Reporting requirements

3. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA whether they comply or intend to comply with these guidelines, or otherwise give their reasons for non-compliance, by 26 August 2020. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website with the reference 'EBA/GL/2020/08'. Notifications should be submitted by persons with the appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to the EBA.
4. Notifications will be published on the EBA website, in line with Article 16(3) of Regulation (EU) No 1093/2010.

³ 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. Addressees

5. These guidelines are addressed to competent authorities as defined in point (i) of Article 4(2) of Regulation (EU) No 1093/2010 and to credit institutions as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013.

3. Implementation

Date of application

6. These guidelines apply from 25 June 2020.

4. Amendments

7. Paragraph 10(f) of Guidelines EBA/GL/2020/02 on legislative and non-legislative moratoria on loan payments applied in the light of the COVID-19 crisis is amended as follows:

‘ (f) the moratorium was launched in response to the COVID-19 pandemic and was applied before 30 September 2020. However, this deadline can be revised in the future depending on the evolution of the current situation associated to the COVID-19 pandemic.’