



- THE VICE-CHAIRMAN -

10 June 2020

European Banking Authority
20 Avenue André Prothin
92400 Courbevoie, France

To the attention of Isabel Vaillant and Francesco Mauro

RE: EXTENSION OF THE DEADLINE OF PRIVATE MORATORIA ON LOAN REPAYMENTS

Dear Ms. Vaillant, dear Mr. Mauro,

The European Financial Markets Lawyers Group ("EFMLG"¹) strongly welcomes the measures adopted by the European Banking Authority ("EBA") to assist the financial sector to support customers under the COVID-19 crisis and in particular, the EBA guidelines on the legislative and non-legislative moratoria on loan repayments applied in the light of this crisis, published on the 2nd April, 2020 (EBA/GL/2020/02).

In its guidelines, EBA distinguishes between legislative moratoria and non-legislative moratoria and requires for both that they are applied before 30 June 2020. As far as legislative moratoria are concerned, they are usually implemented by operation of law and without any action on the part of the credit institution or its clients. This is, however, not the case for non-legislative moratoria offered by credit institutions to their clients on a voluntary basis, which are also general in nature, but which require an application from each client that wants to benefit from the stay. It is in this context that Paragraph 22 EBA/GL/2020/02 requires that "*obligors must apply and the decision on the application of the moratorium must be taken before 30 June 2020*".

¹ The European Financial Market Lawyers Group is a group of senior legal experts from the EU banking sector dedicated to making analysis and undertaking initiatives intended to foster the harmonization of laws and market practices and facilitate the integration of financial markets in Europe. The members of the Group are selected, on the basis of their personal experience, amongst lawyers of major credit institutions based in the EU active in the European financial markets.

In the course of the COVID-19 crisis, many affected businesses and private individuals, who are facing liquidity shortages and difficulties, which prevent them to timely comply with their financial obligations and other commitments, are already applying for these moratoria, to suspend or postpone their financial obligations.

Taking into account that the date specified for the implementation requirement (30 June 2020)² is nearly coming to its end and that these guidelines provide for the possibility of an extension of the time limit (see paragraph 16 EBA/GL/2020/02: “*if necessary, depending on the further developments, this time limit may be extended*”), the EFMLG strongly supports such extension for an additional period of at least three months until 30 September 2020. The extension should enable the banking sector to provide further support to households and businesses, thus granting them greater flexibility in making repayments.

We appreciate your consideration for the EFMLG views in this issue of utmost importance. Please kindly keep the EFMLG informed as to the better views raised above.

Yours sincerely,



Fernando Conlledo
Vice-Chairman

² It may be possible that not all the translations of these Guidelines would have the same meaning and some language versions, i.e. the German one, may suggest that the deadline only applies to the launch of the moratorium and does not refer to the client applications.