



**COMMISSION DELEGATED REGULATION (EU) 2026/849**

**of 16 April 2026**

**supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying what constitutes an equivalent legal mechanism that ensures that a residential property under construction is completed within a reasonable time frame**

**(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 amending Regulation (EU) No 648/2012 <sup>(1)</sup>, and in particular Article 124(14), thereof,

Whereas:

- (1) To ensure that the property under construction, as referred to in Article 124(3), point (a)(iii), of Regulation (EU) No 575/2013, is completed within a reasonable timeframe, the legal mechanism referred to in Article 124(3), point (a)(iii)(2) of that Regulation should provide for a protection provider that is able to act in a reasonable timeframe and has sufficient credit worthiness.
- (2) Credit institutions and insurance undertakings that are authorised in the Union are subject to robust prudential requirements. For that reason, they are best placed to act as protection providers.
- (3) To ensure that the legal mechanism referred to in Article 124(3), point (a)(iii)(2) of Regulation (EU) No 575/2013 is equivalent to the arrangements referred to in that Article, it should form part of the national law applicable to the construction of the residential property
- (4) Where the protection is provided by the entity benefiting from that same protection, there would be no reduction of risk, as that entity would simultaneously benefit from the guarantee and be liable for it. Therefore, where both the lending institution and the protection provider belong to the same group, the treatment should not apply at a consolidated level. Instead, the recognition of risk mitigation benefits arising from the completion guarantee, specifically, the treatment of the property as completed, should be limited to the calculation of own funds requirements at the individual institution level.
- (5) As the coexistence of several protection providers may hinder coordination for the completion of the whole property, it is necessary to require either the completion guarantees for all the housing units in the residential property under construction are provided by the same entity, or that multiple protection providers jointly and severally provide a single guarantee.
- (6) To maintain the effectiveness of the completion guarantee and to ensure that the protection provider remains committed to the timely completion of the residential property, the protection provider should not be allowed either to increase the effective cost of the protection, or to unilaterally reduce the duration of that protection, or to cancel that protection. or to otherwise relieve itself from its obligations, except in cases related to unexpected and unavoidable events covered by another insurance or guarantee.

<sup>(1)</sup> OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oj>.

- (7) A completion guarantee may be turned into a repayment guarantee, which can have as a consequence that the obligor receives financial compensation from the protection provider. To avoid that the obligor can freely dispose of such compensation, he or she should be obliged to transfer such compensation to the lending institution, to reimburse the loan secured by the unfinished property.
- (8) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.
- (9) 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 advice 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 <sup>(2)</sup>,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

#### **Equivalent legal mechanism**

1. A legal mechanism that ensures that the property under construction is completed within a reasonable timeframe, as referred to in Article 124(3), point (a)(iii)(2), of Regulation (EU) No 575/2013, shall comply with the conditions laid down in paragraphs 2 to 13.
2. The completion guarantee shall be required by the law of the Member State where the residential property is being built.
3. The legal mechanism requires and ensures the enforceability of a completion guarantee that applies until the construction of the residential property is completed and that is documented in writing.
4. The completion guarantee referred to in paragraph 2 is offered by a protection provider, which is either a credit institution as referred to in Article 4(1), point (3), of Regulation (EU) No 575/2013, or an insurance undertaking as referred to in Article 4(1), point (5) of that Regulation.
5. Where the protection provider and the lending institution belong to the same group, the completion guarantee shall not qualify as equivalent legal mechanism for the consolidated level of any group to which both the lending institution and the protection provider belong.
6. The risk weight applicable to a direct unsecured exposure to the protection provider does not exceed 30 % of such exposure under Articles 120 to 122 of Regulation (EU) No 575/2013.
7. The extent of the completion guarantee referred to in paragraph 2 is clearly set out in the contractual documentation between the lending institution, the protection provider and the obligor.
8. The completion guarantee referred to in paragraph 2 is valid until the completion of the residential property under construction.
9. Where there are several housing units within a given residential property under construction, all housing units are covered by a single completion guarantee, either provided by one single protection provider, or by multiple protection providers that are jointly and severally liable for that single completion guarantee.

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<sup>(2)</sup> 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, ELI: <http://data.europa.eu/eli/reg/2010/1093/oj>).

10. Under the completion guarantee, the obligation of the protection provider is activated in a timely manner, with no conditions limiting the activation of the completion guarantee. A default of the obligor shall not prevent the activation of the completion guarantee.

11. The completion guarantee does not contain any clause which enables the protection provider, for reasons other than those under the direct control of the obligor, including an increase in the risk that the real estate developer will not complete the property under construction, to do any of the following:

- (a) increase the effective cost of the completion guarantee;
- (b) cancel the completion guarantee;
- (c) reduce unilaterally the amount or the duration of the completion guarantee;
- (d) free the protection provider:
  - (i) from the obligation to complete in a timely manner the property under construction as specified in paragraph 12, point (a);
  - (ii) where a completion guarantee is turned into a repayment guarantee, from the payment obligation specified in paragraph 12, point (b).

Point (d) shall not apply in the case of unpredictable and unavoidable events that are beyond the control of the parties involved, provided that those events are covered by another insurance or guarantee to the benefit of the protection provider, of the lending institution or of the obligor.

12. As soon as it is no longer ensured that the construction of the residential property will be completed within a reasonable time frame, the protection provider is obliged:

- (a) to finance, without undue delay and without limitation or cap, including for potential budget overruns, all remaining construction costs for the completion of the construction of the residential property until its completion;
- (b) where a completion guarantee is turned into a repayment guarantee as specified under Article 2, to pay without undue delay to the lending institution directly or through the obligor an amount that is at least equal to the amount still owed by the obligor to the lending institution in relation to the unfinished residential property.

13. The obligor and the lending institution have in all relevant Member States a legally enforceable right against the protection provider for the obligations referred to in paragraph 12, points (a) or (b).

## *Article 2*

### **Conversion of a completion guarantee into a repayment guarantee**

No completion guarantee shall be converted into a repayment guarantee unless all of the following conditions are met:

- (a) the amount referred to in Article 1(12), point (b), becomes legally due immediately;
- (b) where the protection provider pays the amount referred to in Article 1(12), point (b), through the obligor, the obligor is legally required to repay the received amount to the lending institution immediately once he or she has received the amount concerned from the protection provider;
- (c) no additional amounts of the exposure secured by the unfinished property can be drawn after the activation of the repayment guarantee, unless a new equivalent legal mechanism meeting all the criteria laid down in Article 1 is set in place before such drawings are possible.

*Article 3***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, 16 April 2026.

*For the Commission*  
*The President*  
Ursula VON DER LEYEN

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