



**EUROPEAN COMMISSION**

**PRESS RELEASE**

Brussels, 20 June 2014

## **Public consultation on the contributions of credit institutions to resolution financing arrangements launched**

The European Commission has launched today a consultation on the contributions of credit institutions to resolution financing arrangements under the Bank Recovery and Resolution Directive (BRRD) ([MEMO/14/294](#)) (28 national resolution funds in BRRD) and the [Single Resolution Mechanism](#) (the Single Resolution Fund (SRF) for the Banking Union).

The European Union has agreed new resolution rules for all EU banks. To avoid taxpayers being called upon, all banks in the EU will need to pay towards funds to aid smooth resolution. In the banking union, the national resolution funds set up under the BRRD as of 1 January 2015 will be replaced by the Single Resolution Fund as of 1 January 2016 and those funds will be pooled together gradually.

To that end, the precise amount that individual credit institutions will have to pay each year to their respective resolution funds needs to be determined. This amount will depend on the bank's size and risk profile. The risk adjustment of individual contributions in proportion to the risk profile of institutions is based on criteria set out in the Bank Recovery and Resolution Directive but these criteria have to be specified in greater detail by the Commission in a delegated act. As regards the institutions in the Banking Union, the Commission is empowered to propose to the Council an implementing act to specify the methodology for the calculation of contributions on the basis of the same risk factors identified in the delegated act applying to national resolution funds.

Commissioner Barnier said: *"I want to hear the views of all stakeholders on the design of the bank levy - it is one of the key elements to ensure that the financial sector bears the costs of bank failures, not the taxpayer. The levy must be balanced and reflect the risks of banks with different risks, business models and sizes."*

An on-line public consultation paper has been launched to collect comments from stakeholders on the proposed contribution framework under the Commission's delegated act and the Commission proposal for a Council implementing act. The deadline for sending contributions is 14 July 2014.

### **What does the public consultation cover?**

Input is requested on key elements related to the calculation of contributions:

- Calculation of contributions: What should be the level at which the contributions of groups are calculated: individual or consolidated level?
- Application of the principle of proportionality: Should small credit institutions be treated in a special way compared to what they would pay on the basis of a general formula that would apply to all credit institutions? Should small credit

institutions pay a flat fee only or just a lump sum? What should be the threshold – in terms of size- for the definition of small credit institutions?

- Weight of the flat contribution versus risk adjusted contribution: Should the flat part be the most prominent part of the contributions or should the risk-adjusted part be the most prominent part of the contributions?
- Individual risk indicators: What should be the respective weight of each risk pillar, as set out in the BRRD, and of each risk indicator within each risk pillar?

## **Who can contribute to the public consultation?**

All stakeholders can participate but input from credit institutions and investment is particularly welcome.

## **How can they contribute to the consultation?**

Stakeholders are invited to reply to this public consultation by answering the online questionnaire available from the link below:

[http://ec.europa.eu/internal\\_market/consultations/2014/credit-institutions-contributions/index\\_en.htm](http://ec.europa.eu/internal_market/consultations/2014/credit-institutions-contributions/index_en.htm)

The website also provides an accompanying Note with additional information on the [Bank Recovery and Resolution Directive \(BRRD\)](#) and the [Single Resolution Mechanism Regulation \(SRM\)](#).

## **What are the next steps?**

The answers to the public consultation will contribute to the Commission's proposals and help it find the right calibration of the texts implementing the resolution financing arrangements.

The information collected during the consultation will be assessed by the Commission services and will be presented to the [Expert Group on Banking, Payments and Insurance](#), which meets on a regular basis.

It will further inform the work of the European Commission services on the delegated act under the BRRD and the proposal for a Council implementing act under the Single Resolution Mechanism, which the Commission intends to adopt simultaneously in September 2014.

The delegated act will then be subject to a right of objection by Council and Parliament within three months extendible by further three months, while the proposed Council implementing act will have to be discussed and adopted in Council.

## **For more information:**

[http://ec.europa.eu/internal\\_market/consultations/2014/credit-institutions-contributions/index\\_en.htm](http://ec.europa.eu/internal_market/consultations/2014/credit-institutions-contributions/index_en.htm)

[http://ec.europa.eu/internal\\_market/finances/banking-union/single-resolution-mechanism/index\\_en.htm](http://ec.europa.eu/internal_market/finances/banking-union/single-resolution-mechanism/index_en.htm)

[http://ec.europa.eu/internal\\_market/bank/crisis\\_management/index\\_en.htm#brrd](http://ec.europa.eu/internal_market/bank/crisis_management/index_en.htm#brrd)

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