Single Resolution Mechanism and Single Resolution Fund: uniform rules and procedure for the resolution of credit institutions and certain investment firms

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The Committee on Economic and Monetary Affairs adopted the report by Elisa FERREIRA (S&D, PT) on the proposal for a regulation of the European Parliament and of the Council 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 Bank Resolution Fund and amending Regulation (EU) No 1093/2010 of the European Parliament and of the Council.

The parliamentary committee recommended that Parliament's position at first reading under the ordinary legislative procedure should amend the Commission's proposal as follows:

Purpose: uniform rules and procedure should be applied by the **Single Resolution Board (SRB)**, jointly with the Commission and the resolution authorities of the participating Member States, in the framework of a single resolution mechanism laid down by the regulation. The resolution mechanism would underpin the Single Bank Resolution Fund.

General principles: Parliament added that:

- every action, proposal or policy of the Board, the Commission or of a national resolution authority in the framework of the SRM should be undertaken with a view to **promoting the stability of the financial system within the Union and within each participating Member State;**

- decisions should neither require Member States to provide extraordinary public financial support **nor directly impinge on the fiscal responsibilities of the Member States**;

- the Board should ensure that the **representatives of the employees** of the entities concerned are informed and, where appropriate, consulted;

- all actions should respect the **principle of non-discrimination with regard to any Member State** or group of Member States;

- **the Commission should act independently**, strictly in accordance with the objectives and principles set out in the Regulation and in the Directive laying down a framework for recovery and resolution of credit institutions and investment firms [BRRD]. The separation of tasks should be guaranteed through appropriate organisational adjustments.

Resolution procedure: Parliament introduced amendments to the decision-making procedure.

Where **the ECB** assesses that a bank is in a situation of known or likely default, it shall notify that assessment without delay to the Commission and the Board.

When it considers that all the conditions are met, **the Board should transmit to the Commission a draft decision** to place the institution under resolution. **The Commission would then decide whether it adopts the Board's draft decision** and would propose a framework of the resolution tools to be applied to the bank in question and, where applicable, of the use of the Fund.

Where the Commission intends not to adopt the draft decision submitted by the Board or to adopt it with amendments, it should **send the draft decision back to the Board**, explaining why it does not intend to adopt it or, as the case may be, explaining the reasons for its intended amendments, and requesting its revision.

The Commission may establish a deadline within which the Board may amend its initial draft decision on the basis of the Commission's proposed amendments and resubmit it to the Commission. Except in duly justified cases of emergency, the Board shall have at least five working days to revise the draft decision following a request by the Commission.

The Single Resolution Board: the Single Resolution Board would be **accountable to the European Parliament and to the Council**. The Board should act independently and its members should have the necessary expertise on bank restructuring and insolvency. It should have the capacity to deal with large banking groups and have the capacity to act swiftly and impartially. It should ensure that appropriate account is taken of national financial stability, financial stability of the Union and the internal market.

The appointment of the Executive Director and the Deputy Executive Director is subject to **the European Parliament's approval**.

Upon request, the Executive Director shall hold confidential oral discussions behind closed doors with the Chair and Vice-Chairs of the competent committee of the European Parliament where such discussions are required for the exercise of the European Parliament's powers under the Treaty.

Rules on **transparency and access to documents** would also be based on those laid down for the ECB's banking supervisor.

Members also increased the role of **national parliaments** in the system.

Single Resolution Fund: with a view to breaking the link between sovereigns and banks and ensuring the **efficiency and the credibility of the SRM**, in particular while the Fund is not entirely funded, Parliament suggested that the SRB should endeavour to contract for the Fund **a loan facility, preferably utilising a European public instrument**, to ensure the immediate availability of adequate financial means to be used where the amounts raised or available are not sufficient. Any loan from that loan facility should be reimbursed by the Fund within an agreed timeframe.

Any expenses incurred by the use of the borrowings have to be borne by the Board itself and not by the Union budget or the participating Member States.