

Certain aspects of the minimum requirement for own funds and eligible liabilities

2023/0113(COD) - 08/11/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Jonás FERNÁNDEZ (S&D, ES) on the proposal for a directive of the European Parliament and of the Council amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities (MREL).

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

Members recalled the aim of the Directive which is to adjust the treatment of liquidation entities under the MREL framework and the possibilities to comply with the internal minimum requirement for own funds and eligible liabilities on a consolidated basis.

The definition of '**liquidation entity**' has been amended: it means a legal person established in a participating Member State in respect of which the group resolution plan or, for entities that are not part of a group, the resolution plan, provides that the entity is to be wound up under normal insolvency proceedings; or with regard to an entity within a resolution group other than a resolution entity, the group resolution plan does not envisage the exercise of the write-down and conversion powers with respect to that entity.

The proposal amends Directive 2014/59/EU (the Bank Recovery and Resolution Directive or BRRD) and to Regulation (EU) No 806/2014 (the Single Resolution Mechanism Regulation or SRMR) laying down a general rule that resolution authorities should not determine MREL for liquidation entities.

By way of **derogation**, the resolution authority may assess whether it is justified to determine the requirement for a liquidation entity on an individual basis in an amount exceeding the amount sufficient to absorb losses, taking into account, in particular, any possible impact on financial stability and on the risk of contagion to the financial system.

This amending Directive should respect the principles of the original review mandate to the Commission by the European Parliament and the Council to ensure proportionality and a level playing field between different types of banking group structures.