

SRM: main differences between ECON report and Council General Approach

Issue	EP	Council
Scope (Art. 2, 7, 7a & 29)	<p>The SRM covers all SSM banks, irrespective of whether they are directly supervised by the ECB or not.</p> <p>The Board may require national authorities to perform tasks related to the drawing up of resolution plans, under its authority.</p>	<p>The SRM covers in principle all SSM banks but in practice, only the 130 directly supervised banks and cross-border banks will be placed under the responsibility of the Board and will have to fund/have access to the Fund. The resolution of all other banks will remain under the responsibility of national authorities.</p> <p>NB: the division between banks resolved at EU and national levels does not coincide with then division between banks directly and indirectly supervised by the ECB within the SSM.</p>
Determination of non-viability of an institution ("failing or likely to fail") (Art. 16)	<p>Made by the ECB only (including following a communication of a national supervisory authority)</p> <p>The Board may request the ECB to make an assessment regarding the non-viability of an institution but the final decision lies with the ECB.</p>	<p>3 possibilities: by the ECB, a national resolution authority or the Board.</p>
Decision to place an institution under resolution (Art. 16)	<p>The Commission, on the basis of a draft decision from the Board, adopts a resolution framework placing the institution under resolution.</p> <p>The Board adopts a resolution scheme on the basis of the resolution framework.</p>	<p>The Board adopts a resolution scheme placing the institution under resolution which enters into force unless Council objects within 24 hours.</p> <p>The Council may amend, on proposal by the Commission, the resolution scheme, following a complex comply-or-explain procedure (3 possible stages, ending with the Board being forced to amend the scheme as requested by Council).</p>
Composition of the Board and voting modalities	<p>Members of the Board, all with voting rights:</p> <ul style="list-style-type: none"> - an Executive Director, 	<p>Members of the Board:</p> <ul style="list-style-type: none"> - an Executive Director, with voting rights

(Art. 39 & 51)	<ul style="list-style-type: none"> - a Deputy Executive Director, - a member appointed by the Commission, - a member appointed by the ECB - a member appointed by each national resolution authority. <p>The Board in its executive session should strive for a consensus, if not, the voting modalities provide for a balance between representatives of EU institutions and representatives of Members States, and leave no possibility for a national veto.</p>	<ul style="list-style-type: none"> - 4 members appointed by the Council, with voting rights, - a member appointed by each national resolution authority, with voting rights except for decisions taken in executive session. <p>Decisions in the executive session should be taken by consensus within a deadline set by the Executive Director; if not, only the Executive Director and the 4 members appointed by Council vote, by simple majority.</p> <p>Decisions taken in plenary session taken by a 2/3 majority when it involves the use of the Fund.</p>
<p>Division of tasks between the plenary/executive session of the Board</p> <p>(Art. 46 & 50)</p>	<p>All decisions relating to resolution are taken in the executive session, including:</p> <ul style="list-style-type: none"> - preparation and approval of resolution plans, - determination of MREL, - drafting of the draft decision (including on the use of the Fund) submitted to the Commission for it to trigger the resolution. 	<p>Draft resolution decisions are prepared in the executive session; however, most decisions involving the use of the Fund, as well as the decisions on borrowing and mutualising of financing arrangements are taken in the plenary session.</p>
<p>Selection procedure of the Executive Director and Deputy Executive Director</p> <p>(Art. 50)</p>	<p>Alignment to SSM for both positions: approval by EP on the basis of a proposal by Commission and appointment by Council.</p>	<p>Executive Director and 4 other members appointed by Council on the basis of a short list provided by Commission, after hearing the EP.</p> <p>Deputy Executive Director (who is not part of the Board, only there to replace the Executive Director) is appointed by the Board.</p>

<p>Single Resolution Fund and backstop (Art. 64-73)</p>	<p>A Single Resolution Fund should be established for all banks covered by the SRM as soon as the Regulation enters into force, i.e. as of 1 January 2015. The target fund level should be reached within 10 years of the entry into force of the Regulation.</p> <p>A credit line should be set to ensure to the Fund immediate availability of adequate financial means.</p>	<p>A Single Resolution Fund should be built over a 10 years period through a gradual mutualisation and under intergovernmental rules (an intergovernmental agreement (IGA) is to be concluded by 1 March 2014). At first, contributions (raised at national level) to the Fund shall be allocated to different national compartments, which shall merge progressively into a single Fund at the end of the 10 years. The financial means made available to the institution under resolution would come from three different sources in the following order:</p> <p>Step 1: means from national compartments of the Member State in which the bank under resolution is established,</p> <p>Step 2: if not enough, means from all compartments making up the Fund,</p> <p>Step 3: if not enough, other means, including ex-post contributions, national sources or ESM, or lending between compartments.</p> <p>The proportion of the use of means under step 1 will decrease progressively from 100% the first year to 0 while the proportion of the use means under step 2 will increase from 10% to 100%.</p>
<p>Entry into force (Art. 88)</p>	<p>SRM 1 January 2015, bail-in 1 January 2016.</p>	<p>Same dates as EP but everything is conditioned to the ratification of the IGA by Member States representing at least 80% of the sum of national compartments of the Fund.</p> <p>As long as the IGA is not ratified, the SRM is not applicable.</p>