



TEXTS ADOPTED

Provisional edition

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Banking Union – Annual report 2015

European Parliament resolution of 10 March 2016 on the Banking Union – Annual Report 2015 (2015/2221(INI))

The European Parliament,

- having regard to Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions¹ (SSM Regulation),
- having regard to the Interinstitutional Agreement between the European Parliament and the European Central Bank on the practical modalities of the exercise of democratic accountability and oversight over the exercise of the tasks conferred on the ECB within the framework of the Single Supervisory Mechanism²,
- having regard to the ECB Annual Report on supervisory activities 2014 of March 2015³,
- having regard to Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation)⁴,
- having regard to the Decision of the European Central Bank of 17 September 2014 on the implementation of separation between the monetary policy and supervision functions of the European Central Bank (ECB/2014/39)⁵,
- having regard to the Decision of the European Central Bank of 4 February 2014 identifying the credit institutions that are subject to the comprehensive assessment

¹ OJ L 287, 29.10.2013, p. 63.

² OJ L 320, 30.11.2013, p. 1.

³ <https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssmar2014.en.pdf>.

⁴ OJ L 141, 14.5.2014, p. 1.

⁵ OJ L 300, 18.10.2014, p. 57.

(ECB/2014/3)¹,

- having regard to the recent work of the Basel Committee, especially to the Revisions to the Standardised Approach for credit risk and the Revision to the measurement of operational risk,
- having regard to the comprehensive assessment carried out by the European Central Bank between November 2013 and October 2014²,
- having regard to Regulation (EU) 2015/534 of the European Central Bank of 17 March 2015 on reporting of supervisory financial information³,
- having regard to Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 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 Resolution Fund and amending Regulation (EU) No 1093/2010⁴ (SRM Regulation),
- having regard to the Agreement between the European Parliament and the Single Resolution Board on the practical modalities of the exercise of democratic accountability and oversight over the exercise of the tasks conferred on the Single Resolution Board within the framework of the Single Resolution Mechanism⁵,
- having regard to Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes⁶,
- having regard to the Report on Completing Europe’s Economic and Monetary Union (‘Five Presidents’ Report’),
- having regard to the decision of the Commission to refer the Czech Republic, Luxembourg, the Netherlands, Poland, Romania and Sweden to the Court of Justice of the European Union for failing to implement the Bank Recovery and Resolution Directive (2014/59/EU),
- having regard to the Council statement of 8 December 2015 on Banking Union and bridge financing arrangements for the Single Resolution Fund,
- having regard to its resolution of 19 January 2016 on ‘Stocktaking and challenges of the EU Financial Services Regulation: impact and the way forward towards a more efficient and effective EU framework for financial regulation and a capital markets union’⁷,
- having regard to its resolution of 24 June 2015 on the review of the economic

¹ OJ L 69, 8.3.2014, p. 107.

² <https://www.bankingsupervision.europa.eu/banking/comprehensive/2014/html/index.en.html>.

³ OJ L 86, 31.3.2015, p. 13.

⁴ OJ L 225, 30.7.2014, p. 1.

⁵ OJ L 339, 24.12.2015, p. 58.

⁶ OJ L 173, 12.6.2014, p. 149.

⁷ Texts adopted, P8_TA(2016)0006.

governance framework: stocktaking and challenges¹,

- having regard to the report of the European Systemic Risk Board of March 2015 on the regulatory treatment of sovereign exposures,
 - having regard to the Commission communication of 24 November 2015 entitled ‘Towards the completion of the Banking Union’ (COM(2015)0587),
 - having regard to the Commission proposal of 24 November 2015 for a regulation of the European Parliament and of the Council amending Regulation (EU) No 806/2014 in order to establish a European Deposit Insurance Scheme (COM(2015)0586),
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A8-0033/2016),
- A. whereas the Banking Union (BU) is an indispensable component of a monetary union and a fundamental building block of a genuine economic and monetary union (EMU), and whereas participation in this is open to Member States whose currency is not the euro;
- B. whereas the BU is instrumental to ensuring stability and restoring confidence in euro area banks, enhancing financial integration, reducing risk in the European banking system and moral hazard, contributing to breaking the link between sovereigns and banks and fostering risk sharing within the monetary union;
- C. whereas the BU plays a key role in funding investment and therefore in fostering growth and job creation throughout the EU;
- D. whereas in a BU a Single Rulebook should be complemented by a Single Supervisory Mechanism (SSM), a Single Resolution Mechanism (SRM), and a high and uniform level of protection of deposits and an efficient fiscal backstop at EU level;
- E. whereas the SSM is the first pillar of the BU and aims to ensure a uniform and homogeneous supervision of participating Member States’ banks, create a level playing field in the banking market, and contribute to the safety and soundness of credit institutions and the stability of the financial system while respecting the diversity of banks and their business models;
- F. whereas the European Central Bank (ECB) has to date failed to take sufficient account of the proportionality principle in connection with its supervisory activities;
- G. whereas the SRM is the second pillar of the BU and aims to ensure uniform rules and procedures and a common decision-making process for orderly resolution of failing banks with minimum impact on the rest of the financial system, the real economy, ordinary citizens or public finance throughout Europe;
- H. whereas the third pillar of the BU so far consists in an approximation of national DGSs, and a proposal for a European Deposit Insurance Scheme aimed at gradually ensuring a

¹ Texts adopted, P8_TA(2015)0238.

unified level of protection of deposits has only recently been presented by the Commission and will be subject to the co-legislators' decision through the ordinary legislative procedure;

- I. whereas the SSM Regulation and the SRM Regulation require that the new bodies created under the SSM – in particular the Supervisory Board of the ECB – and under the SRM – in particular the Single Resolution Board – comply with the principles of transparency and accountability in relation to the fulfilment of their tasks; whereas those bodies should be leading examples in this regard as well as in terms of technical competence and integrity;

The Single Supervisory Mechanism (SSM)

1. Welcomes the establishment of the SSM, which has been successful since its creation both from an operational point of view and in terms of supervisory quality, and considers it a remarkable achievement, taking into account the complexity of the project and the very short timeframe available;
2. Encourages broad representation in the BU through the future involvement and participation of NCAs of non-participating Member States in accordance with established legal rules and procedures, as well as through enhanced cooperation with third countries outside the EU; reaffirms that closer coordination between NCAs across the EU and internationally is essential for ensuring effective regulation and supervision of systemically important banks;
3. Welcomes in particular, in relation to the operational set-up:
 - (a) the recruitment process, which resulted in a good blend of competences, cultures and gender, thus contributing to the supranational nature of the SSM, and the thorough training activity programme for national competent authorities (NCAs) and ECB staff; points out, however, that ECB contracting practices leave room for improvement, especially in regard to the number of short-term contracts, checks on staff working hours, transparency of the recruitment process and willingness to negotiate with unions; notes the ECB's announcement that it has appointed its first Chief Services Officer to manage all administrative services, IT services and human resources;
 - (b) the drafting, building on national best practices, of the Supervisory Manual laying down common processes, procedures and methods for conducting a euro-wide supervisory review process;
 - (c) the set-up of the IT infrastructure and of the supporting analytical tools; stresses the importance of strong and well-functioning IT systems corresponding to the needs of the supervisory functions of the SSM; encourages coordination between the SSM and national supervisory authorities in order to meet the needs of data through a single application;
 - (d) the setting up of Joint Supervisory Teams (JSTs) and the dialogue they have established with the supervised credit institutions;
 - (e) the processes devised to work off the common procedures (authorisation of qualifying holdings, licensing, passporting, fit and proper assessments);

4. Notes that a very significant share of work is routinely devoted to administrative procedures, required by the SSM Regulation, which may not always be proportionate, and stands ready to consider proposals aimed at reducing the operational burden on structures at all levels and improving the effectiveness of the SSM supervision, namely by exploiting the potential of streamlining administrative procedures, or by delegating certain decisions on specific administrative issues within clear limits and guidelines;
5. Notes with satisfaction that the ethics rules of the ECB have been reviewed, and stresses the importance of effective rules on conflict of interests and safeguards against undue influence of the financial industry, on staff as well as on members of the governing bodies;
6. Believes that while the degree of effectiveness achieved by JSTs in less than a year is remarkable, further improvements can be pursued, including by involving NCAs in a more effective way in the decision-making process;
7. Takes note of the remarks made by supervised entities about the need for early planning of supervisory actions, in order to enhance their quality and avoid the unintended consequence of affecting banks' business activities, and considers that there is a great deal of room for improvement in this respect;
8. Emphasises the need to avoid double reporting requirements and multiple reporting channels, and more generally an unnecessary administrative burden on credit institutions, in particular smaller banks, as well as to ensure that the proportionality principle is upheld; calls for increased effectiveness of data collection, which should abide by the 'once only' principle and should be examined for its usefulness, applicability and proportionality;
9. Calls on the ECB to ensure that the creation of a comprehensive credit risk database (Analytical Credit Dataset, AnaCredit) pays particular attention to the proportionality principle and to the need to avoid disproportionately high administrative costs, especially for smaller institutions; calls, in this context, for the relevant reporting thresholds to be set at an adequate level;
10. Stresses the importance of close interaction between the ECB's Directorates-General (DGs) in charge of direct and indirect micro-prudential supervision and the DG in charge of horizontal supervision and expertise services, and emphasises the role of the latter in improving the comprehension, among supervised entities, of a common supervisory approach underlying the concrete individual micro-prudential measures; stresses the importance of a full organisational separation between SSM staff and the staff providing services needed for independent monetary policy purposes;
11. Calls for a systematic review of comprehensive assessments of ECB-supervised institutions, as well as for appropriate improvements of the methodology in the light of lessons learned, in all cases where an institution is deemed sound under the assessment and subsequently runs into trouble, as well as where an institution is deemed undercapitalised on the basis of a stress test scenario which turns out to be significantly unrealistic; emphasises the limitations of the current stress test methodology which evaluates third-country exposure on the basis of banks' internal assessment;
12. Welcomes the fact that the ECB is working on enhancements in the macro stress testing

framework in order to integrate more realistic dynamic features in the stress testing model framework, add a proper liquidity stress test component, and integrate contagion effects within the banking system, as well as the two-way interaction with the real economy and the shadow banking sector in the broader framework;

13. Considers the comprehensive assessment performed ahead of the launch of the SSM to be an important step towards restoring the confidence lost in the crisis years and enhancing the resilience of the euro area banking system by improving its capitalisation and increasing transparency; considers the Supervisory Review and Evaluation Process (SREP) and future comprehensive assessments of bank balance sheets to constitute a necessary tool in identifying banks, which should strengthen their capitalisation and reduce leverage;
14. Stresses the fact that economic recovery is under way but – in particular due to an insufficient level of structural reforms, convergence and investment and excessive dependence on external factors – is still fragile and modest, while inflation remains below target; against this backdrop, notes that while tangible improvements could be observed in the recent past, credit dynamics are still subdued in many jurisdictions and a large stock of non-performing loans weighs on many European banks' balance sheets, limiting their capacity to finance the economy;
15. Recalls that the ability to write off or sell-on non-performing loans is vital, as it frees up capital to fund new loans, in particular to SMEs; stresses the need to address the issue of non-performing loans at European level, notably by facilitating the setting-up of asset management companies in those countries where this is deemed to be necessary, as was the case in Spain and Ireland;
16. Highlights that effective coordination between macro-prudential and micro-prudential policies is crucial, and underlines the fact that the SSM is fully part of the EU macro-prudential framework and has been given relevant macro-prudential responsibilities, together with the NCAs and the ECB Governing Council; stresses the need to enhance the role of the European Systemic Risk Board (ESRB) in order to complement the powers of NCAs and the SSM by an EU-wide cross-sectoral macro-prudential authority to ensure that macro risks are tackled in the overall European interest; considers that macro-prudential policy must place greater emphasis on preventing large fluctuations in the financial cycle; recalls that the ESRB should address the interconnectedness of financial markets and any other systemic risk affecting the stability of financial markets;
17. Agrees with the views expressed by senior ECB figures to the effect that macro-prudential policy must place greater emphasis on preventing large fluctuations in the financial cycle, rather than simply increasing resilience to shocks when they occur; welcomes the research by the ECB into the definition of financial stability, and urges the development of tools such as the systemic risk index discussed in the Financial Stability Review November 2015 for monitoring systemic risk as part of an effective toolkit for managing it;
18. Notes that Banking Structural Reform, which was conceived to reduce systemic risk and address the issue of 'too big to fail' institutions, has yet to be implemented; urges a swift legislative agreement;
19. Notes that the insurance sector is becoming increasingly involved in financial services,

and underlines the importance of a level playing field in order to avoid regulatory arbitrage of prudential and consumer protection rules;

20. Believes that the worldwide drive towards more and better quality bank capital and less leveraged banks is a necessary condition for a sound banking system capable of supporting the economy and for avoiding any repeat of the enormous bailouts witnessed during the crisis; underlines, however, that the development of regulatory, supervisory and other financial sector policies at global level (the Financial Stability Board (FSB), the Basel Committee on Banking Supervision (BCBS), etc.) must not target a particular funding model used in one part of the world;
21. Notes that an increase in capital requirements beyond a certain threshold may in the short term create unintended consequences, limiting banks' lending capacity, and that this risk should therefore be considered when determining the level of capital; underlines that the interdependence between capital requirements and credit supply is not linear;
22. Calls on the Commission, together with the European Supervisory Authorities (ESAs), to conduct a comprehensive assessment of capital requirements embedded in current and future legislation, in particular with a view to analysing their consequences as regards the financing conditions of SMEs and more generally of the real economy, while taking into account the balance between short-term and long-term impact of capital requirements and the need to safeguard financial stability;
23. Recalls the importance of tools such as the 'SME Supporting Factor'; suggests that the initiatives for improved SME funding should be expanded to start-ups, micro-enterprises and mid-cap companies;
24. Considers the stabilisation of the supervisory and regulatory framework to be an important element for restoring investors' confidence, avoiding uncertainty over regulatory and supervisory action, and supporting growth and financial stability; calls for reducing the complexity of existing regulation in the short term and for establishing in the medium term an integrated European rulebook on financial regulation and consumer rights, replacing the current complex and burdensome silo-like legislation;
25. Welcomes the development of a common methodology for the 2015 round of the SREP; notes that, partly as a consequence of the swift start of the SSM, many aspects of this methodology were finalised only when the SREP cycle was already under way, and considers that in order to improve the robustness of results and consistency between banks' risk profiles and capital levels, the process leading to the approval of the common supervisory standards for risk assessment can benefit from further refinement; welcomes the SSM's willingness to work on bank governance, and in particular on risk management, risk appetite and cyber-risk;
26. Considers the calculation of Maximum Distributable Amount (MDA) for each individual bank in line with Article 141(6) of the Capital Requirements Directive (CRD) to be an important tool for achieving capital restoration, as an alternative to shrinking balance sheets; underlines that the legislation's lack of clarity on the hierarchy between pillar two and capital buffers in relation to the MDA threshold and to other sanctioning measures does not prevent the SSM from using a margin of flexibility in order to avoid solutions which are too rigid and might negatively affect the AT1 bond

market and the level playing field with other jurisdictions; calls for a legal clarification of the MDA mechanism and of the function of pillar two, which is to address ‘bank-specific risk’, in order to guarantee a level playing field in the EU and to provide more clarity on the aim of the mechanism; considers that the review of those provisions should aim to incorporate them into the regulation;

27. Stresses that national options and discretion attributed to Member States prevent the SSM from developing a single coherent supervisory approach within the euro area in order to ensure a true level playing field, and believes that the homogenisation of practices and standards should go hand in hand with the completion of the other two pillars of the Banking Union; in this respect, welcomes the publication by the ECB of a draft regulation aiming to close around 35 national options and discretions under the EU banking regulatory framework, as well as of a draft guide to help JSTs make decisions in a more consistent manner in the areas covered by the other options and discretions identified; considers that such a single implementation requires a gradual approach and should aim to address all existing barriers and segmentations; stands ready to cooperate at the legislative level in order to further improve regulatory and supervisory harmonisation; emphasises the need for the review of national options and discretions to guarantee a level playing field across the Banking Union, including between conglomerates and non-conglomerated institutions which have holdings in insurance undertakings;
28. Recalls that the application of fair value measurement for unrealised gains and losses on exposures to central governments classified under ‘Available for Sale’ not only strengthens the link between banks and sovereigns, but may also lead to own funds volatility; calls on the ECB to maintain the non-application of this measurement until such time as IFRS 9 is applied;
29. Stresses the fact that both Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and the Capital Requirements Directive (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms), collectively referred to as ‘CRR/CRDIV’, were adopted by the co-legislators before the establishment of the Single Supervisory Mechanism; encourages the Commission to put forward a proposal for a technical adaptation of CRR/CRDIV in order to align it with the Banking Union framework; urges the Commission to use regulations (which are applicable directly and to all throughout the EU), rather than directives, as the legislative tool to ensure harmonised implementation across the EU and the Banking Union;
30. Stresses the importance of the work that has been undertaken on the homogenisation of the calculation of risk-weighted assets, which is pivotal for comparability purposes, and on the review of internal models for the calculation of banks’ capital requirements; considers progress in this area, for all portfolios, to be crucial for preserving the effectiveness and credibility of banking supervision in the euro area in order to promote best practice in market and credit risk models;
31. Welcomes the adoption by the SSM of five high-level priorities to guide its supervision throughout 2016; underlines that the SSM should look beyond credit risk to all forms of bank risk, including non-financial risk; underlines that further steps are necessary to

reinforce the supervisory scrutiny of banks' financial portfolios, especially level 3 financial assets, including derivatives; stresses the need for a reduction of the interlinkages between the regulated and the shadow banking sector, not least via limiting the respective credit risk exposure;

32. Considers that more appropriate attention should be paid to increased exposure in the form of off-balance sheet items, in particular for global systematically important banks (G-SIBs); underlines in this respect the need to be vigilant over the development of the shadow banking sector;
33. Takes note of the work of the BCBS and the ESRB on sovereign exposures of banks and other financial intermediaries; calls on the EU institutions to carefully and thoroughly assess possible changes in the medium term to the current regulatory framework, without reducing available funding for Member States, without creating unintended market or competition distortions and without affecting financial stability, and as part of a coordinated effort at the global level; underlines that in order to have a comprehensive risk reduction, parallel measures should be taken among others to reduce level 2 and level 3 assets exposure and to ensure the full convergence of internal ratings-based (IRB) systems for the measurement of credit risk;
34. Underlines that the SSM and SRM represent a step in the direction of a common market for banking services, making cross-border consolidation more appealing; believes that the introduction of a financial stability and resolvability assessment in the Qualifying Holdings Directive is necessary to avoid new too-big-to-fail problems that may be produced due to a higher number of mergers and acquisitions;
35. Underlines the important role played by the SSM during the Greek crisis in monitoring the condition of the country's banking sector, in conducting a comprehensive assessment of the significant Greek institutions and in contributing to the determination of the recapitalisation needs; notes that the recapitalisation needs of Greek banks as assessed by the SSM range from EUR 4,4 billion in a baseline scenario to EUR 14,4 billion in the most risky scenario, while the buffer envisaged under the Programme was as high as EUR 25 billion; asks for clarification with regard to the role of financial consultancies, which were often hired without a public tender and played a role in all the euro area bailouts by providing expertise to the troika of international lenders; calls for more transparency and accountability in the hiring process in order to avoid potential conflicts of interest arising from links to investment funds and other financial service providers; asks the ECB to redefine its role with regard to assistance programmes as one of 'silent observer'; stresses that emergency liquidity assistance (ELA) is an essential instrument for safeguarding the stability of the financial system by preventing liquidity crises from turning into solvency crises; notes that the responsibility for its provision has not yet been fully transferred to the euro area level; welcomes the remarks made by President Draghi to Parliament's Committee on Economic and Monetary Affairs hinting at a diligent revision of the ELA regime in the light of the 'Europeanisation' of bank supervision;
36. Believes that the ECB's supervisory strategy, while avoiding any differentiation along national lines, should reflect and safeguard pluralism and diversity of banking models across the EU, including authentic and healthy mutual, savings and cooperative banks, and should comply with the principle of proportionality;

37. Considers transparency vis-à-vis market players and the public, including on sensitive topics such as capital targets as a result of the SREP cycle, supervisory practices and other requirements, to be essential for a level playing field between supervised entities, for fair competition in the banking market and for avoiding situations where regulatory uncertainty negatively influences banks' business strategy; underlines that transparency of both supervisors and supervised entities is also a prerequisite for accountability, as it allows Parliament and the public to be informed about key policy issues and to assess consistency with rules and supervisory practices; calls for more transparency with regard to pillar 2 decisions and justifications;
38. Highlights that in this regard the publication of a list of Frequently Asked Questions on the SREP could be a useful tool;
39. Welcomes the efficient and open way in which the ECB has so far fulfilled its accountability obligations towards Parliament, and calls on the ECB to continue to fully engage in this regard and to further contribute to improving Parliament's capacity to assess SSM policies and activities; views favourably the willingness of the ECB President to further cooperate with Parliament regarding the ECB's role in banking matters, in particular in the framework of global standards-setting bodies such as the FSB;
40. Recalls that public audit is an integral part of the mechanisms for ensuring the accountability of institutions to citizens; notes, therefore, with some concern the statement published in June 2015 by the Contact Committee of the Heads of the Supreme Audit Institutions of the European Union and the European Court of Auditors (ECA), which warns against the emergence of audit gaps due to the transfer of supervisory tasks from national authorities to the SSM in a context where the audit mandate of the ECA over the ECB acting as a supervisor is less comprehensive than those of national audit institutions over national supervisors; recommends accordingly that consideration be given to strengthening the audit mandate of the ECA;
41. Underlines the importance of cooperating with the Single Resolution Board (SRB), the European Banking Authority (EBA) and other authorities within the European System of Financial Supervision, while fully respecting the division of roles and competences and the separation between regulation and supervision in order to help ensure compliance with the EU checks-and-balances structure; stresses in particular that the EBA, with its explicit consumer protection mandate, must enforce and enhance the consumer protection framework for banking services, complementing the SSM's prudential supervision, and in the Union as a whole;
42. Welcomes the credibility of the SSM on the international stage; considers it fundamental that the SSM is properly involved in the design of global regulatory standards, in particular the orientations negotiated within the FSB and the BCBS;

Single Resolution Mechanism (SRM)

43. Welcomes the efficient setting-up of the SRB and the establishment of national resolution authorities (NRAs) in the Member States;
44. Highlights the importance of establishing efficient cooperation between the SRB and the NRAs for the smooth functioning of the SRM; considers Internal Resolution Teams

(IRTs), as an equivalent to the SSM's JSTs, to be a good basis for organising cooperation within the SRM;

45. Encourages the conclusion of a memorandum of understanding (MoU) on mutual cooperation and data sharing between the SRB and the ECB as a single supervisor, in order to increase efficiency and avoid double reporting for banks, while allowing the SRB to have access to the SSM data needed for it to fulfil its institutional mandate; underlines the importance of smooth cooperation between the SRM and the national competent authorities (NCAs);
46. Underlines the discrepancy between banks directly supervised by the SSM and banks under the direct responsibility of the SRB (including other cross-border groups) and its potential consequences in terms of the SRB's access to information;
47. Calls for specific arrangements to be created within the Commission and between the SRB and the Commission in order to define efficient procedures for decision-making in the event of resolution;
48. Encourages the conclusion of cooperation agreements between the SRB and the NRAs of non-participating Member States and third countries for effective mutual cooperation and information exchange;
49. Welcomes the preparation by the SRB of manuals on resolution activities, in line with the relevant EBA standards, which aim to promote a consistent, effective and proportionate approach to resolution tasks within the SRM;
50. Calls for timely progress to be made in drawing up resolution plans and setting a minimum requirement for own funds and eligible liabilities (MREL) for institutions falling within the scope of the SRM, in order to be able to ensure an orderly resolution of failing banks with a minimum impact on the real economy and public finances; calls on the Commission to swiftly adopt the regulatory technical standard on MREL, with a high binding standard of at least 8 % MREL for all SRB banks, in line with the Bank Recovery and Resolution Directive (BRRD) (Directive 2014/59/EU of the European Parliament and the Council of 15 May 2014)¹ and minimising the chances of loss of SMEs' uncovered deposits; takes note of the ongoing work on the implementation of Total Loss Absorbing Capacity (TLAC) and calls on the Commission to ensure consistency with MREL;
51. Invites the Commission to assess, in the light of experience and in the framework of the review of Regulation No 806/2014, whether the SRB and the NRAs are equipped with sufficient early intervention powers and sufficient early intervention instruments to prevent the haemorrhaging of banks;
52. Underlines that according to the SRM regulation the Board should take due care, as a matter of priority, to establish the resolution plans of systemically important institutions, assess their resolvability and take all action necessary to address or remove all of the impediments to their resolvability; further emphasises that the Board has the power to require changes to the structure and organisation of institutions or groups with a view to taking measures which are necessary and proportionate to reduce or remove material

¹ OJ L 173, 12.6.2014, p. 190.

impediments to the application of resolution tools and ensure the resolvability of the entities concerned;

53. Takes note of the double role of the Board members, who are at the same time members of an executive body with decision-making roles and senior managers accountable in that capacity to the Chair, and considers that an evaluation of this structure should be undertaken before the end of the current mandate;
54. Calls on those Member States which have not yet done so to complete the transposition of the BRRD, and highlights the importance of full implementation and enforcement of its provisions;
55. Welcomes the ratification by Member States of the Intergovernmental Agreement on the transfer and mutualisation of contributions to a single resolution fund (SRF), which allows the SRM to become fully operational, including the use of the bail-in instrument, as of 1 January 2016 according to the planned schedule; welcomes the establishment of calculation and collection procedures for ex ante contributions to the SRF through the SRB; regrets the decision to set up the SRF through an intergovernmental agreement (IGA) rather than through Union law; calls on the Commission swiftly to take the necessary steps for a quick integration of the IGA into the framework of EU law, as provided for in Article 16 of the Agreement and in the Five Presidents' Report;
56. Calls on the Commission to present proposals to further reduce the legal risks of claims under the no-creditor-worse-off-principle;
57. Calls on the Member States to collect the BRRD and SRM-related contributions fully, effectively and in a timely manner at the national level in order to transfer them to the SRF in accordance with the IGA;
58. Calls on the Commission to undertake an extremely careful review of the calculation of contributions to the SRF provided for in recital 27 of Delegated Regulation (EU) 2015/63, and when so doing to review in particular the appropriateness of the risk factor in order to ensure that the risk profile of less complex institutions is reflected appropriately;
59. Recommends, for the successful management of banking crises in the future, careful assessment of the various choices at the disposal of the Board on the basis of the EU legislation (different resolution tools as an alternative to the liquidation of the bank), keeping in mind the importance of safeguarding financial stability and maintaining confidence in the banking system;
60. Draws attention to the difference in timing between the rules on burden-sharing and those on the full bail-in, which have retroactively affected the effective riskiness of the debt instruments issued before the latter legal provisions, and the definition and implementation of appropriate investment protection rules; invites the SRB to conduct a careful assessment of the transition period and to ensure that, in line with the requirements of the legislation, the new rules are implemented with the necessary proportionality and fairness; asks the Commission and the European Securities and Markets Authority (ESMA) to guarantee appropriate investor protection;
61. Stresses the need, as a consequence of the existence of the national compartments in the

SRF, to rapidly put in place an adequate bridge financing mechanism in order to provide the fund, if necessary, with sufficient resources in the period before its completion and guarantee the effective separation between banks and sovereigns; recalls that the Eurogroup and the ECOFIN ministers identified, in their statement of 18 December 2013, the possibility of having recourse either to national sources, backed by bank levies, or to the European Stability Mechanism (ESM);

62. Welcomes, nonetheless, the agreement reached to secure public bridge financing to help ensure the availability of funds for concrete resolution action through national resources;
63. Recalls the ECOFIN statement of 8 December 2015 and the commitment made in it to consider, after completion of the ratification of the IGA, the full transposition of the BRRD and the establishment of the bridge financing arrangements as well as the way forward and timing in order to develop a common backstop to facilitate borrowings by the SRF, to be fully operational at the latest by the end of the transition period; stresses, however, that a common fiscal backstop will be used only as a last resort should the other prudential measures to strengthen supervision and crisis management not be able to eliminate the risk; recalls that the backstop should be fiscally neutral in the medium term, and underlines the importance of avoiding moral hazard; underlines that the banking sector should remain liable for repayment by bank levies in all participating Member States, including ex post;

Third pillar

64. Recalls that, together with the SSM and the SRM, the capacity to afford a uniform and high level of protection of deposits, irrespective of their location, should be ensured in an effective BU, thus contributing to genuinely breaking the sovereign-bank loop, restoring depositors' confidence, creating a level playing field and enhancing financial stability; considers that any system of protection of deposits must always avoid the introduction of any moral hazard, while ensuring that risk takers remain liable for their risk taking;
65. Welcomes the Commission's package proposed on 24 November 2015 on risk sharing and risk reduction in the BU; takes note of the gradual approach from a reinsurance of national Deposit Guarantee Schemes (DGSs) to a co-insurance scheme and, finally, full insurance for participating national DGSs in the steady state and the risk-based approach to the calculation of contributions; looks forward to engaging in the legislative negotiations on the basis of the position that is adopted;
66. Notes that the creation of a European Deposit Insurance Scheme (EDIS) requires the implementation of the single rulebook as well as of the first and second pillars of the BU, as well as the transposition of the BRRD and the Deposit Guarantee Schemes Directive (DGSD) by all the participating Member States and further measures to achieve a substantial reduction of risks in the European banking system; stresses that the application of the bail-in tool will introduce a systemic mechanism of risk avoidance, thus reducing the fears of moral hazard which could be induced by the progressive mutualisation of guarantee schemes; underlines the commitment of the Commission to further reduce risks and ensure a level playing field in the BU;
67. Notes that a well-functioning deposit guarantee scheme funded through contributions

from the financial sector is one of the proven ways to prevent bail-outs of banks with taxpayers' money;

68. Recalls that the role of the Commission is to guarantee a level playing field across the EU and that it should avoid any fragmentation within the internal market;

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69. Instructs its President to forward this resolution to the Council, the Commission, the European Central Bank and the Single Resolution Board.