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**COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS****PUBLIC HEARING WITH DOMINIQUE LABOUREIX,  
CHAIR OF THE SINGLE RESOLUTION BOARD (SRB)****BRUSSELS****THURSDAY, 21 MARCH 2024**

1-0002-0000

**IN THE CHAIR: LUDEK NIEDERMAYER***Vice-Chair of the Committee on Economic and Monetary Affairs*

1-0002-5000

*(The hearing opened at 10:05)*

1-0003-0000

**Chair.** – Colleagues, we start at point number 13 - my favourite - the public hearing with Dominique Laboureix, Chair of the SRB.

This is actually our first hearing in 2024 here. The SRB launched its SRM Vision 2028 strategy at its conference in February. Also in our mind is the Commission package of measures of crisis management and deposit insurance that was voted on yesterday should be the topic so we can have a lot of things to discuss.

I don't want to take more of the time at the beginning. We will have the first round of questions that that should have around six minutes. And if time permits, then we can also go for catch-the-eye, I but I guess that only Members present will ask the questions.

So let me now give Mr Laboureix the floor for his opening. And then go straight to the questions.

1-0004-0000

**Dominique Laboureix**, *Chair of the Single Resolution Board.* – Thank you very much, Mr Chair, honourable Members, ladies and gentlemen.

Today's hearing is our last before the end of this term. I'd like to start by thanking you for the constructive dialogue we've had. Let me reiterate our accountability towards this committee, and thus towards the citizens of Europe.

I will mention to you today where we are coming from, where we are going and what, from a legislative perspective, would help us.

Let me start by two achievements which are tangible results of nine years of work by the SRM and the banking sector. First, the Single Resolution Fund has reached EUR 78 billion. It's now fully funded and fully mutualised. As a result, we will not ask banks for any *ex ante* contributions this year. Second, I can confirm that all banks within our remit, except the few cases with an extended transition period, have reached their MREL target on time.

Besides MREL, banks have also built important capabilities in all resolvability dimensions. This means that they are now much more resolvable – thus safer – than 10 years ago. However,

much remains to be done. Last year, speaking in front of this Committee, exactly because much remains to be done, I promised you a new strategy for the SRM. Today, I'm proud to be able to present it to you.

The so-called 'Vision 2028' will be implemented through a multiannual programme over the next five years, and it's based around three key areas. The first is our core business. We need to improve our crisis preparedness by refocusing on the operational aspects. One key element is about testing banks' capabilities – and this work has already started and will become more central in the SRM's day-to-day work.

The second area relates to governance and organisational matters. We want to become more streamlined and more efficient. We also want to be more transparent, in particular towards the industry. We have, for instance, started publishing on our website a one-stop-shop list of all the consultations and requests to the industry planned for the full year 2024. Not surprise, predictability. Through the second pillar of our new strategy, I also want to reinforce integration with national resolution authorities.

At the same time, we are also increasing our cooperation with the SSM – you met Claudia Buch a minute ago – and the ECB (broad sense). A good example of this good cooperation is the Joint Bank Reporting Committee which was announced this week by the ECB, EBA, the SRB, etc.

Talking about data, let me also take this opportunity to thank Mr Karas and this ECON Committee for delivering an ambitious position about better data sharing. This is a very important topic.

The third area of the SRM Vision 2028 focuses on human resources. We want to harness the potential of our pool of talent by ensuring better training, mobility and career development. We also work on improving gender balance, diversity and inclusion. On this, I would like to thank this Committee for having just approved a very talented woman to join our Board.

Let me go now to the legislative agenda. First, let me thank the CMDI rapporteurs and shadows, for their hard work on the review of this CMDI proposal. I would like to commend this committee for having finalised its reports on this file. The vote of yesterday is encouraging, and we hope that the Council will follow suit in the coming months – and before the Council, obviously, the vote by the plenary.

CMDI brings many useful, uncontroversial improvements to the system. Don't forget that. On the more controversial points you tackled yesterday, let me stress once more that asking us to resolve more mid-size and small banks without the proper funding will just not work. I hope the compromise found yesterday will properly answer this fundamental question.

Beyond CMDI, I dearly hope that in the next legislative cycle, the process of completion of the Banking Union is taken up again. Beyond this classical remark on the banking union, I would like to agree with the Eurogroup statement on the importance of a stronger European capital markets union.

Very simply, deep capital markets are critical to reduce our banks' dependence on foreign markets to issue MREL securities. So it matters from a resolvability point of view. In addition, a European securitisation market would certainly help banks having slimmer and safer balance sheets. So, at a minimum, for these two reasons, we are supportive of the CMU, but we go much beyond these two ones.

Let me conclude now. Even if we already started full steam, a complete implementation of our new strategy will take some time. It's an evolution, not a revolution. This strategy – over time – will increase trust in the crisis-management framework, making the Banking union even safer, more resilient and integrated. My hope is that we are able to complement here, this, with a legislative framework that's also comprehensive and up to date.

Thank you very much.

1-0005-0000

**Chair.** – Thank you very much, Dominique. So let's go to the Q&A. And I can see that I am the first one to ask.

And, obviously, I can't start any other way than by referring to the outcome of yesterday's votes. I must say that I was surprised how politically sensitive the CMDI is, because I saw that it's bringing a lot of things that are not controversial. But I would like to hear your reaction to two points that were discussed with respect to CMDI.

The first is the question if it's revolution or evolution - because from my perception this is evolution - how to extend the system that is well functioning, or should be well functioning, to the area where so far it is not being applied. And that means to stabilise better the financial sector and actually reduce the cost of savings and the taxpayers. But some people argue that this is a revolution that goes too far, and so it seems problematic.

And the second issue that we discussed - or I discussed very often with our colleagues - was that, obviously given the political dimension of CMDI, it's hard to find the perfect solution from an individual perspective. And some people would say, 'as it's not perfect for me, it's better to not go this way'. So how do you see the significance and importance of CMDI, since given the political nature, probably, of the text would not be absolutely perfect?

And the second question, again referring to yesterday's discussion, when we were discussing this with my colleagues, the least cost test in the CMDI, that is one of the sensitive issues. We have got to the conclusion - not shared by everyone - that more broader aspects should be considered when doing the least cost test, because sometimes the action or inaction in case of one bank can have implications for all the system.

And yesterday we discussed again EDIS, after many years of hesitation, for the first time. It is again a politically highly sensitive issue. So I wondered, from your point of view, just from the point of view of the SRB, is this for you a neutral issue or, for you if EDIS or at least some progress on it is something that has some systemic impact on the stability of the European banking sector? Thank you.

1-0006-0000

**Dominique Laboureix, Chair of the Single Resolution Board.** – Thank you very much for these two questions. So, first of all, I would like to fully respect the compromise. I'm not here to undo what was done with some difficulties yesterday, if I understand well, and as I said, I take good note of this compromise. It's much better at the end to have a compromise than to have nothing.

Why? Because as you said, for me, this text is not a revolution. This text was made of a number of small things which will help us. When I say 'us', I mean Claudia Buch – you've just met – and myself – or, I should say, the SSM and the SRM. It's not on a personal basis, obviously.

As you remember very well, there are elements about early intervention measures at the moment of resolution, post-resolution, in liquidation. I mentioned 10 times the example of a withdrawal of a licence, for instance, the banking licence, in liquidation – something which does not cost a lot and which brings a lot of simplification for us, authorities, in implementing our decisions.

So, on the controversial part, to be very, very clear, what you've adopted yesterday, if I understand it well – I need to read the final text – will even increase the notion of an evolution and not a revolution. Because in reality, by a keeping a tiered approach for the deposits, you have decided to make the possibility to have recourse to the funding of a DGS in resolution a bit more difficult. And by the last amendments on the least-cost test – I will come back to the least-cost test – open the possibility to do it, but not so much.

We were asked by the Council some weeks ago to show some figures based on assumptions. So our assumptions were telling us that, with a full withdrawal of a super preference, we would have, if I remember, something like 50 cases of potential intervention. Again, don't take these figures, please check for what was published. It's available.

What we say is that, based on the new tiering, we consider that there will be only one third remaining, based on our assumptions, with this possibility of going to resolution.

So, that's why I said during my first remarks we will take and implement whatever you have decided, obviously. But what I say is that if we don't find the way of finding the potential needs for funding the resolution decision, we won't intervene. That's as simple as that. And then we will let the bank go to resolution<sup>1</sup>.

So, today, based on the compromise and to answer very quickly to your answer – despite these long sentences – it's a simple evolution. It's absolutely not a revolution.

Is there a perfect solution? No, unfortunately not. Because we are obliged to compare permanently resolution and liquidation or normal insolvency procedure.

I repeat the statement I've made here already a number of times. We have aligned a resolution system throughout Europe, and in particular within the banking union. But we have not aligned the national insolvency procedures for banks. So there is this permanent discrepancy which obliges us to compare permanently a uniform regime to something which is not sufficiently uniformed – and I said this already a number of times.

Obviously, one day, we'll have – if we want to really go beyond the complex solutions we are obliged to find today – we'll have to address this question.

Least-cost test and EDIS: indeed, everything is about financial stability here, and I would say even more than that: it's beyond financial stability. What we've seen in SVB, in Credit Suisse, it's a question of confidence. If we want to build a stronger confidence level, we need to find solutions.

From my perspective, to say that – coming back to CMDI – to say that, 'for some well-identified banks with a systemic regional footprint we can intervene in a resolution perspective', brings more confidence to the system. Instead of saying, 'oh well, if they fail, they will go to liquidation and let's hope that the state will inject the public money'. I think we bring another solution.

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<sup>1</sup> As confirmed by the speaker it was meant to use the word 'liquidation' and not "resolution".

The same for EDIS. EDIS is exactly about saying, ‘well, look, if there is not sufficient money in my national deposit guarantee scheme, there will be solutions’. And this brings confidence.

So the question is about how to reach this level of confidence, which is already reached in the US with the unique FDIC, with a unique DGS for the United States. It’s not made of the 21 members of the banking union, obviously, but the comparison is here.

Have we one harmonised system or not? No, we haven’t. We have some elements of harmonisation with the DGSs, DGSD1, DGSD2, the revision via CMDI. But the elements to be put in place to create this higher level of confidence are still missing, in my view.

So can we consider that there is no confidence in the system? Absolutely not. We are able to act, we are able to intervene, and there is already a good level of confidence.

Can we do better? Yes, definitely. The proposal made by Mr Karas is exactly one step. Is this sufficiently ambitious? If you ask me, I will say no. Obviously, I would expect more. Because it’s step one in a process which should be prolonged, but it’s already a step one. So again, I’m pragmatic.

So, to say that we start rethinking EDIS – call it whatever you want. Change the name. Please change the name. We will avoid a lot of controversies around ‘But EDIS, I don’t like it’. Okay, change the name, find another name, but don’t change the concept, which is about increasing confidence in our banking system.

1-0007-0000

**Jonás Fernández (S&D).** – Welcome back to our House, Chair. We have already talked about yesterday’s vote and this committee’s position on the review of the crisis management framework. I would like to ask you if you think that the text we adopted yesterday could to some extent provide inspiration for the Council to move forward in the negotiations, too. Parliament is committed to reaching an agreement on this issue and finalising it completely with a vote in plenary in this legislative term, but we are waiting for the Council. Do you have any information on the progress of the discussions in the Council or the extent to which our vote might help speed up those negotiations?

My second question relates to some of the priorities you mentioned in your initial speech, especially as regards governance and collaboration with other European and national authorities in light of this crisis management review. In principle, it will be possible to use national deposit insurance funds. Some of us believe that the use of national funds is not the best option in the framework of the Banking Union. However, we are all pragmatic, too, so we understand that it is a compromise solution to have liquidity in resolution. Yet that means that the Single Resolution Board will have to engage in dialogue with the national authorities that manage the national funds. So how do you envisage that cooperation given that, in a potential resolution in which you are taking the lead and taking the decisions to resolve a bank, you are going to be able to use the funds in national deposit insurance schemes managed by other institutions? It would seem sensible for you to start working on that new governance framework in order to avoid differences of opinion on a resolution in 48 hours.

1-0008-0000

**Dominique Laboureix, Chair of the Single Resolution Board.** – *(start of speech off mike)* ... is about the future elements to finalise this CMDI and what matters from our perspective – as I said, there is a delicate balance to be found between diverging interests.

So, let me start by the very beginning of the proposal. The proposal is about enlarging the scope for resolution for some additional banks. So let me recall some figures here. We have more or less 100 – a little bit more than 100 – banking groups, under our direct remit, the so-called 'significant institutions'. Among these significant institutions, we have 90ish already earmarked for resolution. The rest are development banks, things like that, so they are not banks for which resolution would bring a better outcome than liquidation. So the vast majority.

Among the less significant institutions, we have already 70 less significant institutions earmarked for resolution out of 2200. But, as you know very well, there are two Member States where IPSs represent more than 1500.

So, if we let aside these very small institutions, among the remaining LSIs, national resolution authorities have already earmarked for resolution 70. That means that CMDI will enlarge the scope to a new number of banks which will be defined based on all the criteria you've just decided upon. But in our best approach we are thinking about something like 30ish – around 25, 35 – banks. So we are exactly speaking about that.

So what do we expect in the future for finalising this negotiation is that there is clarity about what we want to achieve. What we want to achieve is to find a solution for these additional regional systemic banks based on an exit strategy – that's to say, to be sold to somebody else, frankly, and with, obviously, all the elements of resolvability in place at the moment of resolution. We cannot decide a resolution decision without having a bank ready for that.

So if there is no MREL, if the previous strategy was just liquidation, we won't be able to step in. We need MREL. We need resolvability. We need access to data – we need good data. We need available IT systems. And for a small bank, it's difficult.

So that's why the scope for more resolution cases will be limited also to the banks earmarked already for resolutions – over 70 already, plus the potential additional ones decided.

So what I expect is clarity about the ways of implementing these decisions. To put it as simply as that, don't complicate our life too much. We need optionality. We need flexibility. Because, as you said, we have not a lot of time. We need to decide in a very, very complex situation, based on a lot of pressure coming from the fact that a bank is failing, that there could be a systemic implication – financial stability is at stake – and so we need to decide quickly. It's a one-stop decision. We cannot come back saying, 'oh well, we have forgotten to tell you something'. No, it's too late.

So when we decide, it should be straightforward, crystal clear – as we did in Banco Popular in 2017 or Sberbank in 2022. So, one decision in one go, and we can implement it clearly and simply.

With that I go to your second question, which is extremely important. So, globally speaking – I'm coming back to what I said a minute ago – what we are speaking about is LSIs which would be earmarked for resolution. If we are speaking about a significant institution, it's all already decided between the SRB and the national resolution authorities, members of our executive sessions, when we are speaking about banks in difficulties. So we have already the organisation.

The difficult case is for a less significant institution. We have an oversight function. We're not in charge of these functions directly or these LSIs directly. So if the national resolution authority tells us, 'careful, this bank is going to hit the wall', we are preparing a resolution, and then at the moment, yeah, but perhaps resolution means access to a single resolution fund.

In that case, based on the law, there is a change of responsibilities, because the access to the Singular Resolution Fund is decided by us. It cannot be by the national resolution authority. So then there is a switch of responsibilities.

So that's why we've said and repeated everywhere that the key element is that we are sufficiently well aware and on board as early as possible – not to replace the responsibilities of the national resolution authority. If the national resolution authority tells us, 'we don't need the access to the Single Resolution Fund, we will find a solution because there is sufficient MREL, because whatever' – in that case, fine. No need to access the DGS. No need to access the Single Resolution Fund. No implication, except as an oversight function.

But if there is a need to access the Single Resolution Fund, we need to be sure that the 8 % is met. There is an access to the DGS, then – potential access to the DGS – and then there is a potential access to the SRF. Then we should be here involved as early as possible and able to connect with the DGS, with the national authorities, and with the other authorities involved.

So, as we've shown in an internal recent exercise, we organise the dry run – that's to say, an exercise based on a non-existing bank. We've started to work on exactly this case: what if an NRA in charge of an LSI earmarked for resolution tells us, 'sorry, but I need to access the Single Resolution Fund'. We have discussed exactly these elements recently, and the conclusion number one is coordination and exchange of information. This is the only solution to implement successful decisions.

1-0009-0000

**Stéphanie Yon-Courtin (Renew).** – *Bonjour, Monsieur le Président, chère Dominique.* I'll speak in English.

In several instances, you have advocated for more optionality in resolution strategies and tools, and in particular, for more use of transfer strategies, which is a view often shared at international level and confirmed by the responses to the 2023 banking crisis outside the EU.

I'm particularly interested in how transfer tools could be used in combination with other strategies, such as open bank bail-in, as this seems well tailored for larger banking groups with more diverse activities and business lines.

So, could you tell us how these combined strategies could be taken into account in your work on resolution?

1-0010-0000

**Dominique Laboureix, Chair of the Single Resolution Board.** – *Merci beaucoup. Je vais moi-même répondre en anglais.* Thank you very much for this question.

Indeed, this question of transfer strategies / combination of tools is more or less intrinsic to the debate on the bail-in tool. You remember that the bail-in tool was heavily discussed here and elsewhere, and the key question was: but are we really able to implement a bail-in decision for all the banks and in particular the biggest ones?

This is still a question mark, because it was not used yet in the previous cases. That's true that in all the previous resolution decisions taken here – again, Banco Popular and Sberbank – or elsewhere, the main tool which was used was essentially the transfer tool, directly or indirectly via a bridge bank first, and then selling in the second step.

So even the recent cases you've mentioned there – I mean, 2023 told us that the Swiss authorities decided for a G-SIB to go out of resolution – it was a sort of private sale – to go for a sale of Credit Suisse to UBS.

The next question for them obviously is: and if UBS fails, what is the solution? Who could buy UBS, which is now an enormous G-SIB? Who could buy our enormous G-SIBs?

That's why it's absolutely not possible to think that we can escape from the use of a bail-in tool, and we are working hard to put the bail-in tool at the right place. That's to say, to consider that it's still an available tool, which will be used each time it's necessary.

Let me say that for the moment 80 % of our resolution strategies based on resolution plans are targeting the open bank bail-in strategy. So, 80 %.

But at the same time, based on facts, that's true that – knowing that transfer tools themselves are not available, because we need to find a buyer – that's true that we need to think in terms of combining bail-in plus potentially transferring some elements.

So we have started to work on it. We have consulted about our MREL policy. We have launched a consultation in December last year for two months, which is just now finished. We are analysing the answers, and based on that, we want very clearly to work on this combination of tools. Combination of tools means we have to define as a strategy *ex ante*, during peaceful times, what would be kept under the open bank bail-in strategy and what would be available for a sale of business. And doing that is not that simple.

Let me remind you that, normally speaking, after the bail-in decision there's a restructuring phase for one month during which we can decide to – well, not we, because we've appointed a special manager – but the special manager can decide to sell, to prepare, etc. Here, combining the tools means that we would decide immediately, during the famous weekend, to organise a bail-in and an auction, or several auctions, for selling several elements of the failing bank.

So, this raises operational difficulties, which are solvable – definitely – and this raises all the consequences about embedding all the elements of such a strategy, again *ex ante* at the moment of a resolution phase. Here, there will be the question of recognising – or not – the possibility of tailoring the MREL to this new reality.

So, I've well read the compromise on CMDI with some elements about MREL calculations and we'll take them on board, obviously.

But, before that, what matters a lot to me is to have gained sufficient clarity on the way it could work. It's not enough to say, 'yeah, it's obvious that we can sell this and that at the moment of a resolution'. Okay, it's obvious, but let's think concretely in an operational way – and this is exactly part of the strategy when I said that we wanted to be much more operational and, let's say, less based on principles, but to see if it can work.

So, it's on the working programme. The idea is to work – obviously, the second part of this year and next year – to be able to put this combination-of-tools strategy in place at the latest for what we call the 26 cycle. So, this is the goal we have in mind, and we will work very seriously to implement this on time.

1-0011-0000

**Pedro Marques (S&D).** – Thank you, Mr Laboureix. I would like to start – since this is the last meeting in this term – also thanking you and the SRB for the impeccable collaboration



through these years. This was indeed an important one, given the complexity of these challenges that we have been facing together.

Also, the fact that the SRM part of the framework that we built for the banking union is certainly one that we can say that has been effective in time and that I would like also to commend. Also because we are obviously frustrated for the fact that part of it is still not there – EDIS is still not there. And still, in some troubling moments, we managed effectively the resolution of important banks, and that was very important for the stability of the system.

So the situation is not the one we wanted, but at least we got to a point with the work of your institution that allowed us to have some stability. I would like to point out that too.

But we do need to go further. We had an example of how this Parliament is trying to drive things through again and trying to signal to the Council that we cannot continue to just drag our feet on the EDIS package. It was very important that we had a first signal from this Parliament – or an additional signal from this Parliament – that we need to build compromise and stop dragging our feet.

We hope the Council hears us, even if of course we are frustrated that we had to create this two steps approach to EDIS, without a mutualisation fund, etc. in the end. But still it's a step in the right direction that we recognise, and it was a political statement in a sense from this Parliament that I would like to highlight.

Then I would like to go to the CMDI package. Of course, we just voted yesterday. Again, a lot of – as Luděk said at the beginning – a lot of political sensitivity in the package, but it would always be like that, I guess.

I wanted to refer to some of the issues that you commented on. On the funding, I would like you to go further on that. Of course, we indeed created the conditions. That's the purpose of the package: for more banks to be – more LSI banks – to be in conditions to be selected for resolution in the future.

But we also created the conditions to use the national funds as a bridge, and so to complete MREL, and we put in place some restrictions – important ones, so that there is no free ride.

You will see in the compromises that our approach was that the banks will have to be able to demonstrate that, for a long period of time before a situation in which they might need the bridge and the resolution, that they were complying with their MREL requirements, or the path that was established to their resolvability. That's something that I think is important and I think it addresses one of your concerns.

I would like also to have your comment on this approach we brought, which – I think there was a broad consensus, certainly in the Parliament, but we had discussions on this even with you. We approached the issue of the credit hierarchy in a way that we did not give to the large corporates the same type of protection of the rest of the deposits for a political choice.

But at the same time, even if we created this mechanism, we also increased the flexibility of the least-cost test, so that this would not endanger the capacity of finally deciding that the bank should go to resolution. I would like to have your comment on that political choice in a sense – in the way how you will be able to approach and to apply these conditions, if they stand in the final agreement.

Finally, I would like to have your comment on another political option – but I think there was a significant concern, even in the initial proposal of the Commission, to not go into that

direction, and we maintain that approach, which is to not have any kind of carve-out to specific institutions – namely from these particular countries in which the IPSs have a very critical role that we absolutely recognise – but that we could not create any situation of full carve-out for these institutions regarding the package, the CMDI package, and the approach and their role, namely on creating these bridges for the access to the resolution mechanisms. I'd like to have your comment on that as well.

I guess this would be it. Maybe later I might have a follow-up, if we have time, but it's probably not the case.

1-0012-0000

**Dominique Laboureix**, *Chair of the Single Resolution Board*. – Thank you very much for these comments and questions.

On EDIS, I repeat what I said – very good to restart the discussions on EDIS. As I said, if it's too controversial, call it differently. But indeed it's about building more confidence in the system of the banking union, having a better continuum between resolution, liquidation, protection of their businesses. From that perspective, EDIS makes a lot of sense. So let's start by this step one. But indeed for me it would be a pity not to find sufficient support for finishing.

I have the feeling from time to time to be in the middle of a river. We've crossed a part of a river. We cannot come back. Who would like to come back, to say, 'no more first pillar, no more second pillar. Let's come back to a purely national approach'? Obviously not.

So we need to finish to cross the river. And the finish line, the other bank of the river, is called definitely implementation of the different elements which are missing. CMDI is one. It's not connected in itself with the banking union, because it covers much more than the banking union topics. But it's one thing to improve the resolution system as a whole, and covering, as I said, much more early intervention, etc. And the second element is obviously EDIS to be finalised. So I'm among those who say that we should pay sufficient attention in the future composition of this Parliament to this topic, definitely.

On CMDI, yes, I've seen the number of the precautions, safeguards, you've introduced in the last compromise. Just a nuance. I've said from the very beginning that there was no free lunch, by the way, for a bank which failed. It's strange – it's more a funeral banquet than anything else, because in any case nobody will benefit from the disappearance of this bank which fails. So, no free lunch.

Indeed, in the initial proposal of the Commission it was implicitly said that – implicitly, not explicitly – that once you've earmarked a bank for resolution, they have to follow exactly the same route as the others, SIs or LSIs.

By adding these additional elements – I wonder – but it's a question mark – it's good to have sufficient safeguards, obviously. But I wonder if we want to tackle a risk in terms of confidence in the system and a risk of a systemic – regionally speaking – crisis, to say that a bank which benefited from some support it cannot access means that we will let this bank go to liquidation, normally speaking.

Then the question of building the confidence we need will stay on the table, depending on the liquidation aid or not. And I thought that initially one of the ideas was to avoid, as much as possible, these liquidation aids. So here a question mark – to answer your question.

On the creditor hierarchy, again, what you decide, we respect it. You're making the law. I'm implementing it. I said from the very beginning that I would have preferred to follow the initial proposal of the Commission about letting aside the super preference. You have preferred something different with a creditor hierarchy with a two-tier approach.

Okay. *[phone ring tone.]* Sorry. Excuse me for this interruption.

Then we'll start from that. I said that if we start from that, we need to go on the other side. Because if it's too complicated to compare between resolution and liquidation, at the end it will be liquidation, because we cannot demonstrate this.

So that's why it's important to introduce the elements you have introduced yesterday about the least-cost test. If you ask me, 'is this good enough?', I would tell you, 'careful.' I would have expected a bit more. It's a compromise. I respect the compromise. But careful. Because what matters for me is that this least-cost test is largely nationally driven.

So that means that, depending on the national approaches, about the DGSs, the decision about finding and computing the least-cost elements, etc. could be different. And then the outcome would be different. If I don't want to access a resolution decision with an impact on my DGS, I can find the least-cost test, which makes the balance impossible. And if I want to access the resolution fund, I can trigger some elements in the least-cost test.

So, what you said about asking EBA to harmonise is a good way of tackling this. I would have preferred to have more clarity in the level-one text, if you ask me. Sorry to answer so bluntly.

On the last question, well, you said it already. IPSs are IPSs, they were created a long time ago. They are efficient. The question is: can they be put aside from the common legislation? From my perspective, they are subject to resolution like the others. They are not excluded. So here we are exactly speaking about the improvement of the resolution framework.

So there are certainly positions to be found to preserve the value-added of these very specific organisations. But if you ask me, again as a representative of the Single Resolution Board, I think that if we start to consider that they are part of the legislation, they are not excluded from BRRD, they are not excluded from SRMR, they are not excluded from DGSD. In that case, there is no reason to exclude them from CMDI. It's as simple as that.

1-0013-0000

**Chair.** – Thank you. So we are at the end of the list and I haven't got any request for catch-the-eye, so let me thank Dominique very much for participating here. This is the last meeting in this composition, but I'm sure you will be more than happy to come to talk to our next ECON Committee, and I'm sure that this will be as fruitful a discussion as here. So, once more, thank you very much. Thanks to all Members that participated.

We have now point number 14: Any other business. I don't see any other business. So the only thing I can do is to announce the next meeting. So please note: Monday 8 and 9 April. Then we have Thursday 18 and Monday 22 April. That will be ECON BUDG meeting in Strasbourg.

Thank you all. Wish you good rest of the week and see you again soon. Thank you.

1-0014-0000

*(The hearing closed at 10:53)*