



To: Mrs Elisa Ferreira
Member of the European Parliament
elisa.ferreira@europarl.europa.eu

Brussels, 5 March 2014
Ref: HG/KKH/B19/14-050

E-MAIL

Bank levies as contributions to Single Resolution Fund

Dear Mrs Ferreira,

In the context of the ongoing negotiations on the Single Resolution Mechanism Regulation (SRM Reg.), co-operative banks would like to reiterate their call to allow Member States an option to recognise existing national bank levies as contributions to the Single Resolution Fund, in line with what is envisaged in the Bank Recovery and Resolution Directive (BRRD).

Indeed, Article 91 Paragraph 3b of the BRRD provides Member States with the option to establish either a resolution fund filled through bank contributions, or a financing arrangement funded by mandatory contributions (bank levies) without the requirement to create a separate fund for resolution. The EACB welcomes this approach which recognises that in some Member States existing bank levies already ensure that the banking sector makes a contribution to the costs of the support from the state for the recovery of credit institutions. This solution allows to avoid double payments in the countries where such levies exist.

The EACB considers that with the adoption of the SRM Reg., the solutions developed under the BRRD should be as much as possible replicated in the new SRM Reg. This is necessary to ensure the level playing field between the SSM and non-SSM Member States. Indeed, both the Parliament and Council had previously declared their commitment to ensuring convergence between the BRR and SRM rules.

The European Parliament, in Recital 59a, envisages that "*If national bank levies, taxes or resolution contributions in response to the crisis are in place in participating Member States, those should be replaced by contributions to the Fund in order to avoid double payments*". While the objective of avoiding double payments is fully supported by the EACB, we doubt whether the EU legislator has competence to regulate the national levy system. As a result, the obligation to introduce contributions may not be necessarily accompanied by divesting of national levies.

The EACB would therefore an amendment to Art 66 Paragraph 2b of the SRM (EP version) as annexed to this letter.

I remain at your disposal for any questions you may have.

Yours sincerely,

Herve GUIDER
General Manager



Annex: EACB proposal for amendment

Art 66 Paragraph 2b of the SRM:

<i>ECON Report</i>	<i>EACB amendment</i>
<p>Where participating Member States have already established national resolution financing arrangements, they may provide that the national resolution financing arrangements use their available financial means, collected from institutions in the past by way of ex-ante contributions, to compensate institutions for the ex-ante contributions which those institutions may be required to pay into the Fund. Such restitution shall be without prejudice to the obligations of Member States under Directive 94/18/EC of the European Parliament and of the Council.</p>	<p>Where participating Member States have already established national resolution financing arrangements <u>or national bank levies aimed to cover the costs of state support for the recovery and resolution of credit institutions</u>, they may provide that the national resolution financing arrangements use their available financial means, collected from institutions in the past by way of ex-ante contributions <u>or bank levies</u>, to compensate institutions for the ex-ante contributions which those institutions may be required to pay into the Fund. Such restitution shall be without prejudice to the obligations of Member States under Directive 94/18/EC of the European Parliament and of the Council.</p>