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European Banking Authority

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EBA Discussion paper on a template for recovery plans

In general we believe the template is well-balanced. There is however some important issues we would like to raise. Our first concern is the consistency between the European regulation and US Dodd Frank Act. Globally harmonized rules are one key issue. Another key issue is the cooperation between authorities and the number of plans for each group. We believe that the group recovery plan has to be the foundation and that plans for subsidiaries/branches should be a part of that plan. Another important issue is the question on secrecy issue since the different Member States has different secrecy regulation. It must be absolutely clear that the information in a recovery plan is secret, whether the information is held by an authority or not.

Question 3

The Swedish legislation has no provision in place regarding recovery plans and there are no guidelines in the matter. The institutes, which has been assessed as a G-SIFI, has however to establish a recovery plan according to the FSB recommendations. Moreover, institutes that are also active in the USA, has to establish recovery plans according to the Dodd Frank Act.

Question 4

The plan is primarily a concern for the bank. Although an internal review of the organization and its business will increase the awareness and transparency within the organization, it is unlikely that the plan will solve a forthcoming crisis. The plan will, however, likely constitute a good preparation for a crisis situation but should not be binding since one is not able to foresee how a forthcoming crisis will be.

Question 5

We believe the template is too comprehensive and in some respects it is very close to, or too close to the areas to be addressed in a resolution phase.



Question 6

The most important is to establish the possible recovery options that might be available in any given crisis. Again, one cannot predict how a crisis will occur, it is therefore difficult to choose the right scenarios or the right balance. It would therefore not be efficient to include scenarios and assumptions as possible point of reference for testing the various recovery options for a potential future crisis. A flexible thinking and a well analyzed organization and activities should be the main goal. Ranking among the various recovery measures is therefore neither a way forward.

Question 7

When it comes to triggers/early warnings there are several starting points; capital, liquidity, financing costs, the market capitalization. Again the importance should be to have a well analyzed organization and activities to be able to act flexible when/if a crisis occur.

Question 9

We believe a well defined cooperation between authorities is the basis to handle cross-border banks. It is important that the authorities have similar demands, and take similar measures within a group. Preferable the lead supervisory should coordinate demands and measures. To be able to coordinate the supervision we believe the group recovery plan has to constitute the foundation from which the individual plans are based.

Question 10

We believe Section B subparagraph d) is sufficient.

Question 12

We do not believe ranking is a good way forward, se above question 6.

Question 13

Requirements to establish a recovery plan has several good points. It implies a bank to go through the organization, the activities and links to counterparties and others. This in turn means that the bank become more transparent and it brings order and clarity and gives predictability how to act in a crisis situation.

Question 15

Based on the standpoint that the plan primarily is a concern of the bank, an annual update appears reasonable. If a change of certain dignity occurs during the year the plan should be updated. The authority should be a sounding board for the bank in preparation of the plan.



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Question 16

The object of establishing a plan must be considered to increase the awareness and transparency in the bank to be able to take action if or when it is needed. The circumstances when the plan is established is likely to be changed when it become necessarily to use the plan. A forward looking business plan should not be part of the plan. If such forward looking assessment should be part of the plan it should be kept at a high level.

SWEDISH BANKERS' ASSOCIATION

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