



BANKING STAKEHOLDER GROUP

CONSULTATION ON EBA/CP/2014/25 ON
“DRAFT GUIDELINES ON THE APPLICATION OF SIMPLIFIED
OBLIGATIONS UNDER ARTICLE 4 OF THE BANK RECOVERY AND
RESOLUTION DIRECTIVE (BRRD)”

General Comments and Replies to Questions

BY THE EBA BANKING STAKEHOLDER GROUP

London, December 15, 2014

Foreword

The EBA Banking Stakeholder Group (“BSG”) welcomes the opportunity to comment on the Consultation Paper 2014/21 “On the application of simplified obligations under Article 4 of the Bank Recovery and Resolution Directive (BRRD)”.

This response has been prepared on the basis of comments circulated and shared **among the BSG members and the BSG’s Technical Working Group on Recovery and Resolution.**

As in the past, the BSG supports an initiative that aims at harmonizing supervisory rules and practices across Europe, in order to ensure fair conditions of competition between institutions and more efficiency for cross-border groups. The BSG also expects these initiatives to facilitate data sharing between European supervisors and avoid reporting duplications for banks.

This response outlines some general comments by the BSG, as well as our detailed answers to some questions indicated in the CP.

General comments

In line with the principle of proportionality, Article 4 of the Bank Recovery and Resolution Directive requires Member States to ensure that their authorities define under which criteria simplified obligations for the purposes of recovery and resolution plans can be applied to certain institutions.

The BSG explicitly welcomes this step in implementing the principle of proportionality in the context of recovery and resolution planning to avoid an unnecessary burden for institutions that do not pose a systemic risk. The BSG also supports the harmonization in determining the criteria for assessing whether simplified obligations should be applied.

We also regard positive the fact that the draft guidelines ask for considering results from already existing supervisory processes like the SREP for risk profile analysis to determine the applicability of simplified obligations.

However, the guidelines and potential simplifications apply to stand alone institutions only but not to institutions that are included in a group recovery and resolution plan. For institutions that are of low systemic importance but included in a group recovery and resolution plan the degree of detail, frequency of updating the information etc. is subject to the requirements for the group plan.

Replies to Questions

1. Do you agree with the mandatory and optional indicators listed in the Guidelines for the criteria?

We do regard the list of mandatory and optional indicators listed as adequate and sufficient to determine the application of simplified obligations. The mandatory indicators should not pose an overdue burden to smaller institutions to provide the information requested.

2. Do you consider the level of detail in the Guidelines appropriate?

We do regard the level of detail as appropriate for providing a framework that is neither too rigid nor too flexible.

3. Do you agree that the lists of mandatory and optional indicators are sufficient to take account of the full range of business models and investment firms?

We do regard the lists of mandatory and optional indicators as sufficient. However, the indicators should always be supplemented by a qualitative assessment of the competent authorities and resolution authorities in taking the decision on applying simplified obligations.

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Submitted on behalf of the EBA Banking Stakeholder Group

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