



**Single
Resolution Board**

11/21/2017 | **6th Industry Dialogue: Update on the
Delegated Regulation on administrative
contributions**

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New Delegated Regulation adopted

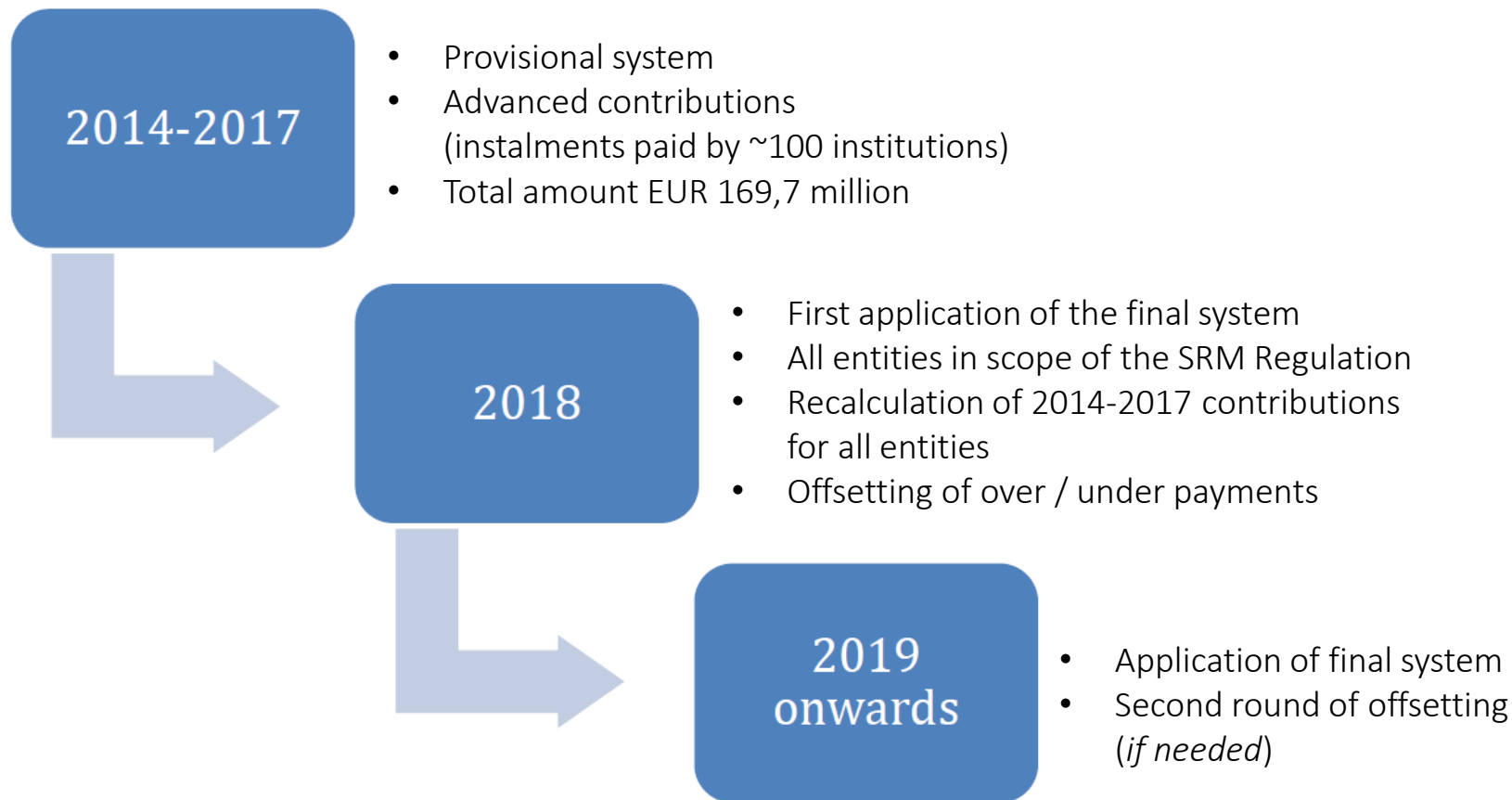


The **SRM Regulation** (“SRMR”) No. 806/2014 establishes that the administrative budget of the Single Resolution Board (“SRB”) shall consist of the **annual contributions** necessary to cover the annual **estimated administrative expenditure**.

On **14 September 2017** the European Commission adopted a Delegated Regulation on the **final system of contributions**. Once in force, this Delegated Regulation will establish the manner in which the amounts of the contributions are calculated as well as how they are collected.

From 2018 on, in Q1 of each year, the SRB will collect the annual contributions from **all institutions** that fall **in the scope** of the SRM Regulation in the **19 participating** Member States (MS).

Final system and transitional period



How were the contributions determined in the past?

Article 65(5) of the SRMR empowers the European Commission to adopt delegated acts regarding the contributions, including on how to determine them before the SRB becomes fully operational. In practice, this resulted in a **provisional system**, which had the following characteristics:

Provisional system ¹	
Budget years of application	<ul style="list-style-type: none"> • 2014/2015 (considered as one year) • 2016 • 2017
Contributing institutions	<p>Entities that were deemed significant by ECB and were mentioned in the list published on 4 September 2014 (excl. subsidiaries of a group and branches of credit institutions established in non-participating MS) were asked to pay advanced instalments.</p> <p>The amount of contributions due by these entities would be (re)calculated and settled under the final system.</p> <p>~ 100 entities</p>
Reference date for data	<p>31 December 2013 (or on applicable date for the financial year 2013)</p>
Data used in the calculation	<p>Calculation was based on total assets only</p>

¹ In accordance with the Commission Delegated Regulation (EU) No 1310/2014

How will the contributions be determined in future?

On 14 September 2017, the European Commission adopted its proposal for the **final system** of administrative contributions to the SRB. **If not objected by the European co-legislators¹**, the system will have the following characteristics:

Final system	
Budget years of application	From 2018 onwards and recalculation of previous budget years
Contributing institutions	<p>All entities in accordance with Article 2 of SRM Regulation:</p> <ul style="list-style-type: none"> • All credit institutions established in a participating MS • Parent undertakings (incl. financial holding and mixed financial companies), that are subject to consolidated supervision by the ECB • Investment firms and financial institutions, that are subject to consolidated supervision by the ECB <p>~ 3000 entities</p>
Reference date for data	Using data collected by the ECB for SSM fees in the previous financial year
Data used in the calculation	Calculation will be based on total assets and total risk exposure

¹ Expected for mid-December 2017 (official publication) and entry into force in the beginning of January 2018.

Who needs to contribute?

Entities in scope of Administrative Contributions (Yes / No)	
Credit institutions, established in a participating MS, as defined in CRR 575/2013	Yes
Investment firms, as defined in CRR 575/2013	Yes, when covered by the consolidated supervision of the parent undertaking carried out by the ECB in accordance with 1024/2013 Art. 4(1)(g)
Financial institutions	
Financial holding companies, including mixed	
Parent financial holding companies, including mixed	
Branches, established in a participating MS of credit institutions of non-participating MS	No
Data reporting level	Individual, unless belonging to a group – then consolidated

How will the contributions be calculated?¹

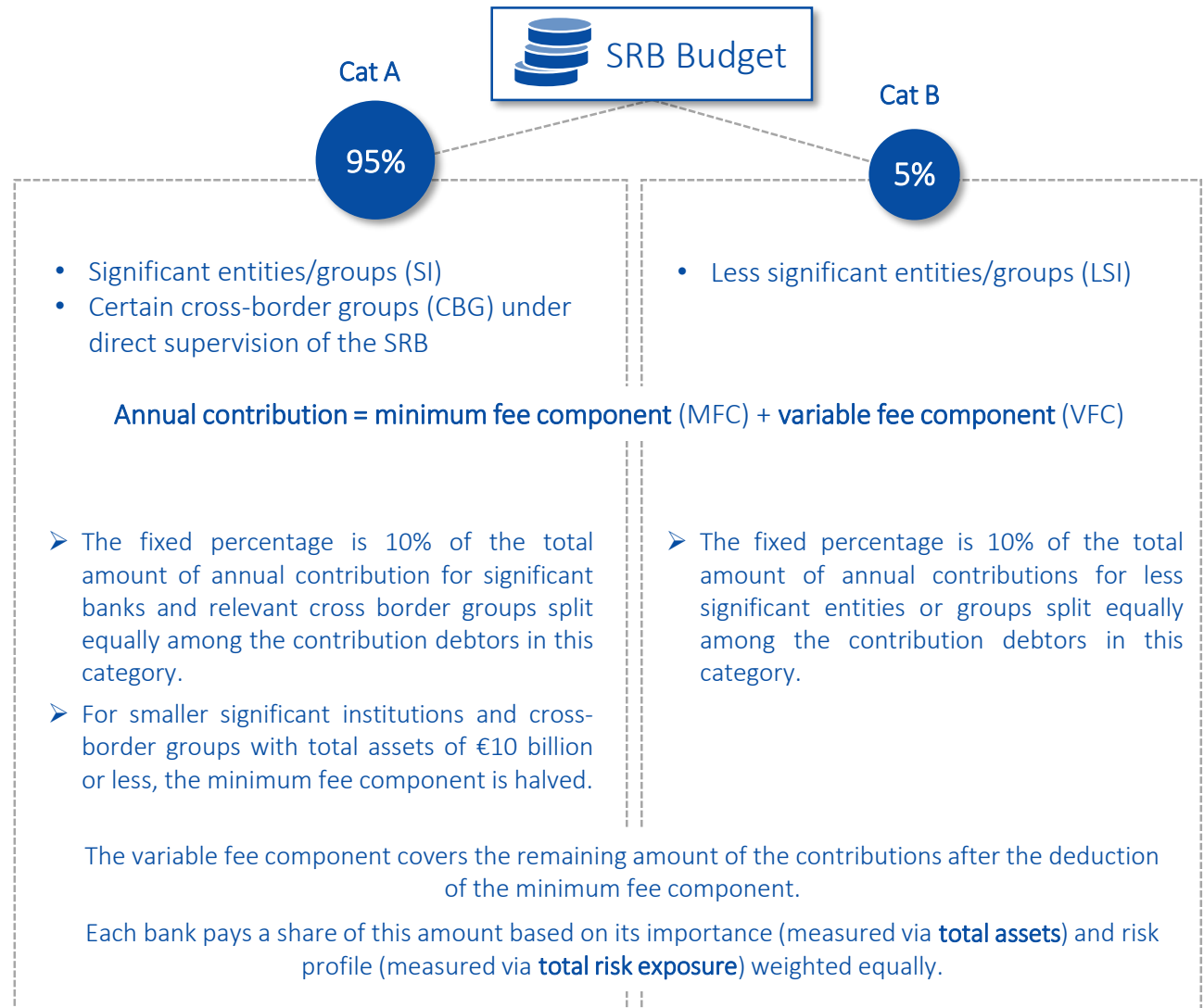
How is the **budget allocated**?

Which **institutions** fall in each **category**?

How are the **annual contributions** calculated?

➤ **Minimum fee component (MFC)**

➤ **Variable fee component (VFC)**



¹ For more detailed explanation please see annex.

(Re)calculation of the transitional period

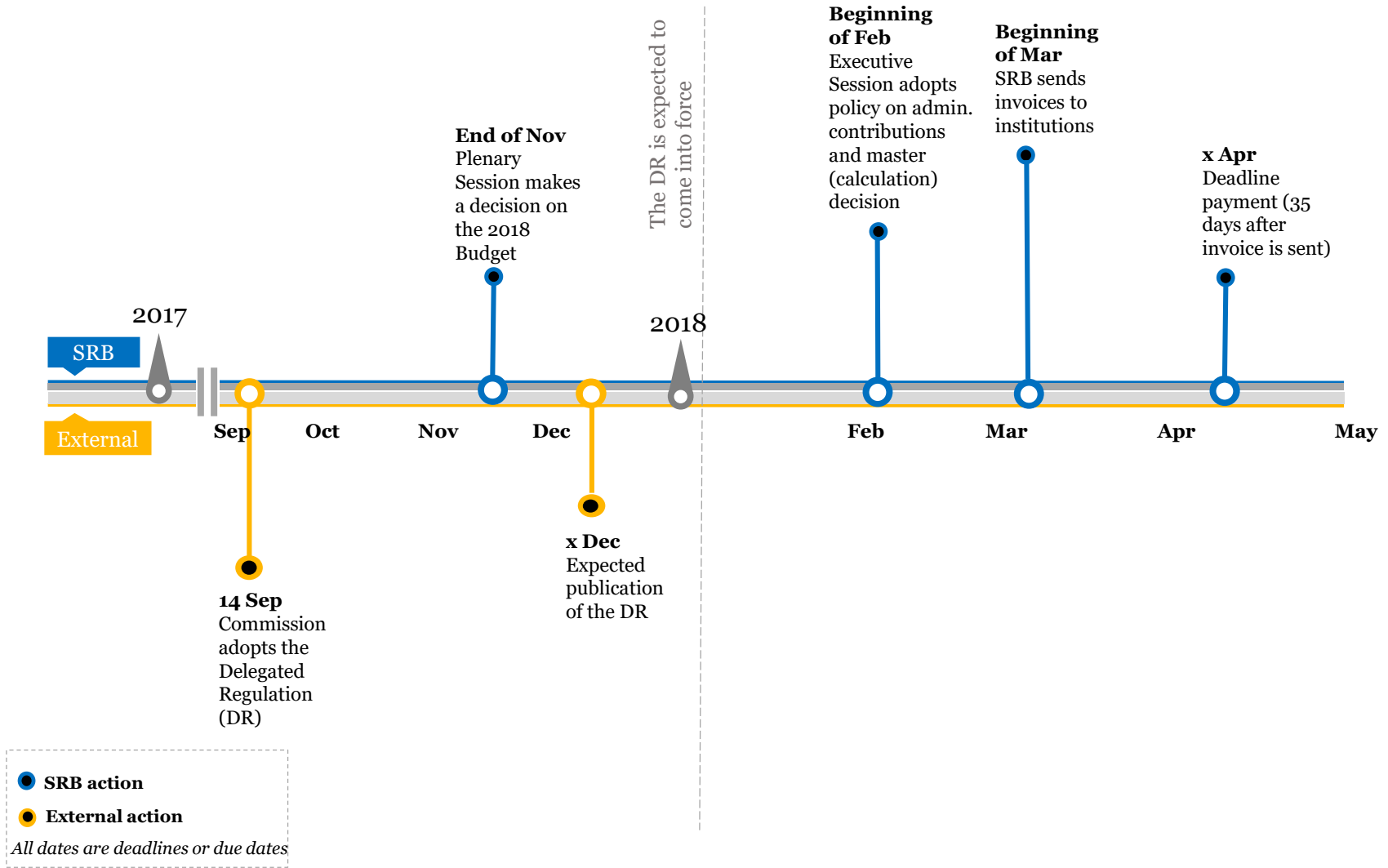
As soon as the new Delegated Regulation comes into force, the **transitional system** will be replaced by the **final system**. Therefore, it is expected that in 2018, the SRB will -for the first time- **raise administrative contributions based on the final system** and **(re)calculate contributions** due for the provisional period taking into account the **advanced instalments paid** in this period by ~ 100 entities.

The following **principles** will apply for the (re)calculation:

- For entities that paid advanced instalments, any difference between the instalments paid by significant entities and the recalculated contributions shall be settled by **decreasing or increasing annual contributions**
- For entities that did not pay advanced instalments, **all contributions** will have to be paid for those budget years
- In case the **increase** or **decrease is larger** than **2018 annual administrative contribution**, the amount will be capped and the remaining adjustment will continue in the following years.

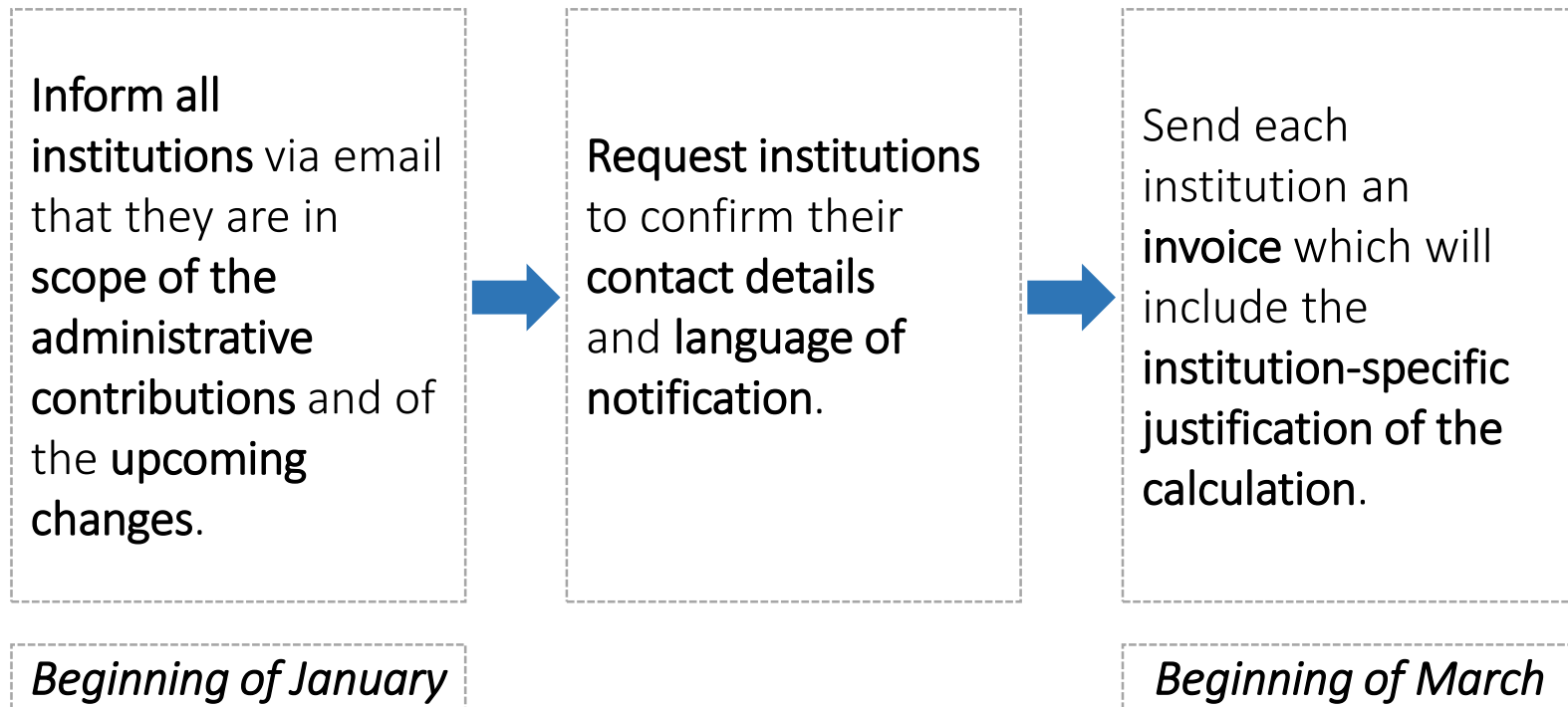
Transitional period in 2018

Preliminary timeline



Collection of contributions in practice

Once the new Delegated Regulation comes into force (expected beginning of January 2018), the SRB will:



Please note: NRAs are not involved in the process of raising administrative contributions.

More information

The SRB will inform all entities that are liable to pay contributions under the final system of the upcoming changes as soon as the Delegated Regulation comes into force. Until that moment, entities are referred to the following documents for more information:

- > [European Commission news](#) on the adoption of the Delegated Regulation on the final system of contributions to the administrative expenditures of the SRB
- > [Commission Delegated Regulation](#) on the final system of contributions to the administrative expenditures of the SRB
- > [Commission Delegated Regulation](#) (EU) No 1310/2014 (provisional system of instalments that has been in use since 2014)

Also, the SRB website will be updated with more information on administrative contributions as soon as it becomes available

(<https://srb.europa.eu/en/content/administrative-contributions>).

Main Challenge: Communication

Communication towards the banks

- Given that many institutions are not aware of the upcoming changes, **communication** is one of the main challenges that need to be addressed.
- Therefore, help from (**national banking associations**) in informing their members would be much appreciated.
- Also, **ideas** and **suggestions** on how to better inform institutions are welcomed. The SRB team can be reached via SRB-ADMIN-CONTRIBUTIONS@srb.europa.eu.



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THANK YOU

How will the contributions be calculated?

How is the **budget allocated**?

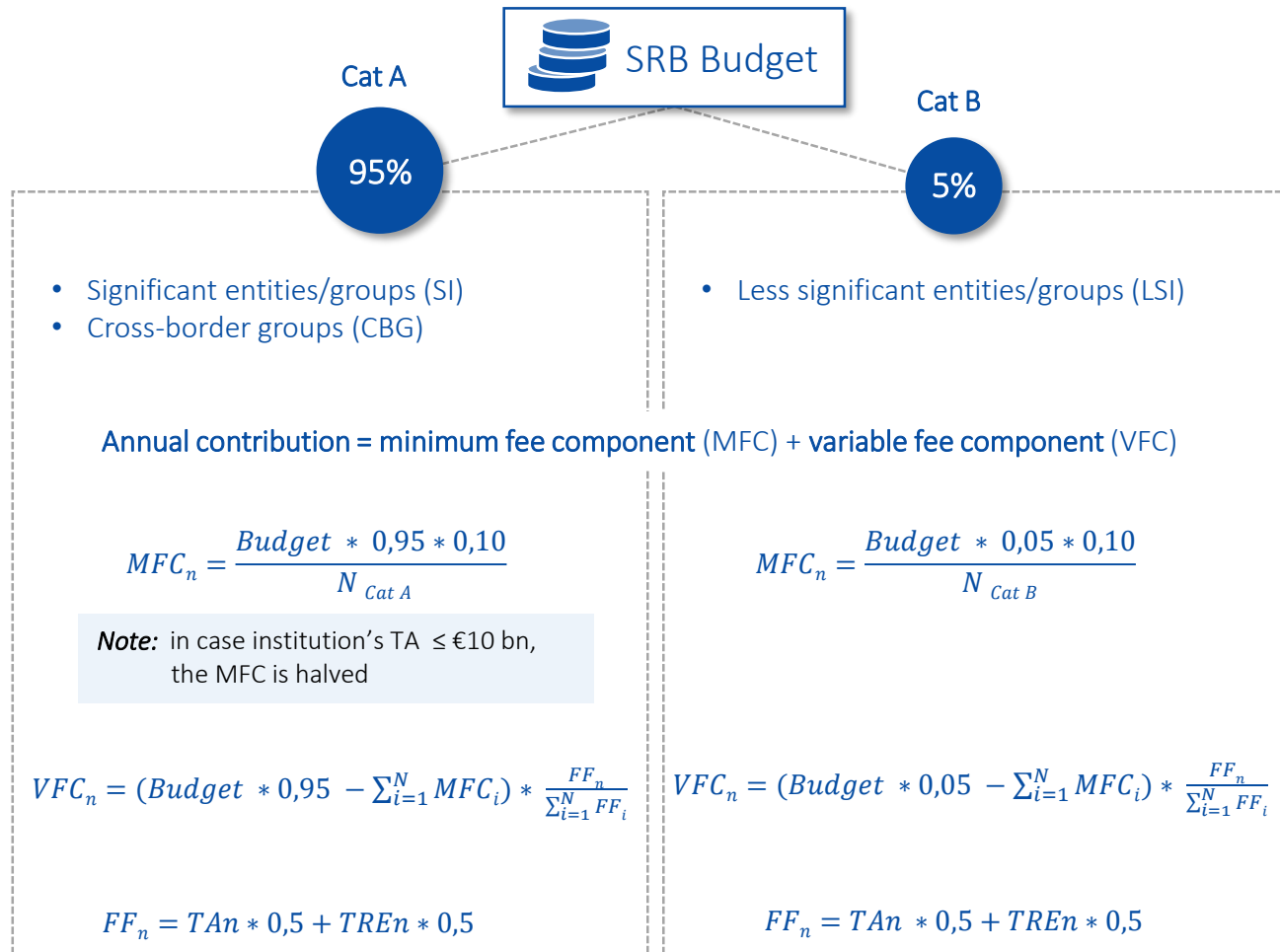
Which **institutions** fall in each category?

How are the **annual contributions** calculated?

What is the **minimum fee component (MFC)** for each category?

What is the **variable fee component (VFC)** for each category?

What is the **fee factor (FF)**?



TA – total assets
 TRE – total risk exposure
 N – total number of entities per cat.

MFC – minimum fee component
 VFC – variable fee component
 FF – fee factor