

# 2018 Contributions to the administrative expenditures of the SRB

## Frequently asked questions (FAQs)

### Introduction

On 8 January 2018, Commission Delegated Regulation (EU) No 2017/2361 of 14 September 2017 on the final system of contributions to the administrative expenditures of the Single Resolution Board (“DR”) came into force. The final system replaces the transitional system that had been in place since the Board started its operations in November 2014.

### Key deadlines

<b>SRB has sent information letter to all entities</b>	10 January 2018
<b>Deadline for entities to confirm contact details and invoicing preferences</b>	26 January 2018
<b>Issuance of Contribution Notices</b>	March 2018
<b>Payment deadline</b>	April 2018

### Questions related to:

#### A. Scope and process

##### **1. Who has to contribute?**

All credit institutions established in the Banking Union need to contribute to the administrative expenditures of the Single Resolution Board (“SRB”). The same holds true for all parent undertakings (incl. financial holding and mixed financial holding companies), investment firms and financial institutions that are covered by the consolidated supervision of the European Central Bank (“ECB”).

Please be aware that although the scope of the SRBs administrative contributions overlaps with that of the ECBs supervisory fees, there are differences between the two. The main difference being that branches established in a participating country by a parent bank based in a non-participating country are not in scope of the SRBs administrative contributions.

##### **2. Do entities contribute at solo or group level?**

The annual contributions due by entities that are members of the same banking group are calculated and collected at the group level (as a single contribution).

##### **3. What is a contribution debtor?**

The 'contribution debtor' in the context of the SRB's administrative contributions is the entity that is identified as 'fee debtor' for the purpose of the ECB's supervisory fees. In case of a banking group, it is the member of the group that is nominated by the group to act on its behalf as the 'fee debtor'.

#### ***4. What is expected of the contribution debtor?***

The contribution debtor is the contact point towards the SRB for all communication related to annual administrative contributions. It is also legally responsible for the payment of the contribution amount.

#### ***5. Can we change our contribution debtor?***

Yes, but only by nominating another fee debtor for the purpose of the ECB's supervisory fees (<https://www.bankingsupervision.europa.eu/organisation/fees/html/index.en.html>). The legislation dictates that the contribution debtor has to be the same entity as the fee debtor.

#### ***6. Why did we need to confirm our contact details (SRB letter dated 10 January 2018)?***

The SRB received the contact details of each contribution debtor from the ECB. As 2018 is the first year in which the SRB invoices its administrative contributions to all entities, to ensure that Contribution Notices and related communications are properly addressed, the SRB requested all entities to confirm their contact details and invoicing preferences.

#### ***7. Can we change our contact details and invoicing preferences after confirming them?***

Yes. You can do so by sending an email to [SRB-ADMIN-CONTRIBUTIONS@srb.europa.eu](mailto:SRB-ADMIN-CONTRIBUTIONS@srb.europa.eu). For operational reasons, however, with respect to the 2018 contribution cycle the SRB cannot take into account changes in the invoicing preferences of entities anymore but will be taken into account for 2019 onwards.

#### ***8. How often do we need to pay administrative contributions?***

Annually. The SRB will raise administrative contributions once a year. In exceptional circumstances when the administrative budget of the SRB is amended, the increased amount may be raised additionally during the same year.

#### ***9. Are administrative contributions the same as ex-ante contributions?***

No. The two contributions serve different purposes. Administrative contributions are raised to finance the administrative expenditures of the SRB, similar to the supervisory fees that the ECB levies to cover the expenditure incurred in relation to its supervisory tasks. Ex-ante contributions are raised for the Single Resolution Fund which, where necessary, may be used to ensure the efficient application of resolution tools and the exercise of the resolution powers conferred to the SRB by the SRM Regulation.

## **B. Calculation and data submission**

#### ***10. Which contributions are calculated in 2018?***

In 2018, the SRB calculates the contribution amounts for the financial years 2015, 2016, 2017 and 2018. This follows from the entry into force of the DR, which replaced the provisional system. This

DR foresees a (re)calculation (and settlement) of the contributions for the provisional period (2015-2017) and lays down the methodology for the calculation of the SRB's administrative contributions from 2018 onwards.

### **11. How were the SRB's administrative contributions calculated before the entry into force of the new DR?**

Under the provisional system, entities considered as significant by the ECB on 4 September 2014 paid instalments to cover the full administrative expenditures of the SRB. These instalments were determined by multiplying the total amount to be raised by the ratio of total assets of the significant entity to the aggregate of the total assets of all significant entities required to pay.

### **12. Did we need to submit financial data to the SRB for the calculations performed in 2018?**

No. The SRB does not collect data directly from entities. It uses information provided by entities to the ECB for the purpose of the calculation of ECB's supervisory fees.

### **13. What are the reference dates of the fee factors used in the SRB's calculations?**

The DR establishes the following references dates for the (re)calculations performed in 2018:

Financial year	Reference date
<b>2015</b>	31 December 2014*
<b>2016</b>	31 December 2015*
<b>2017</b>	31 December 2016*
<b>2018</b>	31 December 2016**

\* Following Art. 10(3) DR, the recalculation of the provisional period was performed using data collected by the ECB in those financial years (t-1).

\*\* From 2018 onwards, the SRB will calculate on the basis of data collected by the ECB during the previous financial year (t-2) (Ref. Art. 6(1) DR).

### **14. What are the total annual amounts to be raised?**

In order to establish the total amount to be raised in 2018 and to properly perform the ex-post calculations for the financial years 2015, 2016 and 2017, the SRB took into consideration:

- the budget adopted by the Board for that financial year;
- any subsequent amendments thereof;
- the result of the budget of the latest financial year for which the final accounts have been published; uncollected amounts of annual instalment (relevant for 2015 and 2016);
- the fact that in the financial year 2017 the amendment to the budget was financed using part of the surplus of the previous financial year.

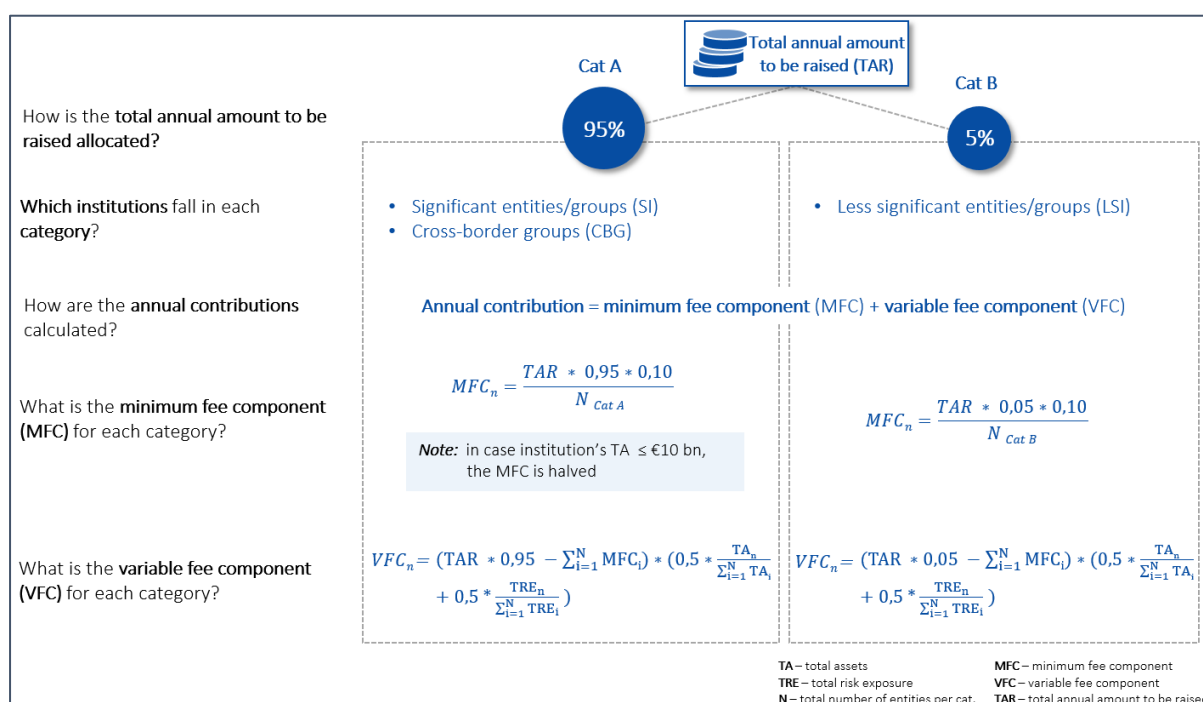
These considerations have led to the following amounts to be raised to be established:

a. for the financial year 2015:	€ 21.829.111,21,
b. for the financial year 2016:	€ 56.673.870,87,
c. for the financial year 2017:	€ 83.004.442,12,
d. for the financial year 2018:	€ 91.368.435,65;

## 15. How are the SRB's administrative contributions calculated from this financial year onwards?

Entities are required to contribute to the SRB's administrative expenditures in proportion to the resource requirements that they place on the Board, as approximated by observable data (on the size and risk of their activities). Before contributions are individually allocated to entities, they are split between entities under direct responsibility of the Board (Category A) and entities under the responsibility of national resolution authorities (Category B), with fixed shares of 95% and 5%, respectively.

As illustrated below, the final contribution of each entity consists of a **Minimum Fee Component (MFC)** and a **Variable Fee Component (VFC)**.



Source: SRB.

The contributions are calculated on a **monthly** basis and generally collected at the beginning of each year.

## 16. Can we recalculate our 2015, 2016, 2017, 2018 contributions and the amount that is invoiced in 2018?

No. In line with the ECB, the SRB publishes (see 2018 Statistical information for estimation of contributions on [SRB website](#)) yearly averages of the aggregated amounts needed for the recalculation. This means that entities do not have enough granularity to recalculate their contributions fully. It however enables entities to have a good estimation of the amounts.

In order to estimate the contributions for the years 2015, 2016, 2017 and 2018, your entity needs the following information:

#### Minimum fee component (MFC):

- The total amount of annual contributions to be raised (see Annex B to the Contribution Notice);
- The category to which your entity belongs (see Annex B to the Contribution Notice);
- The average number of contribution debtors in the category your entity belongs to (see 2018 Statistical information for estimation of contributions on [SRB website](#));
- The total assets (TA) of your entity (note that if you are part of Category A and your TA are smaller or equal to € 10bn, the MFC is halved) (see Annex B to the Contribution Notice).

#### Variable fee component (VFC):

- The total amount of annual contributions to be raised (see Annex B to the Contribution Notice);
- The category to which your entity belongs (see Annex B to the Contribution Notice);
- The sum of MFCs of all entities in the category your entity belongs to (the MFCs as calculated above multiplied with the total amount of contribution debtors in the respective category);
- Your entity's TA and total risk exposure (TRE) (see Annex B to the Contribution Notice);
- The aggregate average TA and TRE of the entities in the category your entity belongs to (see 2018 Statistical information for estimation of contributions on [SRB website](#)).

In order to estimate the final amount **invoiced** to your institution in 2018, a few additional steps are needed:

1. Take into account the estimated annual amounts to be paid for the respective years and the instalments paid by all the entities you merged with or acquired since November 2014 (see Annex B to the Contribution Notice).
2. Estimate the total amount to be resettled, which is the difference between the sum of the contributions calculated for the years 2015, 2016 and 2017 and the instalments that your entity paid during the provisional period, if any.
3. Take into consideration the 'cap' foreseen in Article 10(7) of DR on the settlements of the amounts overpaid/underpaid during the provisional period:
  - a. If during the provisional period your entity did not pay instalments or contributed less than the amounts due under the final system, the payment requested in 2018 is capped to twice the value of 2018 contributions, so that it is equal to the minimum between: (i) two times the contribution calculated for the year 2018 and (ii) the sum of the contribution calculated for the year 2018 and the total amount to be resettled.

- b. If during the provisional period your entity contributed more than the amounts due under the final system, a discount was applied to the 2018 contribution, so that the payment requested in 2018 is equal to the maximum between 0 and the difference between the contribution calculated for the year 2018 and ca. 80,53% of the total amount to be resettled. This limitation on the Provisional Period Settlement follows from the application of Article 10(7) of the DR and the obligation of the SRB to balance the budget and to follow the general principles of sound financial management.

Any amount that could not be resettled in 2018 will be resettled in the subsequent financial years. The outstanding settlements postponed to the next financial year(s) are shown in Annex B of the Contribution Notice.

### ***17. Will a change in my entity's situation affect my annual contribution?***

Yes. Depending on the type of change reported by the institution to the ECB, the annual contribution to the SRB's administrative expenditures can be affected:

- A **newly authorised** institution, established in the Banking Union and not forming part of an existing supervised group, must pay the annual administrative contribution.

The amount is calculated on the basis of the number of full months for which the entity has been supervised in the contribution period. This means that a newly authorised entity must pay the contribution covering the period from the first full month following the date of its authorisation. Where applicable, the payment of such amount will be requested in the following round of collection of contributions, together with the contributions pertaining to the following financial year.

- An institution whose **authorisation is withdrawn** or a supervised group that is supervised for only part of the contribution period must pay administrative contributions covering the number of full months for the period to the date on which its authorisation ceases. If it has already paid the contribution for the relevant contribution period, the SRB will make a refund in the following contribution period when updated data is provided to the SRB by the ECB.
- A **change in status between significant** (category A) **and less significant** (category B), including due to a merger or acquisition, will mean a change in the amount of the annual administrative contribution. Entities will be classified in the respective categories on the basis of the number of months for which the entity falls under the respective category at the last day of the month.

Independently of the change, it is important to note that any **change occurring after the date on which the data was transmitted by the ECB to the SRB**, will be taken into account and settled in the subsequent administrative contribution collection cycles in accordance with the DR.

## **C. Payment of Administrative Contributions**

### ***18. Is it possible to pay the SRB's administrative contributions via direct debit?***

No. The SRB administrative contributions need to be paid via credit transfer to the SRB's bank account in accordance with the terms specified in the Contribution Notice.

***19. How much time do we have to make the payment after we received the Contribution Notice?***

Entities are required to pay the contribution amount within 35 days after the Contribution Notice has been issued by the SRB. The contribution will be considered paid once the full amount has been credited to the SRB's bank account (day of payment).

***20. What happens if we do not pay on time?***

If the SRB's account is not credited by the full payment of the contribution by the deadline, the SRB is entitled to accrue interest on a daily basis on the unpaid amount of the administrative contributions. Interest is accrued at the rate applied by the ECB to its main refinancing operations that is in force on the first calendar day of the month in which the payment deadline falls, plus 8 percentage points per annum. Interest will be calculated from the first day after the date on which the payment was due. Payments of the annual contributions due and any interest for late payment are enforceable by the SRB in all Member States participating in the Banking Union.

***21. What if I cannot find an answer to my question here?***

Please send your question to [SRB-Admin-Contributions@srb.europa.eu](mailto:SRB-Admin-Contributions@srb.europa.eu) or contact our helpdesk: +32 2 490 3444.