

# 2019 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

SRB has sent information letter to all entities	21 January 2019
Deadline for entities to confirm contact details and invoicing preferences	1 February 2019
Issuance of Contribution Notices	21 February 2019
Payment deadline	28 March 2019

### 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.

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## **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).

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## **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'.

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## **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.

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## **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.

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## **6. Why did we need to review/confirm our contact details (SRB letter sent in January)?**

The SRB received the contact details of each contribution debtor from the ECB. In 2018, given it was the first year in which the SRB invoiced its administrative contributions to all entities, to ensure that Contribution Notices and related communications were properly addressed, the SRB requested all entities to confirm their contact details and invoicing preferences. In 2019, a similar process is followed. However, entities that were already in scope in the previous cycle are requested to come back to the SRB only in case the data used for the 2018 cycle needs to be amended. All entities that were not in scope in the previous cycle need to confirm to the SRB their contact details and invoicing preferences.

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## **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 2019 contribution cycle the SRB cannot take into account changes in the invoicing preferences of entities after the deadline end of January. Those will then be taken into account for 2020 onwards.

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## **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.

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## 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

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### 10. Which contributions are calculated in 2019?

In 2019, the SRB calculates the contributions amounts for the current financial year. Additionally, it (re)calculates the previously invoiced contributions of institutions that changed scope, status or other data in the past year(s) and for which those changes were reported by the ECB in the current contribution cycle. Lastly, the SRB determines the part of outstanding settlements of the individual administrative contributions due under the provisional period and postponed in the previous cycle that shall be settled in 2019.

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### 11. Did we need to submit financial data to the SRB for the calculations performed in 2019?

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.

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### 12. 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 2019:

Financial year	Reference date
2017	31 December 2016*
2018	31 December 2016**
2019	31 December 2017**

\* 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).

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### 13. What is the total annual amount to be raised?

In order to establish the total amount to be raised in 2019, the SRB will take 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;

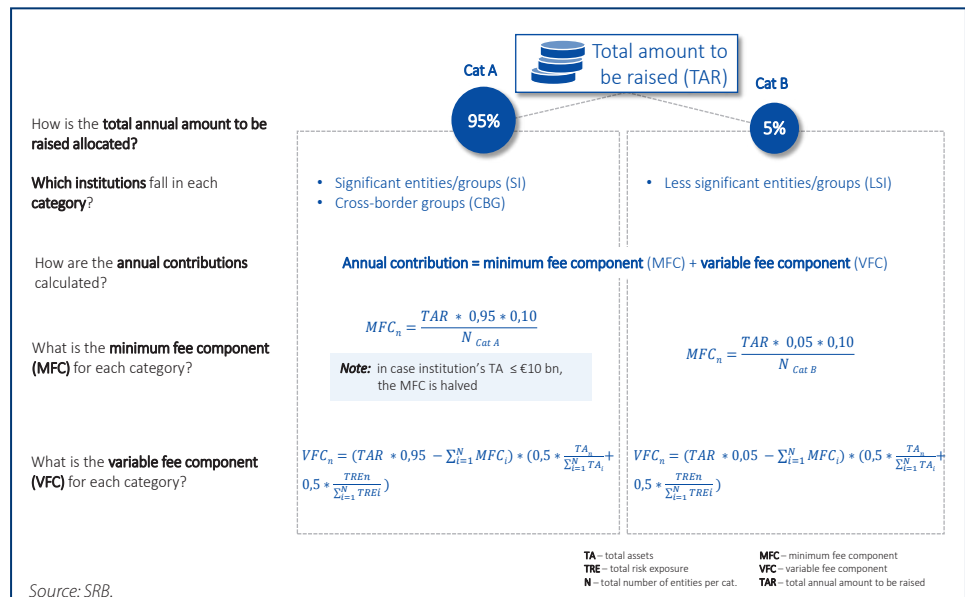
- The aggregate result of the adjustments made to the contributions of institutions that changed scope, status or other data in the past year(s) and for which those changes were reported by the ECB in the current contribution cycle

These considerations have led to the following amount to be raised for the financial year 2019: EUR 88,827,793.16.

#### 14. How are the SRB's administrative contributions calculated?

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).



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

#### 15. Can we estimate the amount that is invoiced in 2019?

Yes. In line with the ECB and the approach followed by the SRB in the previous cycle, the SRB publishes yearly averages of the aggregated amounts. With this information, entities can fully determine the calculated contributions for the financial years 2018 and 2019. Entities will however not have enough granularity to fully calculate the contributions pertaining to the years of the Provisional Period (2015 – 2017).

In order to estimate the contribution invoiced in 2019, your entity shall perform the following steps:

## STEP 1: DETERMINE THE CONTRIBUTION CALCULATED FOR 2019

- A) In order to recalculate the Minimum Fee Component (MFC), you need the following:
- The total amount of annual contributions to be raised (TAR, see Annex A “Calculation details” to the Contribution Notice);
  - The category to which your entity belongs (see Annex A “Calculation details” to the Contribution Notice);
  - The average number of contribution debtors in the category your entity belongs to ( $N_{cat A} / N_{cat B}$ , see “2019 Statistical information for estimation of contributions” on the [SRB website](#));
  - The total assets (TA) of your entity: if you are part of Category A and your TA are smaller or equal to € 10bn, the MFC is halved (see Annex A “Calculation details” to the Contribution Notice).
- B) In order to estimate the Variable Fee Component (VFC), you need the following:
- The total amount of annual contributions to be raised ((TAR, see Annex A “Calculation details” to the Contribution Notice);
  - The category to which your entity belongs (see Annex A “Calculation details” to the Contribution Notice);
  - The sum of MFCs of all entities in the category your entity belongs to;
  - Your entity’s TA and total risk exposure (TRE) (see Annex A “Calculation details” to the Contribution Notice);
  - The aggregate average TA and TRE of the entities in the category your entity belongs to (see “2019 Statistical information for estimation of contributions” on [SRB website](#)).

## STEP 2: ESTIMATE THE RECALCULATED CONTRIBUTION(S) FOR 2017/2018

- A) If **your entity went out of the scope** during the year 2017 or 2018: The entity (or its legal successor in scope) will be refunded with a part of the contributions paid for those respective years, proportionally to the number of months it was out of scope in those years (i.e.: if your entity lost its licence on 15 November 2018 and in 2018 it was initially requested to pay a full year of contributions (EUR 120 (EUR 10/months for 12 months)) it, or its legal successor in scope, will be refunded for two months (EUR 20) in 2019).
- B) If **your entity changed status** during the year 2017 or 2018: The contributions will be recalculated based on the statistical information of those respective years (as published on the [SRB website](#)) and the methodology outlined above.<sup>1</sup> The difference between the recalculated contribution and the contribution initially invoiced will be refunded/requested to the entity.

Supposing, your entity was requested to pay in the previous contributions cycle as part of Category A for 12 months. Based on the updated ECB data, it appears that your entity’s status changed from Category A to Category B on 15 November 2018. The contribution will be recalculated as follows:

- The contribution of the 10 first months of 2018 will not change (entity remains Category A);
- The contribution of the 2 last months of 2018 will be recalculated considering your entity as part of Category B and updating the following parameters:

$$\begin{aligned} \text{(i) } N_{cat B} &= N_{cat B +1} ; \\ \text{(ii) } TA &= TA_{used\ in\ 2018} + TA_{your\ entity} ; \\ \text{(iii) } TRE &= TRE_{used\ in\ 2018} + TRE_{your\ entity} . \end{aligned}$$

<sup>1</sup> In accordance with Article 7(\*) of the DR, when recalculating the contribution of an individual entity or group, only the changes concerning that individual entity or group are considered

- The difference between the initially invoiced contribution (12 months as Category A) and the recalculated contribution (10 months as Category A and 2 months as Category B) will be refunded to the entity.
- C) If **your entity entered the scope** during the year 2017 or 2018: The contributions will be calculated based on the statistical information of those respective years (as published on the [SRB website](#)) and the methodology outlined above for the number of full months after which your entity entered the scope.<sup>2</sup> The entity will be requested to pay for those months retrospectively.

Supposing, your entity entered the scope on 15 June 2018 as Category B. The contribution will be calculated as follows:

- A contribution for the last 6 months of 2018 will be calculated considering your entity as part of Category B and updating the following parameters:

$$\begin{aligned} \text{(i) } N_{\text{CatB}} &= N_{\text{Cat B +1}}; \\ \text{(ii) } TA &= TA_{\text{used in 2018}} + TA_{\text{your entity}}; \\ \text{(iii) } TRE &= TRE_{\text{used in 2018}} + TRE_{\text{your entity}}. \end{aligned}$$

### STEP 3: DETERMINE THE AMOUNT OF SETTLEMENTS FROM THE PROVISIONAL PERIOD POSTPONED IN 2018 AND SETTLED IN 2019, YOU NEED THE FOLLOWING:

- A) The amount of outstanding settlements postponed in 2018 to the following financial year(s) from your entity and all the entities you merged with or acquired (see Annex A “Overview of calculation results” to the Contribution Notice).
- B) Take into consideration the ‘cap’ foreseen in Article 10(7) of DR on the settlements of the amounts overpaid/underpaid during the provisional period:
- If your entity still owes an amount from the Provisional Period: The payment requested in 2019 is capped to twice the value of the 2019 calculated contributions, so that it is equal to the minimum between: (i) two times the contribution calculated for the year 2019 and (ii) the sum of the contribution calculated for the year 2019 and the total amount of outstanding settlements postponed in 2018.
  - If an amount from the Provisional Period is still owned to your entity: a discount is applied to the 2019 contribution, so that the payment requested in 2019 is equal to the maximum between 0 and the difference between the contribution calculated for the year 2019 and ca. 96,59% of the outstanding settlement postponed in 2018. 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 settled in 2019 will be settled in the subsequent financial year(s). The outstanding settlements postponed to the next financial year(s) are shown in Annex A “Overview of calculation results” of the Contribution Notice.

The **final amount of contribution invoiced in 2019** can be estimated by **adding** the amounts calculated in **step 1, step 2 and step 3**.

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## 16. 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:

<sup>2</sup> In accordance with Article 7(\*) of the DR, when calculating the contribution of a new entity or group, only the impact of that individual entity or group is considered.

- 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

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### 17. 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.

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### 18. 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).

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### 19. 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.

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## 20. Does the SRB have a VAT number?

No. The SRB, as an EU agency, is not a taxable person under Article 9 of Directive 2006/112/EC. Consequently, it does not have a VAT number and the administrative contributions are exempted of any tax.

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## 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**.