



**Single
Resolution Board**

12/06/2018 | **SRM Boardroom Dialogue: SRB MREL Policy**

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AGENDA

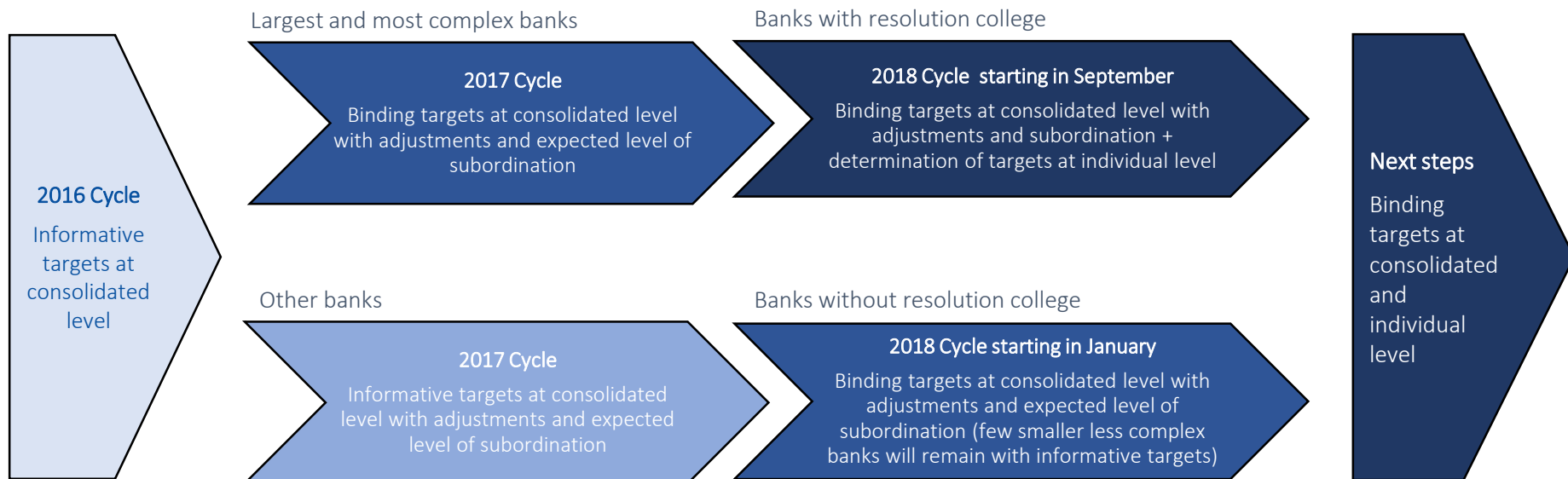


1. SRB MREL Roadmap
 - > Where do we stand?
 - > Outcome of the 2017 cycle
2. Overview of 2018 Planning Cycle
 - > Banks without resolution colleges
 - > Banks with resolution colleges
3. Next steps

Where do we stand?

- SRB MREL roadmap

- > The SRB follows a roadmap for MREL with a multi-year approach to ensure smooth progress
- > The SRB intends to set binding targets for all banking groups within the SRB's remit by 2020 (SRB Multi-Annual Programme published on 4 December 2017, [link](#))



Outcome of the 2017 cycle

- **Statistics**

- > MREL targets (binding and informative, 80 banks): 26% RWA on average
- > MREL shortfall: 1.8% RWA on average (EUR 125 Bn overall)
- > For banks with binding MREL targets transition periods are the shortest possible between 0 (half of the banks already meeting their targets) and 4 years

- **Transparency**

- > SRB 2017 MREL policy published on 20 December 2017 ([link](#))
- > Q&As on MREL published on 18 May 2018 in the context of banks' disclosure ([link](#))
 - Bank-specific nature of SRB MREL decisions
 - Elements related to the quality and location of MREL, such as subordination, specific eligibility requirements or internal MREL, will form part of SRB Decisions at a later stage
 - No SRB mandate to require or advise banks on MREL disclosure: reference to ESMA communication on EU Market Abuse Regulation and Directive
- > In the last weeks several banks decided to publish
 - Banks generally indicated the SRB decision was in line with forecasts and already integrated in funding plans

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Banks without resolution college

- 2018 planning cycle started in January 2018
- MREL decisions to be taken in 2018/early 2019 based on current SRB MREL Policy (SRB website, [link](#))
 - > Bank-specific binding targets at consolidated level (resolution group)
 - > Reference to a 8% TLOF benchmark
 - > Bank-specific transition periods
- Two elements of the new MREL policy frontloaded
 - > Adjustment for transfer strategies
 - > Removal of the Basel 1 floor from MREL calibration

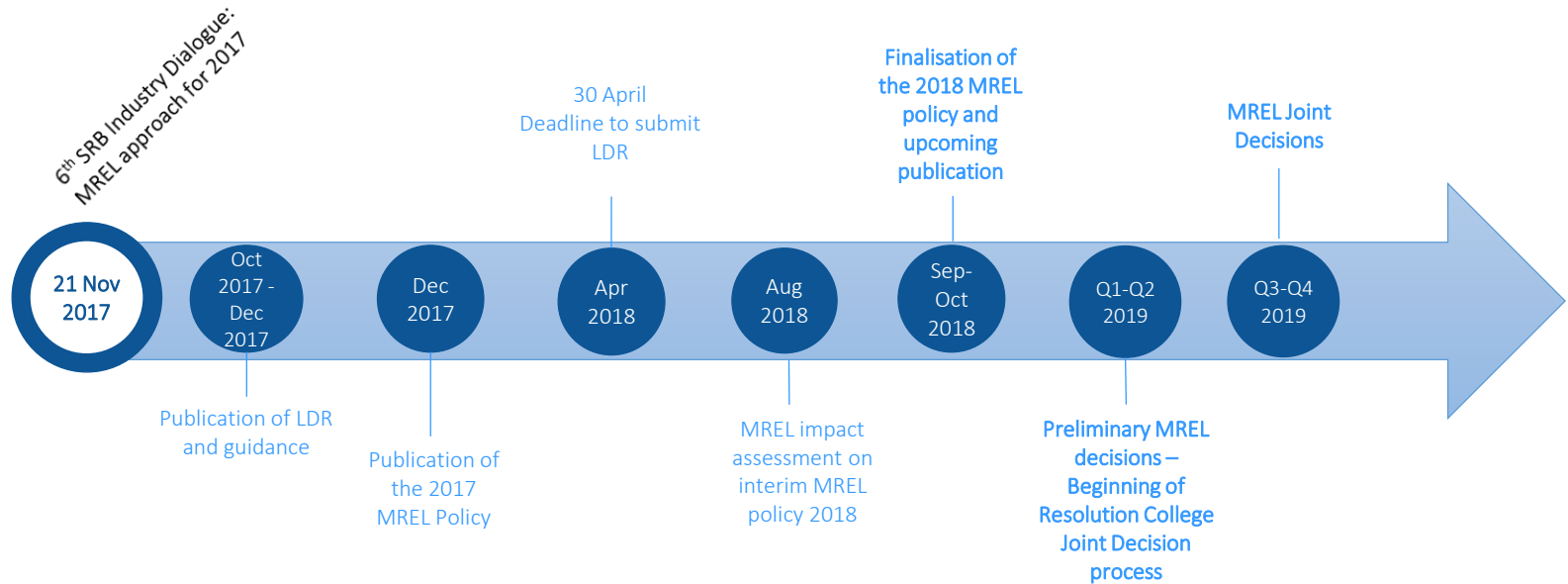
Banks with resolution college

- 2018 planning cycle starting in September 2018
- MREL Joint Decisions to be taken in second half of 2019, based on upcoming 2018 SRB MREL Policy
- Bank-specific binding targets at consolidated level (resolution group)
 - > Adjustment for transfer strategies
 - > Removal of the Basel 1 floor from MREL calibration
 - > Further refinement of existing chapters of the MREL policy: calibration, eligibility, subordination
 - > NCWO assessments and mitigating actions
- Individual and internal MREL: calibration, location, eligibility, interplay with supervisory requirements

SRB MREL Policy 2018 – Process

- Engagement with banks

- > Similarly to previous years, the SRB and NRAs will engage with banks through individual workshops to explain the MREL Policy 2018 and discuss the path to compliance with MREL targets in line with the transition periods



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Next steps

- **Banking package.** The SRB welcomes the agreement at the European Council on 25 May 2018 and will closely monitor the development of the legal framework and adapt its policy as appropriate.
- **Liability Data Reports (LDR) and data quality.** Data quality remains an issue in the third iteration of the LDR with a large number of resubmissions of LDRs requested.
 - > Potential consequences on the impact assessment.
 - > Data quality and availability on time are key items to consider within the resolvability assessment.
 - > The information requested in the LDR will be increased by 2020 to further support the implementation of internal MREL requirements and increase the SRB capacity to monitor and analyse in a detailed way banks' liabilities bail-inability.
- **Monitoring of compliance with the MREL targets.** Implementation of SRB MREL decisions needs now to be formally monitored through internal control and governance procedures, as well as periodic reporting to ensure compliance with MREL targets.
- **Brexit.** The SRB will monitor the impact of Brexit, in cooperation with other EU authorities. The SRB's main issue is the size of outstanding UK issuances with risks that post Brexit, UK courts may no longer recognise the resolution actions of EU authorities such as bail-in.
 - > Issuance of liabilities under EU27 law would achieve legal certainty.
 - > Issuances with contractual clauses: effectiveness of the clauses and impact on resolvability to be assessed, in particular when overall issuances under third country law account for a substantive share of the MREL-eligible issuances.



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THANK YOU

For more information, please contact:

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