

Single Resolution Board response

EVALUATION OF STATE AID RULES FOR BANKS IN DIFFICULTY TARGETED CONSULTATION

Fields marked with * are mandatory.

Introduction

State aid rules for banks in difficulty and the need to evaluate them

Since the start of the financial crisis in 2008, the European Commission has developed a dedicated set of rules to authorise State aid to banks in difficulty, specifically designed to address the effects of the financial crisis and avoid knock-on effects from the failure of banks on the financial sector and the economy. The purpose of these rules has been to provide a comprehensive framework for coordinated financial support by Member States in favour of their banking sectors. The overarching objective has been to ensure financial stability (i.e. a situation without major disturbances in the EU banking sector, in which people can access their bank accounts and banks can continue to provide payment services and lending to the real economy) while ensuring a level playing field by mitigating competition distortions, both between banks and across Member States. In the absence of a harmonised regulatory framework in the wake of the financial crisis, State aid control based on this set of rules provided the main policy response to tackle consistently and effectively bank failures across the EU, help restore confidence in the EU banking sector and place it on a more sound footing.

The rules set out the criteria which the Commission requires to be fulfilled for it to consider aid granted to banks in difficulty compatible with the EU's internal market. These "compatibility criteria" are categorised in three "pillars" according to their main aim: (i) to minimise competition distortions stemming from the granting of aid; (ii) to restore the long-term viability of aided banks with the potential to recover through restructuring and ensure the orderly market exit of unviable players; (iii) to ensure that the shareholders and selected creditors of an aided bank also bear part of the losses ("burden-sharing") to minimise the amount of aid, thereby protecting taxpayers, and discourage excessive risk-taking by banks, their shareholders and creditors ("moral hazard").

In 2008, the Commission adopted the first set of State aid rules for banks in difficulty (the so-called "[2008 Banking Communication](#)", now repealed). Since then, the Commission has revised, updated and expanded its State aid rules for banks several times to take into account the evolution of the financial crisis and lessons learned from their application. In practice, the currently applicable rules are set out in six Commission communications of which the most recent and comprehensive one entered into force in August 2013 (the so-called "2013 Banking Communication"):

- [the 2009 Recapitalisation Communication](#);

- [the 2009 Impaired Assets Communication](#);
- [the 2009 Restructuring Communication](#);
- [the 2010 Prolongation Communication](#);
- [the 2011 Prolongation Communication](#);
- [the 2013 Banking Communication](#).

The State aid rules for banks are based on Article 107(3)(b) of the Treaty on the Functioning of European Union (TFEU), which exceptionally allows the Commission to authorise aid to remedy a serious disturbance in the economy of a Member State.

An overview of all Commission decisions adopted under the State aid rules for banks in difficulty can be found [here](#) (situation up to 31 December 2018, for more recent decisions you can use the search engine [here](#)).

The Commission is now evaluating the State aid rules for banks in difficulty for the following reasons:

- Market realities have evolved. The financial crisis that started in 2008 has abated. At the same time, there are still important pockets of vulnerability in the banking sector in some Member States, while new risks for the sector have emerged. In the face of the COVID-19-related crisis, the banking sector has so far proven to be resilient, including thanks to the unprecedented response by monetary, supervisory, regulatory and fiscal authorities. Nonetheless the persistent, ongoing COVID-19 crisis produced a major shock to the Union's economies, the effects of which have not yet fully crystallised and could further affect the banking sector. Evaluating State aid rules for banks in difficulty in a timely manner, namely before such potential risks materialize, is therefore of the essence.
- Since 2013, the regulatory environment in which EU banks operate has changed significantly. The EU's micro-prudential framework has been strengthened. Moreover, new EU rules to manage bank crises and to protect bank depositors – the so-called "[crisis management and deposit insurance \(CMDI\) framework](#)" – have been put in place. In addition, the first two (of three) pillars of the [Banking Union](#) (for euro-area and opt-in Member States) were established, namely the Single Supervisory Mechanism (SSM) for the centralised supervision and the Single Resolution Mechanism (SRM) for the centralised resolution of banks, entailing major institutional changes. The CMDI framework lays out the rules for handling bank failures, while preserving financial stability, protecting depositors and avoiding the risk of excessive use of public financial resources. It consists of three EU legislative texts acting together with relevant national legislation: the Bank Recovery and Resolution Directive (BRRD), the Single Resolution Mechanism Regulation (SRMR) and the Deposit Guarantee Schemes Directive (DGSD). These texts are currently under review by the Commission.

In October 2020, in view of the findings of the [European Court of Auditors' Special Report](#) on the control of State aid to financial institutions in the EU, the Commission committed to conduct an evaluation of its State aid rules for banks in difficulty at the latest in 2023. This is in line with the Commission's commitment in the 2013 Banking Communication to review its State aid rules for banks as deemed appropriate, and in particular to cater for changes in market conditions or in the regulatory environment which may affect those rules. The evaluation would thus address also this commitment.

Purpose of the evaluation

The purpose of this evaluation is to analyse the extent to which the Commission's State aid rules for banks in difficulty preserved financial stability, while minimising competition distortions. The evaluation will assess

to which extent the State aid rules for banks ensured the effective restructuring of viable banks and orderly market exit of unviable banks in a context in which one or several banks were in difficulty. The Commission will evaluate also how these State aid rules contributed to tackling moral hazard through burden-sharing measures, and how they mitigated competition distortions stemming from the granting of aid. The evaluation will also assess to which extent the current rules are still fit for purpose, including in the context of the new regulatory environment, and whether there is potential to simplify them and improve their interaction with the CMDI framework.

The evaluation covers the State aid rules for banks in difficulty set out in the various Commission communications that have been adopted since 2008. The period under consideration starts with the outbreak of the 2008 financial crisis and ends at the end of 2021.

More information on the evaluation can be found in the Call for Evidence.

Structure of the targeted consultation and how to respond to it

As part of the evaluation, the Commission will seek the views of stakeholders on the effectiveness, efficiency, relevance, coherence and EU added value of the State aid rules for banks in difficulty. To this end, both a **public** consultation and a **targeted** consultation are being organised in parallel. The results of these consultations will serve as input for the evaluation. Views are welcome from all stakeholders. The targeted consultation is most suitable for stakeholders with more specific expertise and experience in State aid rules for banks in difficulty (for instance market participants, public authorities and academics). The public consultation instead is most suitable for the general public. All questions of the public consultation are also in the questionnaire of the targeted consultation, but the targeted consultation contains additional and more technical questions.

Both consultations are open for 12 weeks, and replies can be provided in all 24 official EU languages. Replies to either questionnaire will be equally considered.

You are now in the targeted consultation. If you want to switch to the public consultation, please click [here](#).

This targeted consultation contains 46 high-level and more detailed technical questions, grouped by the five evaluation criteria under consideration, namely the effectiveness, efficiency, relevance, coherence and EU added value of the State aid rules for banks in difficulty. The questions are available in English. The questions which also appear in the questionnaire for the public consultation are marked with an asterisk (*). You are invited to provide your feedback through this online questionnaire. Please explain your responses and, as far as possible, illustrate them with concrete examples. We also invite you to upload any documents and/or data that you consider useful to accompany your replies at the end of this online questionnaire.

You are requested to read the privacy statement attached to this consultation for information on how your personal data and contribution will be handled.

In order to ensure a fair and transparent consultation process, only responses received through this online questionnaire will be taken into account and included in the report summarising the responses.

If you encounter problems with completing this questionnaire or if you require assistance, please contact COMP-EVALUATION-BANK-RULES@ec.europa.eu.

Summary of the State aid rules for banks in difficulty

State aid rules for banks in difficulty

Article 107(1) of the Treaty on the Functioning of the EU (TFEU) objectively defines the notion of State aid and, as a general principle, Article 107 TFEU prohibits State aid because it distorts fair competition between companies active in the internal market. This is because, when State aid is granted, it may keep inefficient firms alive. It may also sustain barriers to the entry of new players in the market, weaken the incentives for non-aided companies to compete, invest and innovate, and encourage moral hazard, hence contributing to worse economic outcomes at the expense of consumers and taxpayers.

However, in a number of circumstances, the economic or societal advantages of a State aid intervention may outweigh its disadvantages and the Commission may authorise State aid because it is “compatible” with the internal market. One form of State aid that may be authorised is aid to remedy a serious disturbance in the economy of a Member State (Article 107(3)(b) TFEU), i.e. an exceptional economic situation in which the granting of State aid could be justified under certain conditions.

Such an exceptional situation in which State aid has proven to be warranted under Article 107(3)(b) TFEU was the financial crisis which started in 2008. This is because financial institutions occupy a special position in Member States' economies: they take on deposits, grant loans to companies and households and provide a wide range of financial services. In adverse circumstances, banks may be vulnerable to sudden collapses of confidence among customers and investors, which can have serious consequences for their liquidity and solvency. Given the interconnectedness of the financial sector and other elements, such as the bank-sovereign link, the sudden or disorderly failure of one institution may spread rapidly to other institutions and the economy at large, cause systemic stress, threaten financial stability and severely disrupt the functioning of the real economy. State aid to banks in difficulty may thus help to prevent or mitigate the above-mentioned adverse consequences in certain well-specified circumstances. However, it should then also be avoided that the granting of such State aid to ailing banks leads to large increases of public debt (the so-called “bank-sovereign nexus”), as could also be observed in a later phase of the financial crisis.

Until 2008, the Commission assessed the compatibility of State aid to banks in difficulty by the same standards as aid to companies in financial difficulty in other economic sectors. With the outbreak of the financial crisis, it became, however, evident that a tailored approach to State aid for the financial sector was needed. New financial-sector State aid rules were progressively adopted between 2008 and 2013 under a series of Commission communications, using Article 107(3)(b) TFEU as a legal basis. In the absence of a harmonised regulatory framework in the wake of the financial crisis, State aid control based on this set of rules provided the main policy response to tackle consistently and effectively bank failures across the EU, helped restore confidence in the EU banking sector and place it on a more sound footing.

In particular, these Commission communications lay down guidance on the compatibility of State aid to banks in difficulty. They clarified the criteria under which the Commission would authorise aid measures to banks in difficulty in order to safeguard financial stability, while at the same time preventing undue distortions of competition. They set out the following three aid compatibility “pillars”:

1. The minimisation of distortions of competition following the granting of aid to preserve fair competition to a maximum extent (e.g. by limiting the growth of the balance sheet of aided banks, requiring the sale of certain activities or assets, or prohibiting aggressive commercial practices);
2. The absorption of losses by a bank, its shareholders and creditors (the so-called “burden-sharing”) to limit the amount of State aid needed, thereby protecting the interest of taxpayers, and to reduce

moral hazard (e.g. through loss participation by bank shareholders and subordinated creditors, but also divestments and remuneration or pricing requirements);

3. Restoring a bank's long-term viability to minimise the risk that the aided bank would require aid again in the future, taking into account the measures required under the other two pillars, or when this is not possible, ensuring its orderly market exit.

Aid to banks in difficulty can be granted in the form of liquidity or capital support. Measures to shield a bank from losses on some of its assets which have become very risky or toxic (so-called "impaired asset measures") are considered a specific form of capital support. Regarding the purpose of an aid measure, State aid rules make a distinction between three types of aid:

1. Liquidity aid to address temporary liquidity concerns of otherwise solvent entities;
2. Restructuring aid through capital support to help entities in distress restore their long-term viability and thus support them in preserving their economic activity;
3. Liquidation aid to support the orderly market exit of entities in distress for which long-term viability cannot be restored.

Restructuring aid is considered more distortive to competition than liquidity aid (which is temporary in nature) and liquidation aid (which comes with an obligation for the aided bank to exit the market). The degree of competition distortion an aid measure entails determines, generally, how demanding the criteria are for that aid measure to be declared compatible.

It should be noted that the Commission's aid compatibility assessments are always ex-ante assessments, based on the facts available to the Commission at the time of the assessment of the notified measure.

Interaction of the State aid rules for banks in difficulty with the EU bank crisis management and deposit insurance (CMDI) framework

In 2014, the European Parliament and the Council adopted an EU bank resolution regime, laid down in the Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR). The co-legislator further adopted the recast Deposit Guarantee Schemes Directive (DGSD), which also entered into force as from 2015. This framework brought about a new regulatory and institutional setting, with new powers for bank supervisors and the creation of national resolution authorities. In addition, for Member States participating in the Banking Union, the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM) were set up, consisting of the European Central Bank (ECB) and national supervisors and of the Single Resolution Board (SRB) and national resolution authorities respectively. Within this new setting, every actor has its own specific role to play.

The CMDI framework has created interdependencies between, on the one hand, the exercise of State aid control by the Commission and, on the other hand, the decisions and actions of bank supervisors and resolution authorities.

In particular, the EU bank resolution framework introduced new tools to deal with failing banks, while preserving financial stability and recognising the role of State aid control. For instance, if a bank needs State aid to remain viable, its supervisor (or resolution authority) will – as a general rule – declare that bank "failing or likely to fail". In that case, and in the absence of alternative private measures, the resolution authority in charge can then decide to resolve the bank under the EU's uniform bank resolution procedure, or allow it to be wound up under national insolvency proceedings. The interaction of the EU bank resolution

rules with State aid control also arises every time there is recourse to aid from the Single Resolution Fund (SRF) in the context of the resolution of a bank in a Banking Union Member State.

This new framework and the State aid rules for banks are thus strongly interlinked, and consequently, since 2015, the EU bank resolution rules and State aid rules have been applied by the Commission in close cooperation with the ECB, the SRB and national supervisory and resolution authorities. While each of these actors operate within their own mandate and have their own role and responsibilities, they all share the objective of a sound and stable financial sector. The Commission has regularly interacted and coordinated with supervisory and resolution authorities at EU and national level, particularly when a bank was in difficulty and was possibly going to request public financial support. The inter-institutional working arrangements are thus based on close cooperation to address complex and urgent situations and avoid the disorderly failure of banks entailing risks to financial stability.

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish

Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

* Surname

* Email (this won't be published)

* Scope

- International
- Local
- National
- Regional

* Organisation name

255 character(s) maximum

SINGLE RESOLUTION BOARD

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

* Country of origin

Please add your country of origin, or that of your organisation.

- | | | | |
|---|--|--|--|
| <input type="radio"/> Afghanistan | <input type="radio"/> Djibouti | <input type="radio"/> Libya | <input type="radio"/> Saint Martin |
| <input type="radio"/> Åland Islands | <input type="radio"/> Dominica | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon |
| <input type="radio"/> Albania | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria | <input type="radio"/> Ecuador | <input type="radio"/> Luxembourg | <input type="radio"/> Samoa |
| <input type="radio"/> American Samoa | <input type="radio"/> Egypt | <input type="radio"/> Macau | <input type="radio"/> San Marino |
| <input type="radio"/> Andorra | <input type="radio"/> El Salvador | <input type="radio"/> Madagascar | <input type="radio"/> São Tomé and Príncipe |
| <input type="radio"/> Angola | <input type="radio"/> Equatorial Guinea | <input type="radio"/> Malawi | <input type="radio"/> Saudi Arabia |
| <input type="radio"/> Anguilla | <input type="radio"/> Eritrea | <input type="radio"/> Malaysia | <input type="radio"/> Senegal |
| <input type="radio"/> Antarctica | <input type="radio"/> Estonia | <input type="radio"/> Maldives | <input type="radio"/> Serbia |
| <input type="radio"/> Antigua and Barbuda | <input type="radio"/> Eswatini | <input type="radio"/> Mali | <input type="radio"/> Seychelles |
| <input type="radio"/> Argentina | <input type="radio"/> Ethiopia | <input type="radio"/> Malta | <input type="radio"/> Sierra Leone |
| <input type="radio"/> Armenia | <input type="radio"/> Falkland Islands | <input type="radio"/> Marshall Islands | <input type="radio"/> Singapore |
| <input type="radio"/> Aruba | <input type="radio"/> Faroe Islands | <input type="radio"/> Martinique | <input type="radio"/> Sint Maarten |
| <input type="radio"/> Australia | <input type="radio"/> Fiji | <input type="radio"/> Mauritania | <input type="radio"/> Slovakia |
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| <input type="radio"/> Azerbaijan | <input type="radio"/> France | <input type="radio"/> Mayotte | <input type="radio"/> Solomon Islands |
| <input type="radio"/> Bahamas | <input type="radio"/> French Guiana | <input type="radio"/> Mexico | <input type="radio"/> Somalia |
| <input type="radio"/> Bahrain | <input type="radio"/> French Polynesia | <input type="radio"/> Micronesia | <input type="radio"/> South Africa |

- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey

- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Democratic Republic of the Congo
- Denmark
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena
- Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

Main field(s) of activity or sector(s) (if applicable):

- Retail bank consumer / user of financial services / depositor

- Retail investor
- Credit institution
- Payment and electronic money institution
- Investment firm
- Professional investor
- Financial market analysis (incl. credit rating agency)
- Law firm
- Financial advisory firm
- Deposit guarantee scheme
- Non-financial company (incl. SME)
- Bank association
- Consumer association
- Independent research provider
- Supranational authority
- (National) competent authority (bank supervisor)
- (National) resolution authority
- Finance Ministry
- Other national public authority (incl. regional or local)
- International organisation
- Bank employee
- Other
- Non applicable

What is your interest in participating in this public consultation?

- I am reacting as a retail bank customer / user of financial services / depositor.
- I am reacting as a citizen / taxpayer.
- I am reacting as someone who works / has worked for (or is or has been otherwise professionally affiliated with) a bank that has received State aid.
- I am reacting as someone who works / has worked for (or is or has been otherwise professionally affiliated with) a bank that competes against banks that have received State aid.
- I am reacting as someone who works / has worked for (or is or has been otherwise professionally affiliated with) a public authority involved in the granting of State aid to banks.

- I am reacting as a current or former shareholder of / investor in a bank that has received State aid and have suffered losses as a result of burden-sharing.
- Other

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

Questions about the effectiveness of State aid rules for banks in difficulty

The questions in this section aim at assessing whether EU State aid rules for banks in difficulty have achieved their objectives, namely contributing to financial stability, preserving the level playing field, limiting competition distortions and the amounts of aid, as well as reinforcing market discipline and tackling moral hazard, in particular through adequate burden-sharing measures.

Background information on concepts referred to in the questions

Financial stability means that the financial system can withstand shocks without major disruption. In other words, people can still access their bank accounts, businesses can still make and receive payments, investors can continue to trade, and banks can refinance themselves by borrowing from each other or the central bank.

Burden-sharing measures aim at limiting the amount of State aid needed, thereby protecting the interest of taxpayers, and at reducing moral hazard by obliging the aided bank, its shareholders and some of its creditors to contribute to absorbing the bank's losses. Burden-sharing measures can also include divestments and management remuneration or pricing constraints. Before the entry into force of the 2013 Banking Communication, burden-sharing by subordinated creditors was not required. The 2013 Banking Communication tightened these burden-sharing rules by requiring that banks with a capital shortfall obtain shareholders' and subordinated debtholders' contribution before resorting to public recapitalisations or impaired asset measures.

Moral hazard refers to an incentive to the taking of excessive financial risk by a bank's management, shareholders and/or creditors because they count on being shielded from the bank's losses by the State. Such perverse incentives weaken market discipline. In State aid control, moral hazard is discouraged for example through burden-sharing measures.

Aided banks may be subject to **measures to mitigate competition distortions** between themselves and non-aided banks. Such measures include a ban to acquire a stake in other undertaking(s), divestments from certain activities, a ban on aggressive commercial practices, or constraints on the pricing of deposits and loans.

A bank's **long-term viability** is defined as the bank's capacity to cover all its costs and provide an appropriate return on equity, and to compete in the marketplace for capital on its own merits in compliance with the relevant regulatory requirements.

In order to demonstrate its long-term viability, a bank must submit a **restructuring plan** (including a capital raising plan) that convincingly demonstrates how it plans to become profitable again in the long term. If the long-term viability of a bank cannot be restored, an orderly wind-down plan has to be submitted instead.

Question 1 *.

To which extent have the State aid rules for banks in difficulty been successful in achieving the following objectives?

Please also provide a short explanation why you gave a particular score (including by referring to specific circumstances of State aid granted to a bank that you may have in mind, and when these occurred).

	1 Not successful	2 Rather not successful	3 Neutral	4 Rather successful	5 Very successful	I don't know / No opinion
* a) Contributing to the <u>preservation of financial stability</u> by ensuring the continued smooth functioning of individual banks and the banking sector at large	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Minimising <u>competition distortions</u> between aided and non-aided banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) <u>Limiting the amounts of aid</u> given to banks in difficulty to the minimum necessary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 1 (*also specifying 1a to 1c*).

4000 character(s) maximum

Question 2 *.

To which extent have the State aid rules for banks in difficulty been successful in achieving the following results? Please also provide a short explanation why you gave a particular score (including by referring to specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not successful	2 Rather not successful	3 Neutral	4 Rather successful	5 Very successful	I don't know / No opinion
* a) Addressing the <u>temporary funding problems of banks</u> (which received <u>liquidity aid</u>)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Restoring the <u>long-term viability</u> of banks (which received <u>restructuring aid</u>)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Ensuring the <u>orderly market exit</u> of unviable banks (which received <u>liquidation aid</u>)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 2 (*also specifying 2a to 2c*).

4000 character(s) maximum

Question 3 *.

To which extent have the State aid rules for banks in difficulty been successful in contributing to the following long-term impacts? Please also provide a short explanation why you gave a particular score (including by referring to specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not successful	2 Rather not successful	3 Neutral	4 Rather successful	5 Very successful	I don't know / No opinion
* a) Ensuring that creditworthy <u>SMEs</u> (i.e. mainly national) were able to get the bank loans or other forms of credit they needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Ensuring that creditworthy <u>large enterprises</u> (i.e. <u>mainly national</u>) were able to get bank loans or other forms of credit they needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Ensuring that creditworthy <u>large enterprises</u> (i.e. <u>mainly multinational</u>) were able to get bank loans or other forms of credit they needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) Ensuring that creditworthy <u>households</u> were able to get bank loans or other forms of credit they needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) Fostering the <u>cross-border integration of banks</u> in the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* f) Making banks in the EU <u>more competitive</u> , so that they could offer to their customers better and more innovative financial products and services at lower prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* g) Restoring <u>trust</u> in banks in the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 3 (*also specifying 3a to 3g*).

4000 character(s) maximum

Question 4.

To which extent have the following measures – applied to reinforce market discipline and tackle moral hazard on behalf of bank management, shareholders and investors – been effective? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not effective	2 Rather not effective	3 Neutral	4 Rather effective	5 Very effective	I don't know / No opinion
* a) Management <u>remuneration cap</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Management <u>replacement</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Obligation to <u>divest</u> certain subsidiaries or activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) Burden-sharing by <u>bank</u> shareholders (dilution)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) Burden-sharing by <u>hybrid</u> capital holders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* f) Burden-sharing by <u>junior</u> bondholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* g) Ban on paying out <u>dividends</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* h) Ban on paying out <u>discretionary coupons</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* i) Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other', please specify:

Please explain the reasoning behind your answers to question 4 (*also specifying 4a to 4h*).

4000 character(s) maximum

*** Question 5.**

Are you aware of other effective measures to reinforce market discipline and tackle moral hazard issues present on the side of bank management, shareholders and investors?

- Yes
- No
- I don't know / No opinion

Please elaborate:

The SRB welcomes the evaluation of State aid rules for banks in difficulty and its stated objectives. There is a misalignment between the old State aid communications (“communications” hereafter) and the (newer) BRRD/SRMR and CMDI framework (“framework” hereafter) which needs to be addressed.

In essence, we believe that there should be more consistency overall, to avoid dual tracks or loopholes. Two key issues relevant to this question are: i) in liquidation, State aid conditions to provide aid should be updated to the conditions laid down in BRRD/SRMR to access the Single Resolution Fund (SRF) for capital support (8% TLOF); ii) In resolution, the conditionality for the use of the SRF is clearly set out in BRRD /SRMR, hence the use of the SRF by the SRB in resolution should not be subject to a State aid review.

Starting from i): we see burden-sharing as the main tool to reinforce market discipline and tackle moral hazard. This is why we believe that the burden-sharing that is required for the granting of public funds to banks via State Aid communications should be aligned with the level of loss-absorption required for the use of the SRF (which is built up by funds collected from the industry) pursuant to the CMDI framework. This could be achieved by adding a reference to relevant BRRD/SRMR requirements in the revised communications (so that they adapt dynamically whenever the BRRD/SRMR are amended) and/or by stipulating this in the BRRD/SRMR. To note, this would mean applying the minimum 8% TLOF bail-in (notably including also senior bondholders in the burden-sharing) to liquidation aid, in the same way as currently required by BRRD/SRMR to use the SRF in case of resolution financing (rather than burden-sharing only extending to shares and junior bondholders as per the Banking Communication). To be clear, we are not suggesting this be extended to precautionary recapitalisation given the different nature of such temporary aid (time-limited support to viable banks, to cover unlikely losses, etc.).

Moving to ii): in resolution, if a bank is FOLTF and the PIA is positive, the burden-sharing requirement and loss-absorption cascade is clearly defined in BRRD/SRMR and these are effective to tackle moral hazard (as well as minimising any use of external funds and competition distortions): therefore, the role for a State aid review seems redundant. The decision making process implied by the communications and the Commission review under Article 19 impose significant burden and demands time in case SRF funds are needed to finance the resolution scheme. As such, the only requirement to access SRF funds should be the several bespoke safeguards stipulated in BRRD/SRMR (which came into force after the communications and is updated to the will of co-legislators). Other Commission reviews (from the communications and article 19 SRMR) might collide with the current requirements in BRRD/SRMR and may pose challenges to the timely and effective execution of the “resolution weekend”.

To note, the Commission is actively and formally involved in the adoption of any resolution scheme proposed by the SRB, hence there is already the opportunity to factor in the Commission’s assessment and its relevant considerations on competition, including on the need to avoid any potential distortion to competition. Therefore, the additional assessment by DG COMP of the use of the SRF appears redundant and provides the risk of conflicting decisions.

Disclaimer: Replies provided in this document and to EU survey may not be relied upon for any legal purposes. They have not been formally adopted by the SRB relevant governance bodies and shall not be considered as SRB official position or predetermining the position that the SRB may take in specific cases, where the circumstances of each case will also be considered. Equally, they are not based on and do not refer to any individual case. They are intended solely to support ongoing discussions with the European institutions on the review of the framework for State aid and crisis management for banks.

Question 6.

To which extent have the burden-sharing requirements in the State aid rules for banks in difficulty been successful in achieving the following results? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred):

1) Ensuring that an aided bank's shareholders contribute to cover the losses (e.g. through the write-down of shares, dilution, etc.):

	1 Not successful	2 Rather not successful	3 Neutral	4 Rather successful	5 Very successful	I don't know / No opinion
* a) Before the introduction of the 2013 Banking Communication	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) After the introduction of the 2013 Banking Communication	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 6.1. (*also specifying 6.1.a to 6.1.b*).

4000 character(s) maximum

2) Ensuring that an aided bank's junior bondholders contribute to cover the losses (e.g. through the conversion and or write-down of bonds, the cancellation of discretionary coupon payments, etc.)

	1 Not successful	2 Rather not successful	3 Neutral	4 Rather successful	5 Very successful	I don't know / No opinion
* a) Before the introduction of the 2013 Banking Communication	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) After the introduction of the 2013 Banking Communication	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 6.2. (*also specifying 6.2.a to 6.2.b*).

4000 character(s) maximum

Question 7.

To which extent have the following measures – applied to mitigate the competition distortions stemming from aid to banks in difficulty – been effective? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not effective	2 Rather not effective	3 Neutral	4 Rather effective	5 Very effective	I don't know / No opinion
* a) Obligation to <u>divest certain subsidiaries</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Obligation to <u>carve out and divest certain activities</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Obligation to <u>reduce the balance sheet total</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) Ban on <u>aggressive commercial practices</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) Constraints on the <u>competitive pricing</u> of banking products (e.g. loans, deposits)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* f) <u>Acquisition</u> ban	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* g) <u>Obligation to exit the market</u> (in case of liquidation aid)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* h) Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other', please specify:

Please explain the reasoning behind your answers to question 7 (*also specifying 7a to 7g*).

4000 character(s) maximum

*** Question 8.**

Are you aware of other effective measures to mitigate the competition distortions stemming from the granting of aid to banks in difficulty?

- Yes
- No
- I don't know / No opinion

*** Question 9.**

Are the contents of the model restructuring plan – as set out in the Annex of the [2009 Restructuring Communication](#) – appropriate for an adequate assessment of a bank's long-term viability (e.g. data requested, scenarios to be simulated, time horizon to be considered, etc.)?

- Yes
- No
- I don't know / No opinion

*** Question 10.**

Is the appointment of an independent monitoring trustee to verify the compliance of the Member State and aid beneficiary with the relevant State aid commitments (i.e. conditions which reflect the applicable compatibility criteria) an effective way to ensure the enforcement of the State aid rules for banks in difficulty?

- Yes
- No
- I don't know / No opinion

Please elaborate:

In a resolution context, the post-resolution entities would be monitored by the SRB (particularly where a business reorganisation plan has been established): this said, the appointment of a monitoring trustee could be a helpful addition to the framework. In resolution, the monitoring trustee could regularly report to the SRB.

Question 11.

To which extent have the following measures applied to restore the long-term viability of banks been effective? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not effective	2 Rather not effective	3 Neutral	4 Rather effective	5 Very effective	I don't know / No opinion
* a) Measures and/or quantitative targets to <u>improve revenue-generating potential</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Measures and/or quantitative targets to <u>reduce operating costs</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) The reform of <u>internal risk management policy and corporate governance</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) Measures to <u>reduce complexity</u> (e.g. reduction or termination of non-core activities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) Divestment or termination of <u>less profitable or loss-making activities</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* f) Measures to <u>de-risk the balance sheet</u> (e.g. disposal of non-performing assets, risk protection, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* g) Investments (e.g. in IT infrastructure) to <u>improve operational performance</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* h) Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other', please specify:

We do not comment on the individual measures, although we view they have merits, but rather on the interaction between the State Aid Restructuring Plan (RP) and the resolution Business Reorganisation Plan (BRP) and the need to align them and to avoid duplications.

The requirement for drawing a BRP in case of a bail-in under BRRD/SRMR is untested; yet, this will have to cater for the criticality of some functions that may need to be discontinued. Also, the medium- to long-term viability might from time to time contradict some of the burden-sharing measures. Therefore, close dialogue between the SRB and the European Commission may be required.

Different options could be envisaged when reforming the framework. One option could be that the Commission approves the use of the SRF without ex-ante Restructuring Plan (RP) commitments. A BRP would be drawn-up after resolution following the process set forth in the BRRD. This option would clearly eliminate certain overlaps, and give prominence to the BRP. This would be further enhanced with the addition of a monitoring trustee (as per previous reply).

Please explain the reasoning behind your answers to question 11 (*also specifying 11a to 11g*).

4000 character(s) maximum

*** Question 12.**

Are you aware of other effective measures to restore the long-term viability of banks?

- Yes
- No
- I don't know / No opinion

Please elaborate:

Question 13:

To which extent have the State aid rules for banks in difficulty been successful in ensuring that the market exit of unviable banks (which was supported with liquidation aid) ...

	1 Not successful	2 Rather not successful	3 Neutral	4 Rather successful	5 Very successful	I don't know / No opinion
* a) ... did <u>not take longer</u> than the period strictly necessary for the orderly liquidation thereby limiting competition distortions?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) ... occurred with the <u>minimum amount of aid</u> necessary to keep the bank afloat during the liquidation?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) ... <u>minimised moral hazard</u> by ensuring that the claims of shareholders and subordinated debt holders of the unviable bank cannot be transferred to any continuing economic activity?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) ... did <u>not result to aid to the buyer</u> in case the market exit is achieved via a sale of the unviable bank during the orderly liquidation procedure?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain the reasoning behind your answers to question 13 (*also specifying 13a to 13d*).

4000 character(s) maximum

We do not comment on individual cases.

In view of the review of the framework, we refer to our reply 5 on the recommendation on how to update and align the burden-sharing requirement of State Aid communications for liquidation aid to the CMDI framework. We believe that this, in addition to the enhancements that we recommend in our response to the Commission consultation on the CMDI framework, would be an effective way to better achieve all the objectives stated in question 13. In essence, the revision of the communications and the CMDI framework can close loopholes and fix skewed incentives by aligning burden-sharing. Clearer rules on the use of DGSs would ensure that a combination of SRF and DGS can be used, in resolution, to support the timely exit from markets through transfer tools (leading to no aid and avoiding moral hazard), while State Aid would only remain as a residual option (indeed, this approach would minimize aid and achieving the rest of objectives a to d)).

As an example, one could consider a bank that relies mostly on deposits and lacks access to the markets for MREL debt. If the PIA were to be positive for this bank, the Resolution Authorities could try and use the bail-in-able funds of the bank (e.g. to support its sale where needed and in presence of a buyer). Until EDIS is finally established, national DGS could contribute, in lieu of deposits (if the bail-in of deposits hampers financial stability, the franchise, etc.), up to the level of 8% TLOF, which then enables the SRF to make a capital contribution. The EBA's "reply to the Commission's call for advice on funding in resolution and insolvency as part of the review of the CMDI framework" (EBA/REP/2021/31) provides helpful qualitative and quantitative advice in this direction.

To conclude, if the resolution framework is equipped with more "firepower" in terms of funding of its tools (transfer tools particularly), and if the PIA is expanded (cf. reply 19, and CMDI replies), more transfers and exits from the market, also of small to medium-size banks, could be dealt with in resolution. The need for State Aid to support the liquidation of ailing banks would then be reduced, as "last resort" or "backstop" tool. This would in turn also reduce the amount of aid needed, particularly if only limited amounts for small entities, and achieve the objectives of the State aid, BRRD and Banking Union framework.

*** Question 14 *.**

Has the application of the State aid rules for banks in difficulty had any unexpected or unintended consequences – either positive or negative – which were not covered in the questions above?

- Yes
- No
- I don't know / No opinion

If yes, please elaborate (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred):

Without commenting on individual cases, we view that the application of the State aid framework (dating back to 2013) may have negative effects which were intended to be avoided through the introduction (in 2015) and later review of the BRRD/SRMR framework. For further explanation, on the need of updating the former to the latter framework we refer to other replies (e.g. 5, 13 and 19).

Question 15.

To which extent has the entry into force of the EU bank crisis management and deposit insurance (CMDI) framework in 2015 influenced – positively or negatively – whether the following objectives of the State aid rules for banks in difficulty have been achieved? In other words, to which extent could the achievement (or non-achievement) of the following general objectives of the State aid rules for banks in difficulty be attributed to the entry into force of the CMDI framework in 2015?

Please also provide a short reasoning why you gave a particular score (including specific circumstances of State aid given to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) Preserving <u>financial stability</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* b) Preserving the level <u>playing field</u> in the EU by coordinating Member States' response to the financial crisis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* c) <u>Limiting the amounts of aid</u> given to banks in difficulty to the minimum necessary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Reinforcing <u>market discipline</u> and tackling <u>moral hazard</u> issues on the side of bank management, shareholders and investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain the reasoning behind your answers to question 15 (*also specifying 15a to 15d*).

4000 character(s) maximum

Overall, we consider that the introduction of the CMDI framework in 2015 has had a very positive impact on the objectives a) to d) of the State Aid rules for banks in difficulty. We see room for improvement with regard to objective c) on the limitation of aid given to banks. On this, as well as on general disclaimers, please see our reply 5 to this consultation, in addition to our replies to the CMDI review consultation (e.g. to questions 1, 16 and 21). In short, we believe that updating the communications by aligning burden-sharing to the CMDI requirements will enable the CMDI framework (as well as the State Aid rules) to better achieve objective c). As an example, (albeit simplified and theoretic), if the rules raise the burden-sharing for liquidation aid to the level required for accessing the SRF for capital support in resolution, this would instil market discipline and remove the "skewed incentive" (potentially having a better deal with liquidation aid than in resolution) for potential bidders. If this is combined with an extended PIA approach (cf. reply 19 hereafter and replies 3 and 10 to the CMDI consultation), and with a clearer use of DGS and SRF (cf. replies 16 onwards to the CMDI consultation), it would facilitate the usability of transfer resolution tools and market exits, thereby reducing the amount of aid and making use of State aid only residual.

Question 16.

To which extent have other important drivers (e.g. market trends, economic developments, policies other than the EU bank crisis management and deposit insurance (CMDI) framework) influenced – positively or negatively – whether the following objectives of the State aid rules for banks in difficulty have been achieved? In other words, to which extent could the achievement (or non-achievement) of the following general objectives of the State aid rules for banks in difficulty be attributed to drivers other than the State aid rules for banks in difficulty? Please also provide a short reasoning why you gave a particular score (including specific circumstances of State aid given to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) Preserving <u>financial stability</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Preserving the <u>level playing field in the EU</u> by coordinating Member States' response to the financial crisis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Minimising <u>competition distortions</u> between aided and non-aided banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) <u>Limiting the amounts of aid</u> given to banks in difficulty to the minimum necessary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) Reinforcing <u>market discipline</u> and tackling <u>moral hazard</u> issues on the side of bank management, shareholders and investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 16 (*also specifying 16a to 16e*).

4000 character(s) maximum

* Question 17 *.

Have the State aid rules for banks in difficulty ensured an appropriate trade-off between the following policy objectives? If no, please also provide a short reasoning for your answer (including specific circumstances of State aid given to a bank which you may have in mind, and when these occurred).

Question 17.1*.

Preserving financial stability vs mitigating competition distortions:

- Yes
- No, more weight should have been given to the objective of preserving financial stability, even if this would have implied the granting of more State aid or the granting of State aid under less stringent conditions and could thus have been at the expense of achieving the objective of mitigating competition distortions
- No, more weight should have been given to the objective of mitigating competition distortions, even if this would have implied the granting of less State aid or granting of State aid under more stringent conditions

*

Question 17.2*.

Preserving financial stability vs. protecting taxpayers (by minimising aid):

- Yes
- No, more weight should have been given to the objective of preserving financial stability, even if this would have implied the granting of more State aid
- No, more weight should have been given to the objective of minimising aid

Please elaborate:

This is not with reference to individual or past cases, but rather forward-looking, on the rules' improvement. Please refer to replies above with regard to the suggested revisions to the communications with the objective of granting less State aid or granting of State aid under more stringent conditions. We believe the objective of minimising aid can be achieved jointly with the need to preserve financial stability: please refer to reply 19 hereafter on the link with PIA. In essence, we view that aligning the communications to the CMDI framework both on the requirements for using different funds and on the PIA, would effectively mitigate this natural trade-off.

*

Question 17.3*.

Preserving financial stability vs. tackling moral hazard:

- Yes
- No, more weight should have been given to the objective of preserving financial stability, even if this would have implied the granting of more State aid (without additional burden-sharing)
-

No, more weight should have been given to the objective of tackling moral hazard

Please elaborate:

This is not with reference to individual or past cases, but rather forward-looking, on the rules' improvement. Please refer to replies above with regard to the suggested revisions to the communications with the objective of granting less State aid or granting of State aid under more stringent conditions. We believe this objective can be achieved jointly with the need to preserve financial stability: please refer to reply 19 hereafter on the link with PIA. In essence, we view that aligning the communications to the CMDI framework both on the requirements for using different funds and on the PIA, would effectively mitigate this natural trade-off.

Questions about the efficiency of State aid rules for banks in difficulty

The questions in this section aim at evaluating the extent to which State aid rules for banks in difficulty have been cost-effective, i.e. whether the costs related to their implementation were proportional to their beneficial objectives. The questions also seek to evaluate whether the State aid rules for banks in difficulty have been clear, transparent and easy to understand.

The costs and benefits of the control of State aid to banks in difficulty can be quantitative and qualitative. Costs include, but are not limited to, the amounts of State aid granted or disbursed, as well as the operational and administrative costs and burden borne by aided banks and public authorities. The benefits encompass the preservation of financial stability as well as the fostering of free and fair competition, leading to more competitive EU banks that are able to offer better and more innovative financial products and services at lower prices to their customers.

Background for respondents on key concepts

State aid to banks in difficulty can be authorised under an **individual State aid decision** or under an **aid scheme** (which in the case of aid to banks in difficulty can be a liquidity aid scheme, a recapitalisation or restructuring scheme, or an orderly liquidation aid scheme). The Commission authorises aid schemes only for a limited period of time, subject to conditions and only accessible by selected beneficiaries (e.g. solvent banks, small banks). When compatible aid is granted under an aid scheme, no individual State aid decision by the Commission is needed anymore for that aid to be authorised by the Commission.

Question 18 *.

To which extent do you agree with the following general statements? Please also provide a short explanation why you gave a particular score (including – where relevant – specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Strongly disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree	I don't know / No opinion

* a) The Commission communications containing the State aid rules for banks in difficulty are <u>easy to find</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) The Commission communications containing the State aid rules for banks in difficulty are <u>easy to understand</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) The State aid rules for banks in difficulty are formulated in a way which is likely to lead to a <u>predictable Commission assessment of State aid to banks in difficulty in practice</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) The State aid rules for banks in difficulty have been set out by theme in different (interlinked) Commission communications instead of in one single communication. This <u>way of presentation is helpful to understand which rules apply in practice</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) The Commission releases <u>information</u> in relation to State aid rules for banks in difficulty – for example, the non-confidential version of the State aid decisions, the associated press releases, and the Commission’s Directorate-General for Competition’s annual reports and publications. This publicly available information is <u>adequate to ensure a good understanding</u> by all stakeholders of the Commission’s policy in this field	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 18 (*also specifying 18a to 18e*).

4000 character(s) maximum

The SRB, due to its mandate, is a key stakeholder, works closely with the EC and should be kept constantly and timely informed. This is relevant for both individual decisions and aid schemes. To further improve the cooperation, a system to exchange information with the SRB could be introduced, both ex-ante: i.e. at the moment of obtaining the decision, of granting the guarantee and in case a guarantee is called upon; and ex-post: summarising the interventions done in line with the State aid approval.

This could be achieved by requiring the Member States to share the Commission confidential decision with the SRB where relevant, or by foreseeing automatic exchange of information for banks under the SRM (SIs and LSIs) in line with the SRMR principles of cooperation and exchange of relevant information. Please see also our reply to question 45.

Question 19.

To which extent have the following aspects of the control of State aid rules for banks in difficulty been easy to understand? Please also provide a short explanation why you gave a particular score (including – where relevant – specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) The determination <u>whether a measure constitutes State aid</u> (including the criteria for public support to be considered market-conform)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) The compatibility criteria for <u>liquidity aid</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) The compatibility criteria for <u>restructuring aid</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) The compatibility criteria for <u>liquidation aid</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) The requirements concerning <u>burden-sharing</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* f) The requirements concerning <u>measures to mitigate competition distortions</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* g) The requirements concerning <u>restructuring plans</u> to restore the long-term viability of aided banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* h) The requirements concerning <u>impaired asset measures</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 19 (*also specifying 19a to 19h*).

4000 character(s) maximum

As stated in previous replies we believe that the communication should be updated to and aligned with the CMDI review as much as possible. For liquidation aid, burden-sharing should be raised to the level foreseen in the CMDI framework for the use of the SRF. For resolution, there would be no role for State Aid (nor need for a further review), insofar as the rules and conditionality are already clearly set out in the CMDI

framework.

With regard to a) we note that the determination whether a measure constitutes State Aid has a direct impact on the assessment of the conditions for resolution made by the RAs. In this respect, it is difficult to establish the imputability to the State Aid measures granted by entities governed by private law that are neither an organisation of the State nor a State-owned undertaking. In such cases, it is necessary to determine whether the public authorities can be considered to have been involved, in some way, in the adoption of the measure. This is in particular relevant regarding alternative measures that the deposit guarantee schemes (DGS) can adopt pursuant to the DGS Directive (Article 11(3)). In light of relevant CJEU case-law, further guidance from the EC would be welcome, notably on the features of the DGS (e.g. organisational structure, scope of the mandate and or degree of autonomy in the adopting of alternative measures) to take into account when assessing the imputability criterion. Those considerations may also be relevant in cases where IPS provide support to their member institutions, notably when those schemes are of semi-public nature.

With regard to c), and particularly restructuring aid granted in the context of open bank bail-in, some process streamlining could be warranted to avoid overlaps of restructuring plans under the communications with business reorganisation plans under BRRD. Close cooperation between the RA and the EC on key contents and timing would be appropriate, without prejudice to their respective independence in the decision making process. In any case, the EC should, in such specific cases, approve the use of the SRF without any ex ante restructuring plan commitment, given that the entity would be required under the BRRD/SRMR to submit a business reorganisation plan within one month of the application of the bail-in tool.

Similar coordination would be welcome as regards the compatibility assessment of State Aid and the PIA of the RA under Art. 32(5) BRRD, notably regarding the resolution objectives referred to in Art. 31(2)(a) and (b) BRRD (i.e. critical functions and financial stability). While acknowledging that the two assessments are not identical, we would suggest, to the extent possible, that the EC's assessment is based on pre-defined criteria. In addition, we believe that the EC should consider taking into account the RA's assessment (such as a negative PIA) in its subsequent decision to grant liquidation aid. This would be without prejudice to their respective independence. Furthermore, the revision of the communications should take into account any possible change to the assessment of the public interest that would be agreed upon in the context of the ongoing CMDI revision. The Communications and the CMDI framework could be aligned by, e.g. allowing to cater for impacts and critical functions at regional level (and using the common reference to Eurostat definitions to ensure predictability and level-playing field).

Furthermore, reference is made to ex-ante liquidation aid schemes that may be introduced by MSs to ensure the orderly liquidation of distressed banks. The liquidation of the bank under the normal insolvency proceedings is considered in the context of the RA's PIA. While reiterating that the EC's and SRB's assessments are not identical, we would suggest that the EC's assessment of a "serious disturbance" per Art. 107(3)(b) TFEU considers the RA's assessment. Again, this would be without prejudice to their respective independence.

* Question 20.

Has the interaction between, on the one hand, the State aid rules for banks in difficulty and, on the other hand, the crisis management and deposit insurance (CMDI) framework (since its entry into force in 2015) been easy to understand?

- Yes
- No
-

I don't know / no opinion

If no, please elaborate (including – where relevant – specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred):

As stated above, our replies are not with reference to individual or past cases, but rather forward looking on the rules improvement.

In general terms there is room to make the interaction between State Aid rules and CMDI framework easier to understand. In that respect, it is noted that when reviewing aid measures, the Commission also assesses if such measures infringe provisions or general principles of EU law intrinsically linked with State Aid rules, such as the requirements for precautionary recapitalisations and the PIA. We believe that the assessment of the BRRD and SRMR provisions should take into account the SRB's interpretation and application of such provisions, without prejudice to the Commission's independence and margin of appreciation.

To note, SRMR and BRRD represent more up to date principles and rules by co-legislators (who introduced them in 2015 and revised them in 2019) and the CMDI review now provides the opportunity to re-align the "communications" to the "framework" avoiding loopholes and ensuring that State Aid is minimised and remains only as truly residual (cf. reply 13).

*** Question 21.**

Are there certain aspects or concepts related to the State aid rules for banks in difficulty that could have been further clarified or that could have been defined more precisely?

- Yes
- No
- I don't know / no opinion

If yes, please elaborate (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred):

As stated above, our replies are not with reference to individual or past cases, but rather forward looking on the rules improvement.

Further to concepts explained in other replies (burden-sharing, financial stability assessment, etc.) we would like to point at one aspect, which could be further clarified. This is with regard to the State aid that is granted as precautionary recapitalization. We support keeping such a tool, subject to its existing conditions and their stringent application: e.g. a forward-looking assessment of viability, the quantification of unlikely losses etc.

Having said this, we believe the common understanding of the prerequisite and the temporary nature of the aid should be made more explicit. Possibly, this could be done (as suggested in our reply 8 to the CMDI consultation) by setting a limit, e.g. 3 years, in level 1 legislation (e.g. CMDI framework) or implementing acts, as well as the communications. Meanwhile, work should focus on how to operationalise the temporary

nature, e.g. through instruments that incentivise the bank to repay the aid to the State within 3 years. In absence of a standard time-limit in legislation, there seems to be a need to at least define ex-ante a set of conditions to guide the case-by-case choice of the time-limit.

Question 22 *.

	1 Strongly disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly agree	I don't know / No opinion
* To which extent do you agree that State aid rules for banks in difficulty have ensured that Member States <u>used State expenditure efficiently</u> when providing aid to banks in difficulty?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answer to question 22.

4000 character(s) maximum

*** Question 23.**

Has the application of the State aid rules for banks in difficulty created any disproportionate administrative burden?

- Yes
- No
- I don't know / no opinion

Question 24.

To which extent have aid schemes contributed to administrative simplification and reduced the administrative burden? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid channelled through a scheme or granted to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) Liquidity aid schemes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
*						

b) Recapitalisation and restructuring schemes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Liquidation aid schemes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 24 (*also specifying 22a to 22c*).

4000 character(s) maximum

*** Question 25.**

Generally speaking, to which extent do you consider that the achieved benefits (advantages) of the control of State aid to banks in difficulty outweigh the incurred costs (disadvantages)? Please also provide a short explanation for your answer (including the specific benefits (advantages) and costs (disadvantages) and the specific stakeholder group(s) you may have in mind).

- The benefits (advantages) always outweigh the costs (disadvantages)
- In most cases, the benefits (advantages) outweigh the costs (disadvantages)
- In most cases, the costs (disadvantages) outweigh the benefits (advantages)
- The costs (disadvantages) always outweigh the benefits (advantages)
- I don't know / no opinion

Question 26.

To which extent do you consider that the costs (disadvantages) incurred by the following stakeholder groups have been proportional, taking into account the distribution of the benefits (advantages) achieved by the control of State aid to banks in difficulty? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) Aided banks (including their shareholders and investors)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Non-aided banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Aid-granting public authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

* d) Taxpayers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
e) Bank clients (both retail and corporate clients)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* f) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If selected 'Other', please specify:

Please explain the reasoning behind your answers to question 26 (*also specifying 26a to 26e*).

4000 character(s) maximum

Question 27.

To which extent have the following applied measures to reinforce market discipline and tackle moral hazard on the side of bank management, shareholders and investors been proportionate to the operational and administrative cost and burden to implement them? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) Management <u>remuneration cap</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Obligation to <u>divest</u> certain subsidiaries or activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Burden-sharing by <u>bank shareholders</u> (dilution)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) Burden-sharing by <u>hybrid capital holders</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) Burden-sharing by <u>junior bondholders</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* f) Ban on paying out <u>dividends</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* g) Ban on paying out <u>discretionary coupons</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* h) Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other', please specify:

Please explain the reasoning behind your answers to question 27 (*also specifying 27a to 27g*).

4000 character(s) maximum

Question 28.

To which extent have the following applied measures to mitigate the competition distortions stemming from the granting of aid to banks in difficulty been proportionate to the operational and administrative cost and burden to implement them? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) Obligation to <u>divest certain subsidiaries</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Obligation to <u>divest certain activities</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Obligation to <u>reduce the balance sheet total</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) Ban on <u>aggressive commercial practices</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) Constraints on the <u>competitive pricing</u> of banking products (e.g. loans, deposits)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* f) <u>Acquisition</u> ban	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* g) <u>Obligation to exit the market (in case of liquidation aid)</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* h) Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other', please specify:

Please explain the reasoning behind your answers to question 28 (*also specifying 28a to 28g*).

4000 character(s) maximum

Question 29.

To which extent have the following applied measures to restore the long-term viability of banks been proportionate to the operational and administrative cost and burden to implement them? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) Measure and/or quantitative targets to improve <u>revenue-generating potential</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Measures and/or quantitative targets to reduce <u>operating costs</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) The reform of internal <u>risk management policy</u> and <u>corporate governance</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) Measures to reduce <u>complexity</u> (e.g. reduction or termination of non-core activities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) Divestment or termination of <u>less profitable or loss-making activities</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* f) Measure to <u>de-risk the balance sheet</u> (e.g. disposal of non-performing assets, risk protection, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* g) Investments (e.g. in IT infrastructure) to <u>improve operational performance</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* h) Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other', please specify:

Please explain the reasoning behind your answers to question 29 (*also specifying 29a to 29g*).

4000 character(s) maximum

Question 30.

To which extent has the application of the following requirements to restore the long-term viability of banks been proportionate to the operational and administrative costs and burden to implement them? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) The drafting, negotiation and implementation of a <u>restructuring plan</u> to demonstrate an aided bank's long-term viability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) The appointment of and interaction with an <u>independent monitoring trustee</u> to verify the compliance of the Member State and aid beneficiary with relevant State aid conditions (which reflect the applicable compatibility criteria)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answers to question 30 (*also specifying 30a to 30b*).

4000 character(s) maximum

Question 31.

To which extent are the following conditions for recapitalisation and restructuring schemes for small institutions in the 2013 Banking Communication proportionate to mitigate competition distortions and limit the administrative burden? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank under such schemes, which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) The <u>balance sheet</u> total of an eligible bank may not exceed EUR 100 million	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* b) The <u>sum of the balance sheets of the banks</u> that receive aid under a recapitalisation and restructuring may not exceed 1,5 % of the total assets held by banks in the domestic market of the Member State concerned	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* c) The authorization of recapitalization and restructuring schemes is <u>limited to a period of six months</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* d) A Member State implementing a recapitalisation and restructuring scheme must <u>report to the Commission</u> on the use of the scheme on a six-monthly basis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* e) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

If you selected 'Other', please specify:

Please explain the reasoning behind your answers to question 31 (*also specifying 31a to 31d*).

4000 character(s) maximum

Regarding the uneven playing field between Banking Union banks (PIA checked by SRB and EC) and non-Banking Union Banks: The revised State Aid guidelines should now consider that for small credit institutions the respective NRA should conduct a PIA in line with BRRD. While the SRB is exercising its oversight function as to the Less Significant Institutions (LSI) in the Banking Union and becomes directly involved in the resolution of the LSI in case of use of the SRF, for credit institutions in non-Banking Union MS there is no central authority to provide for a consistent level playing field as to the choice between resolution and liquidation. In this respect, ex-ante State Aid approval in the form of a scheme seems not to allow the Commission to perform its control of whether the envisaged measures for LSIs infringe provisions or general principles of EU law intrinsically linked BRRD provisions (in particular the PIA).

Regarding the compatibility of state aid schemes with BRRD and resolution plans: The BRRD framework does not seem to be compatible with such an ex-ante State Aid approval: for instance, resolution planning should not consider/factor in any State Aid. Also, in the run up to resolution, the resolution authority should compare a resolution scenario with a liquidation scenario without necessarily factoring in the State Aid scheme pre-approved.

On ensuring the limited scope of State Aid scheme: Finally while the Commission's ex ante authorisation is limited in various ways (time-wise, to a certain overall state budget, to banks under a certain threshold of assets, etc.), the communications also allow for prolongations, extensions and exceptions.

Question 32.

To which extent are the following conditions for orderly liquidation schemes for small institutions in the 2013 Banking Communication proportionate to mitigate competition distortions and limit the administrative burden? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank under such schemes, which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) The <u>balance sheet total</u> of an eligible bank may not exceed EUR 3 billion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) A Member State implementing an orderly liquidation scheme must <u>report to the Commission</u> on the use of the scheme on a six-monthly basis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other', please specify:

Please explain the reasoning behind your answers to question 32 (*also specifying 32a to 32b*).

4000 character(s) maximum

Please see above reply to question 31

Questions about the relevance of State aid rules for banks in difficulty

The questions in this section aim at evaluating the relevance of the State aid rules for banks in difficulty over time, considering amongst others macroeconomic, financial stability and regulatory changes.

Background information on concepts referred to in the questions

After the latest revision of the State aid rules for banks in difficulty in 2013, the context in which the rules were applied changed considerably. First, as from 2015 the EU bank crisis management and deposit insurance (CMDI) framework entered into force and provided new EU tools to deal with failing banks, aimed at preserving financial stability and fostering a shift away from bank bail-outs by taxpayers. Second, the financial crisis which started in 2008 and the government debt crisis in some Member States which occurred afterwards have largely abated, but have still had long-lasting effects on EU banks. This has led to residual pockets of vulnerabilities in the banking sector in some Member States, for instance related to persistently high levels of non-performing loans. Finally, the COVID-19 pandemic which started in 2020 has had a strong economic impact. Although adverse effects on EU banks have not yet materialized, mainly thanks to the broad range of support measures adopted by Member States and at the EU level, the effects have not yet fully crystallised and could further affect the banking sector.

Question 33 *.

To which extent has the evolution of the State aid rules for banks in difficulty over time – as reflected in the successive Commission communications between 2008 and 2013 – taken into account the following factors? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) Changes in the overall <u>macroeconomic and financial stability context between 2008 and 2013 (including in relation to the government debt crisis in some Member States)</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) <u>Other factors</u> (please specify which factors you have in mind in the box below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other factors', please specify:

Please explain the reasoning behind your answers to question 33a:

4000 character(s) maximum

Question 34.

To what extent have the following factors affected the relevance and appropriateness of the State aid rules for banks in difficulty over time? Please also provide a short explanation why you gave a particular score (including the objectives envisaged by the control of State aid to banks in difficulty – namely to ensure financial stability while minimising the amount of aid and competition distortions – which you may have in mind).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) Changes in the overall <u>macroeconomic and financial stability context</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* b) Changes in <u>banking sector regulation</u> (other than the introduction of the EU bank crisis management and deposit insurance (CMDI) framework in 2015)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* c) <u>Other factors</u> (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other factors', please specify:

Please explain the reasoning behind your answers to question 34 (*also specifying 34a to 34b*).

4000 character(s) maximum

Question 35.

To which extent are the following compatibility pillars underlying the State aid rules for banks in difficulty still relevant and appropriate since the entry into force of the crisis management and deposit insurance (CMDI) framework in 2015?

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion

* a) The <u>minimisation of distortions of competition</u> following the granting of aid to preserve fair competition to a maximum extent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* b) The absorption of losses by a bank, its shareholders and creditors (the so-called “ <u>burden-sharing</u> ”) to limit the amount of State aid needed, thereby protecting the interest of taxpayers, and to reduce moral hazard	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* c) Restoring a bank’s <u>long-term viability</u> to minimise the risk that the aided bank would require aid again in the future, or when this is not possible, ensuring its orderly market exit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain the reasoning behind your answers to question 35 (*also specifying 35a to 35c*).

4000 character(s) maximum

We view these three compatibility pillars as still highly relevant following the CMDI introduction, and actually the CMDI framework itself also follows similar principles. This said, in order to achieve these objectives, we believe the concrete provisions of the communications should be updated and aligned to the CMDI framework as further explained in our replies to this consultation.

*** Question 36 ***

To which extent has it been necessary to have State aid rules tailored to the specificities and sensitivities of the banking sector, compared to other economic sectors? To which extent could State aid to banks in difficulty have been controlled based on more generic State aid rules?

- Click here to add an answer (free text)
- I don't know / no opinion

Please elaborate:

We concur with the explanations given in the introduction to this consultation on the need to tailor State aid rules to the specificities and sensitivities of the banking sector, including temporary frameworks and schemes related to specific crisis contexts (e.g. Covid-19). In addition, we believe these rules should acknowledge the CMDI framework, be compatible and align as closely as possible to the CMDI framework. In that context, we refer also to our replies to the CMDI response, and particularly on the need to harmonise the creditor hierarchy and other aspects of insolvency regimes, which would also support a levelling of the conditions for liquidation aid.

*

Question 37.

To which extent is it still necessary to have State aid rules tailored to the specificities of the banking sector?

- Click here to add an answer (free text)
- I don't know / no opinion

Please elaborate:

We concur with the explanations given in the introduction of this consultation on the need to have State aid rules tailored to the specificities and sensitivities of the banking sector, including temporary frameworks and schemes related to specific crisis contexts (e.g. Covid-19). In addition, we believe these rules should be revised in a way that acknowledges the CMDI framework, are compatible and aligned as closely as possible to the CMDI framework.

* Question 38.

Have the State aid rules for banks in difficulty been adequate to also be applied *mutatis mutandis* to non-bank financial institutions (for instance insurance companies)?

Please also provide a short explanation why you gave a particular answer (including specific circumstances of State aid granted to a non-bank financial institution which you may have in mind, and when these occurred).

- Yes
- No
- I don't know / no opinion

Please elaborate:

* Question 39.

Do you think that since 2008 the likelihood that difficulties at one or several banks lead to a serious disturbance in the economy of a Member State – thereby potentially warranting the granting of State aid to such bank(s) – has changed?

- Yes
- No
- I don't know / no opinion

If yes, please elaborate (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred):

We believe the likelihood that difficulties of one or several banks lead to a serious disturbance in the economy has reduced significantly because of the introduction of the Single Rulebook (and particularly thanks to capital, liquidity and MREL requirements) and of the two pillars of the Banking Union (SSM and SRM). We view that the experience of the past decade (including the Covid-19 crisis) would confirm this.

Questions about the coherence of State aid rules for banks in difficulty

The questions in this section aim at evaluating the internal and external coherence of the State aid rules for banks in difficulty. Internal coherence refers to the extent to which the different Commission communications setting out the State aid rules for banks in difficulty complement each other and do not lead to contradictions. External coherence refers to whether these communications are consistent and do not have any drawbacks in terms of policy outcomes when they interact with other EU legislation which also apply to banks in difficulty. Since 2015, these include in particular the EU bank crisis management and deposit insurance (CMDI) framework which sets out rules for handling bank failures and better protecting depositors. The CMDI framework consists of three EU legislative texts: the Bank Recovery and Resolution Directive (BRRD), the Single Resolution Mechanism Regulation (SRMR) and the Deposit Guarantee Schemes Directive (DGSD).

Question 40.

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* To which extent are State aid rules for banks in difficulty <u>internally coherent</u> ?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answer to question 40.

4000 character(s) maximum

Question 41 *.

Measures to mitigate competition distortions may entail constraints (e.g. limiting the growth of certain activities) that make some strategies of aided banks to restore long-term viability (e.g. trying to increase revenues) more difficult to implement.

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* To which extent have the State aid rules for banks in difficulty ensured an <u>appropriate trade-off</u> between restoring the long-term viability of banks and mitigating competition distortions stemming from the aid granted to those banks?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
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Please explain the reasoning behind your answer to question 41.

4000 character(s) maximum

Question 42.

To which extent are the State aid rules for banks in difficulty coherent with the following other EU policies and legislation? Please also provide a short explanation why you gave a particular score (including specific circumstances of State aid granted to a bank which you may have in mind, and when these occurred).

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* a) <u>Bank resolution rules</u> (BRRD/SRMR) (since their entry into force in 2015)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) <u>Rules applicable to deposit guarantee schemes</u> (DGSD)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) <u>EU merger control rules</u>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* d) <u>Temporary framework</u> for State aid measures to support the economy in the current COVID-19 outbreak since its introduction in 2020	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* e) Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

If you selected 'Other', please specify the EU policies or legislation which you have in mind:

Please explain the reasoning behind your answers to question 42 (*also specifying 42a to 42d*).

4000 character(s) maximum

As regards a), i.e. coherence with BRRD/SRMR, we believe there is room for updating the State Aid rules to BRRD/SRMR (aligning the former with the latter) on a number of aspects, such as: (i) burden sharing (e.g. cf. reply 5); (ii) PIA and specifically financial stability assessment (cf. reply 19); (iii) the processes on restructuring plans versus BRRD business reorganisation plans (cf. replies above); (iii) the interactions on valuation when a bank is resolved and the SRF supports the transfer of impaired assets to an asset management vehicle (AMV).

Regarding b), i.e. the coherence with DGSD, we view that the interrelation with Article 11(3) and (4) DGSD could be improved.

Currently, according to Article 11(4), “alternative measures” by DGSs (as defined in Article 11(3)) in favour of significant institutions shall not be applied where the ECB, after consulting the SRB, considers that the conditions for resolution action under Article 32(1) BRRD are met. When performing the FOLTF assessment, the ECB and the SRB have to ascertain whether the DGS alternative measures would qualify as State aid (and thus, as extraordinary public financial support). However, the assessment whether the DGS alternative measures would qualify as State aid should be performed by the Commission rather than by the SRB or ECB. As a proposed solution, also in light of our suggestion under reply 19 to have guidance from the Commission, the revised communications could foresee that the Commission issues an opinion (in the form of a non-aid decision addressed to MS/DGS and to SRB/ECB) on whether DGS alternative measures would qualify as State aid.

Alternatively, it could be clarified in the BRRD that such measures would not count as extraordinary public support under Article 32, thereby avoiding that such assessment would be needed where the measures were applied in alignment with the conditions set out in the DGSD.

Questions about the EU added value of State aid rules for banks in difficulty

The questions in this section aim at assessing the EU added value of the State aid rules for banks in difficulty.

Competition policy – which includes State aid control – represents an area of exclusive EU competence pursuant to Article 3(b) of the Treaty on the Functioning of the EU (TFEU). Therefore the subsidiarity principle does not apply. The State aid rules for banks in difficulty covered by this evaluation are Commission guidelines (soft law) in the field of State aid law. In the absence of such State aid guidelines, Member States would have to notify all planned State aid measures individually to the Commission, and the Commission would have to assess them directly under Article 107 TFEU and take individual decisions on each of them, which could entail further administrative burden.

* Question 43.

Have the State aid rules for banks in difficulty provided an added value in comparison to a situation without such guidelines, in which case each individual measure would have to be dealt with separately, directly applying the TFEU?

- Click here to add an answer (free text)
-

I don't know / no opinion

Please elaborate:

We believe State Aid rules provide an added value in comparison to a situation without such guidelines. This said, we consider that the added value can increase, if the rules are updated and aligned to the CMDI framework.

Question 44 *.

	1 Not at all	2 Rather not	3 Neutral	4 To a certain extent	5 A lot	I don't know / No opinion
* To which extent have the State aid rules for banks in difficulty ensured a <u>coordinated approach</u> to the financial support given by Member States (with different budgetary capacities) to their respective banking sectors?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain the reasoning behind your answer to question 44.

4000 character(s) maximum

Other Questions

* Question 45 *.

Do you want to raise any other points which may be relevant for the evaluation of the State aid rules for banks in difficulty?

- Yes
- No

Please elaborate:

In addition to the points raised in previous replies, we would note a procedural point and a conceptual one.

On the more conceptual point: while the SRB is obviously neutral to the type of ownership of a bank, one could explore if the public ownership of banks might be an area deserving additional clarifications and rules. This analysis could be done in light of the BRRD/SRMR principles and the objective of minimising the use of public funds, and beyond what is already stipulated in primary and secondary legislation (e.g. on the room for manoeuvres for such owners and shareholders, notably depending on the nature of activities exercised by the State owned banks).

As for the procedural point: this is linked to the practice of notifying resolution authorities immediately after the Commission (DG COMP) has been notified of potential requests by Member States on State aid, and to be kept timely informed thereafter of the Commission steps and decisions. This could be reflected in the updated communications to the support and reflect the good cooperation among authorities.

This is essential in light of the link between State aid rules and the CMDI definition of extraordinary public financial support and FOLTF assessments. The communications currently do not lay down a process to ensure that the resolution authorities are informed of DG COMP's State aid procedure promptly (to be able to perform their mandate, e.g. assessing the case at hand, start crisis preparedness work, act in case of negative outcome of such procedure, etc.). Therefore, we recommend that the revised communications reflect the need to notify the resolution authorities, as soon as a MS requests approval (or enters a pre-notification phase) to grant these types of State aid and to be kept informed thereafter, with a clear timeline.

This seems in line with the close cooperation among the various authorities noted in the introduction to this consultation and would help its operationalization. Please see also our reply 18 on the need for ex-ante and ex-post exchange of information, for banks under the SRM remit, i.e. banks under SRB remit as well as less significant banks (due to the SRB oversight function and the need for the SRB to decide upon resolution action which involves the use of SRF).

Question 46 *.

If you want to share any documents (e.g. data, research paper, position paper, etc.) which may be relevant for the evaluation of the State aid rules for banks in difficulty, please upload it here. Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

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