

DECISION OF THE SINGLE RESOLUTION BOARD

of 16 December 2020

on the 2021 policy concerning irrevocable payment commitments

(SRB/ES/2020/71)

THE SINGLE RESOLUTION BOARD (hereinafter referred to as the "Board" or "SRB"),

Having regard to Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010¹ (hereinafter referred to as the "SRM Regulation"),

Having regard to the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to *ex ante* contributions to resolution financing arrangements² (hereinafter referred to as the "Delegated Regulation"), and

Having regard to the Council Implementing Regulation (EU) 2015/81 specifying uniform conditions of application of Regulation (EU) No 806/2014 of the European Parliament and of the Council with regard to *ex ante* contributions to the Single Resolution Fund³ (hereinafter referred to as the "Implementing Regulation");

WHEREAS:

- (1) According to Article 70(3) of the SRM Regulation, the available financial means to be taken into account in order to reach the target level of the Single Resolution Fund specified in Article 69 of the SRM Regulation may include irrevocable payment commitments which are fully backed by collateral of low-risk assets unencumbered by any third-party rights, at the free disposal of and earmarked for the exclusive use by the Board for the purposes specified in Article 76(1) of the SRM Regulation. The share of those irrevocable payment commitments shall not exceed 30 % of the

¹ OJ L 225, 30.7.2014, p.1.

² OJ L 11, 17.1.2015, p. 44-64.

³ OJ L 15, 22.1.2015, p. 1-7.

total amount of contributions raised in accordance with Article 70 of the SRM Regulation;

- (2) According to Article 8(3) of the Implementing Regulation, during the initial period, under normal circumstances, the Board shall allow the use of irrevocable payment commitments upon request from an institution. The Board shall allocate the use of irrevocable payment commitments evenly among those institutions requesting it. The allocated irrevocable payment commitments shall not be less than 15 % of the total payment obligations of the institution. When calculating the annual contributions of each institution, the Board shall ensure that, in any given year, the sum of those irrevocable payment commitments does not exceed 30 % of the total amount of annual contributions raised in accordance with Article 70 of the SRM Regulation;
- (3) Taking into account the liquidity position of the Single Resolution Fund, the amount of irrevocable payment commitments outstanding and the substantial impact for the institutions in case of irrevocable payment commitments are being called, it is appropriate to limit the amount of allowed irrevocable payment commitments at 15% of the total payment obligations of the institution, which is without prejudice to different assessment in this regard in the future. The total payment obligations refers to the amount actually paid by the institution and consists, therefore, of the annual contribution amount taking into account, where applicable, the deduction pursuant to Article 8(2) of the Implementing Regulation and any adjustment of the previous annual contribution amounts as a result of data revisions or restatements;
- (4) According to Article 13(3) of the Delegated Regulation, the resolution authority shall accept collateral only of the kind and under conditions that allow for swift realisability;
- (5) The use of non-cash collateral could impact on the timely availability of funds in case of a resolution and the overall liquidity of the Single Resolution Fund. Taking this into account, it is appropriate to accept only cash collateral to back up the irrevocable payment commitments. However, this does not prevent the SRB from adopting a different approach in this regard in the future.

HAS ADOPTED THIS DECISION

Article 1

For the 2021 contribution period, institutions may, upon request to the Board and subject to the terms of an Irrevocable Payment Commitment Agreement (an "IPCA") between the Board and the relevant institution, provide irrevocable payment commitments for an amount equal to 15% of their payment obligation for this contribution period.

The irrevocable payment commitments must be fully backed by collateral exclusively in the form of cash and in accordance with the terms of an IPCA.

Article 2

This Decision shall enter into force on the date of its adoption.

For the Single Resolution Board

*The Chair
Elke König*