

## Single Resolution Mechanism: main differences between ECON report and Council General Approach

Article	Topic	ECON Report	Council General Approach
Art. 2, 7, 7a & 29	Scope	<p>The SRM covers all SSM banks, irrespective of whether they are directly supervised by the ECB or not.</p> <p>The Board may require national authorities to perform tasks related to the drawing up of resolution plans, under its authority.</p>	<p>The SRM covers in principle all SSM banks but in practice, for the 130 directly supervised banks and cross-border banks within the SSM, the resolution plan will be prepared by the National Competent Authority (but will still need to go through the approval process).</p>
Art. 16	Determination of non-viability of an institution ("failing or likely to fail")	<p>Made by the ECB only (including following a communication of a national supervisory authority). The Board may request the ECB to make an assessment regarding the non-viability of an institution but the final decision lies with the ECB.</p>	<p>3 possibilities: by the ECB, a national resolution authority or the Board.</p>
Art. 16	Decision to place an institution under resolution (Art. 16)	<p>The Commission, on the basis of a draft decision from the Board, adopts a resolution framework placing the institution under resolution.</p> <p>The Board adopts a resolution scheme on the basis of the resolution framework.</p>	<p>The Board adopts a resolution scheme placing the institution under resolution which enters into force unless Council objects within 24 hours.</p> <p>The Council may amend, on proposal by the Commission, the resolution scheme, following a complex comply-or-explain procedure (3 possible stages, ending with the Board being forced to amend the scheme as requested by Council).</p>
Art. 39 & 51	Composition of the Board and voting modalities	<p>Members of the Board, all with voting rights:</p> <ul style="list-style-type: none"> <li>- an Executive Director,</li> <li>- a Deputy Executive Director,</li> <li>- a member appointed by the Commission,</li> <li>- a member appointed by the ECB</li> </ul>	<p>Members of the Board:</p> <ul style="list-style-type: none"> <li>- an Executive Director, with voting rights</li> <li>- 4 members appointed by the Council, with voting rights,</li> <li>- a member appointed by each participating Member</li> </ul>

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Art. 48		<p>- a member appointed by each national resolution authority.</p> <p>- a member appointed by the EBA (as an observer without voting rights).</p> <p>The Board in its executive session should strive for a consensus, if not, the voting modalities provide for a balance between representatives of EU institutions and representatives of Members States, and leave no possibility for a national veto. In case of a tie the Executive Director shall have a casting vote.</p> <p>The Board, in its plenary session, shall take its decisions by a simple majority of its members. Decisions taken in plenary session are taken by a simple majority and by a 2/3 majority for the decisions on voluntary borrowing between financing arrangements, the mutualisation of national financing arrangements and on the lending to deposit guarantee scheme.</p>	<p>State, representing the national resolution authorities.</p> <p>Decisions in the executive session should be taken by consensus within a deadline set by the Executive Director; if not, only the Executive Director and the 4 members appointed by Council vote, by simple majority.</p> <p>The Board, in its plenary session, shall take its decisions by a simple majority of its members. Decisions taken in plenary session are taken by a simple majority and by a 2/3 majority when it involves the use of the Fund. In case of a tie, the Executive Director shall have a casting vote.</p>
Art. 46 & 50	Division of tasks between the plenary/executive session of the Board	<p>All decisions relating to resolution are taken in the executive session, including:</p> <ul style="list-style-type: none"> <li>- preparation and approval of resolution plans;</li> <li>- determining the minimum requirement for own funds and eligible liabilities (MREL);</li> <li>- drafting of the draft decision (including on the</li> </ul>	<p>Draft resolution decisions are prepared in the executive session; however, most decisions involving the use of the Fund as well as the decisions on borrowing and mutualising of financing arrangements are taken in the plenary session.</p>

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		use of the Fund) submitted to the Commission for it to trigger the resolution.	
Art. 52	Selection procedure of the Executive Director and Deputy Executive Director	The Commission shall provide the competent committee of the European Parliament with the shortlist of candidates for the positions of Executive Director and Deputy Executive Director. The Commission shall submit a proposal for the appointment of the Executive Director and the Deputy Executive Director to the European Parliament for approval. Following the approval of that proposal, the Council shall adopt an implementing decision to appoint the Executive Director and the Deputy Executive.	Executive Director and 4 other members appointed by Council on the basis of a short list provided by Commission, after hearing the EP. Deputy Executive Director (who is not part of the Board, only there to replace the Executive Director) is appointed by the Board in its plenary session.
Art. 64-73	Single Resolution Fund (SRF) and backstop	<p>A Single Resolution Fund should be established for all banks covered by the SRM as soon as the Regulation enters into force, i.e. as of 1 January 2015. The target fund level should be reached within 10 years of the entry into force of the Regulation.</p> <p>A credit line should be set to ensure to the Fund immediate availability of adequate financial means.</p>	<p>A Single Resolution Fund should be built over a 10 years period through a gradual mutualisation and under intergovernmental rules (an intergovernmental agreement (IGA) is to be concluded by 1 March 2014). At first, contributions (raised at national level) to the Fund shall be allocated to different national compartments within the SRF, which shall merge progressively at the end of the 10 years. The financial means made available to the institution under resolution would come from three different sources in the following order:</p> <p>Step 1: means from national compartments of the Member State in which the bank under resolution is established,</p> <p>Step 2: if not enough, means from the common part of all the other individual compartments,</p> <p>Step 3: if not enough, other means, including ex-post contributions, national sources or ESM, or lending between compartments.</p>

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			The proportion of the use of means under step 1 will decrease progressively from 100% the first year to 0 while the proportion of the use means under step 2 will increase from 10% to 100%.
Art. 88	Entry into force	SRM 1 January 2015, bail-in 1 January 2016.	Same dates as EP but everything is conditioned to the ratification of the IGA by Member States. As long as the IGA is not ratified, the SRM is not applicable.