



SRB – Banking Industry Dialogue Meeting

Contributions to the Administrative Expenditure of the SRB
Timo Löyttyniemi, Vice Chair of the SRB

23 May 2016, Brussels

Legal Basis

- Art. 59(1) of the SRMR states that “*The revenues of Part I of the budget shall consist of the annual contributions necessary to cover the annual estimated administrative expenditure*”.

Entities in scope

Art. 65 of the SRMR states that the entities to contribute are those stipulated in Art. 2 of the SRMR, that is:

- a) credit institutions established in a participating Member State;**
- b) parent undertakings, including financial holding companies and mixed financial holding companies, established in a participating Member State, where they are subject to consolidated supervision carried out by the ECB in accordance with Article 4(1)(g) of Regulation (EU) No 1024/2013;**
- c) investment firms and financial institutions established in a participating Member State, where they are covered by the consolidated supervision of the parent undertaking carried out by the ECB in accordance with Article 4(1)(g) of Regulation (EU) No 1024/2013.**

How the Contributions are determined

Art. 65(5) of the SRMR empowers the European Commission to adopt delegated acts on the contributions, including on how to determine them before the SRB becomes fully operational. In practice, this results in two systems:

a) A provisional system:

- Applicable for the budget years 2014-2015 and for 2016**

b) A final system*

- Applicable as from 2017**

* Subject to Delegated Regulation

The provisional system

Pursuant to Art. 65(5) of the SRMR, the European Commission has adopted the delegated act (EU) No 1310/2014 of 8 October 2014. Key features include:

- a) All entities shall pay contributions for the provisional period (i.e., until Commission adopts final system);**
- b) Only the “significant entities” are invoiced, and they pay in advance;**
- c) Only one data point is used, “total assets”:**
- d) The instalments are calculated by multiplying the administrative expenditures of the Board for the period by the ratio of the total assets of each significant entity to the aggregate of the total assets of all significant entities.**
- e) The calculation and collection of the contributions for all other entities, is deferred until after the end of the provisional period.**

Settlement arrangements of the provisional system

a) The contributions for the provisional period shall be recalculated under the provisions of the final system.

The amount of contributions due by each entity referred to in Article 2 of Regulation (EU) No 806/2014 to cover the administrative expenditures of the Board during the provisional period shall be (re)calculated in accordance with the final system of administrative contributions adopted by the Commission in accordance with Article 65(5)(a) of Regulation (EU) No 806/2014 (the 'final system').

b) Offsetting will take place in 2017:

i. Entities who did not pay so far, will be asked to pay in 2017 for more than 1 year (2017 + 2016 + 2014 / 2015)

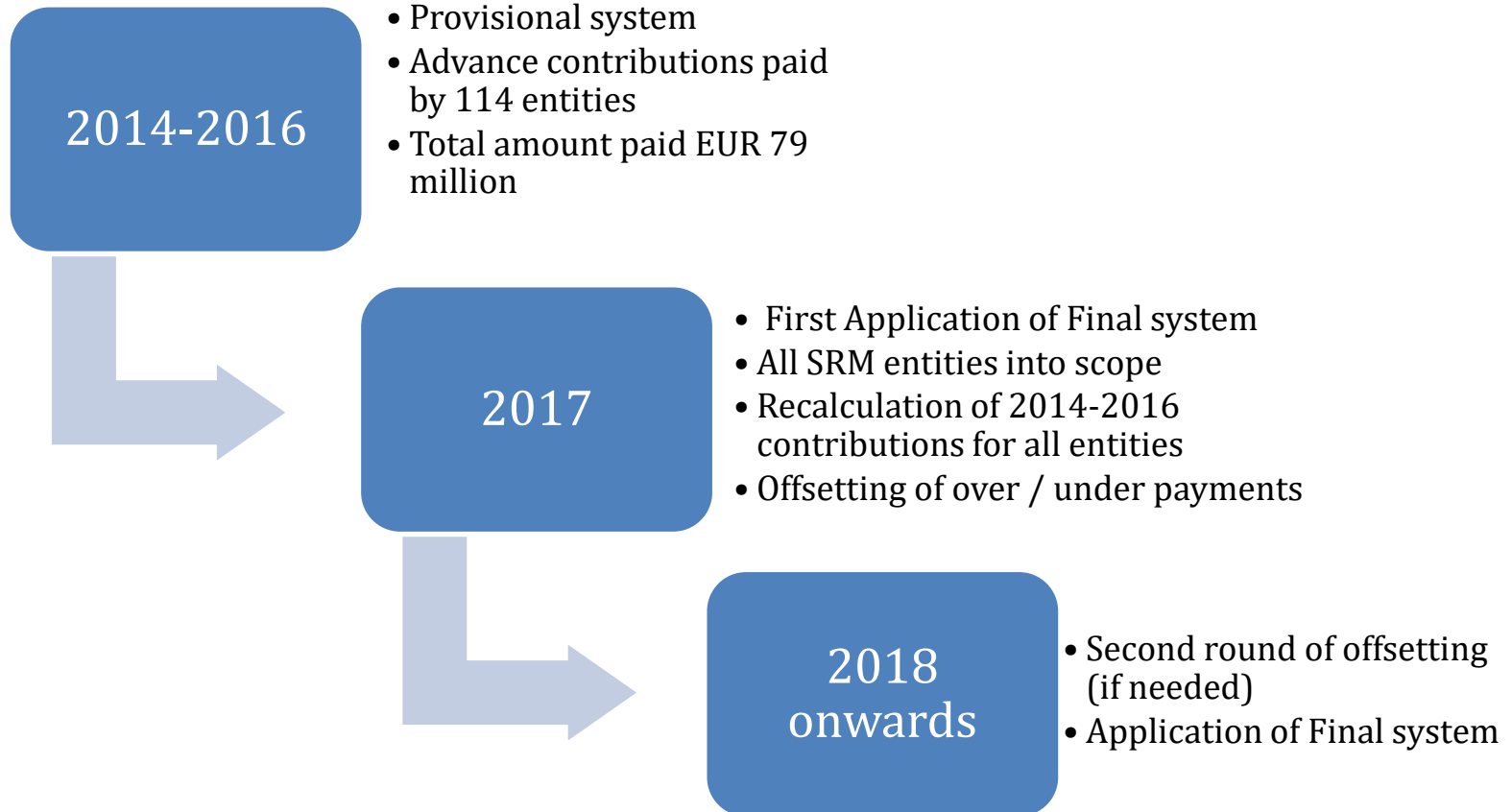
ii. Entities who paid, will be asked to pay decreased contributions for 2017

Any difference between the instalments paid on the basis of the provisional system and the contributions referred to in paragraph 1 calculated in accordance with the final system shall be settled in the calculation of the contributions to cover the administrative expenditures of the Board for the year which follows the provisional period. That adjustment shall be made by decreasing or increasing the contributions to the administrative expenditures of the Board for that year.

Final system

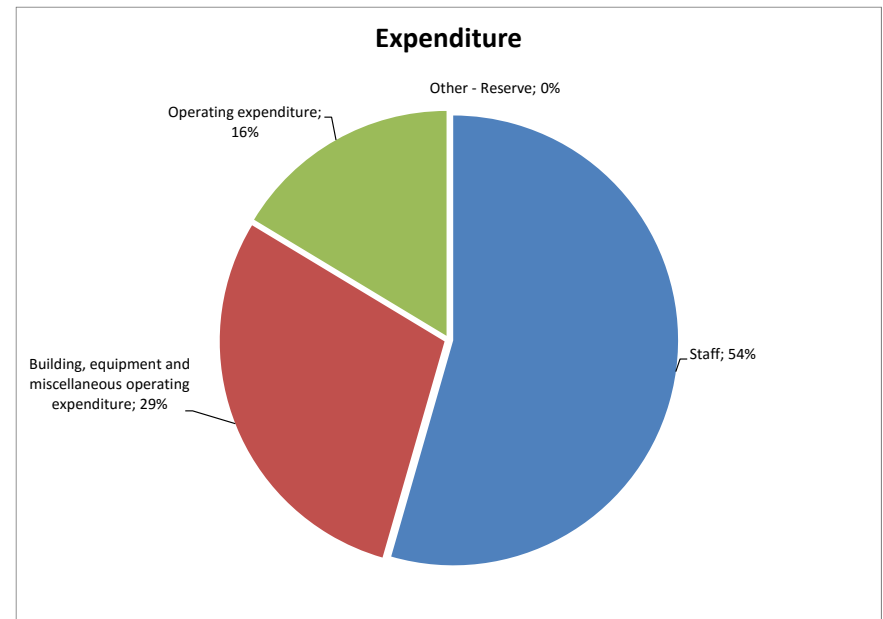
**Delegated Act to be adopted by the European Commission in
summer 2016**

Final system and transitional period



Budget 2014-2015-2016

- ✓ The indicative budget of the provisional period for SRB amounts to EUR 79 million
- ✓ The budget is adopted by the Plenary session of the Board
- ✓ The budget implementation is audited by the European Court of Auditors
- ✓ The staff approved for 2016 is 230 posts



What we achieve with the funds

Ensuring resolution readiness

- Further develop resolution plans for entities under SRB's remit
- Further develop the Resolution Planning and Crisis Management Manuals as well as policy orientations for the use of resolution tools
- Make progress on enhancing resolvability by identifying barriers to resolution and by providing and implementing concrete guidance on ways to remove them, including on MREL
- Become the centre of expertise for resolution-related topics
- Provide input to the review of existing legislation and relevant regulatory activities
- Improve preparedness by carrying-out crisis simulation exercises

Fostering cooperation

- Operationalise MoUs with the ECB and the EC
- Establish MoUs with non-Banking Union European partners
- Establish MoUs and cooperation agreements with partners beyond the EU
- Develop a *culture* of efficient cooperation with NRAs
- Establish Resolution Colleges

Operationalising the SRF

- Define funding and financing for the SRF
- Develop and implement investment strategy for the SRF
- Ensure timely contributions to the SRF



Thank you!