



BPFI Response to CBI Consultation on the Central Bank's Approach to Resolution for Banks and Investment Firms (First Edition) CP126

January 2019

www.bpfi.ie

Banking and Payments Federation Ireland (BPFI) is the voice of banking and payments in Ireland. Representing over 70 domestic and international member institutions, we mobilise the sector's collective resources and insights to deliver value and benefit to members, enabling them to build competitive sustainable businesses which support customers, the economy and society.

BPFI welcomes the opportunity to make this submission to the Central Bank of Ireland on the Central Bank's Approach to Resolution for Banks and Investment Firms (First Edition) CP126. As the Central Bank proposes to align its approach with the Single Resolution Board guidance, we have the following few observations on the consultation paper.

Resolution Framework: Given that the scope of the CBI CP is limited to less significant institutions (LSIs), and that the CBI would expect to conclude for most in-scope firms that resolution objectives would be achieved through liquidation (p. 13), it would be helpful if the CBI could provide further clarity in the final policy paper on the interaction between the public interest test and simplified obligations regime with the resolution framework being proposed, and whether the less significant nature of the firms will have any impact on the resolution planning requirements.

On this latter point, the CP refers to annual reviews of resolution plans (p. 22) and annual submission of resolution information by firms (p. 24). We question whether these annual requirements are proportionate for small firms that do not provide critical functions and do not go through any significant changes on a yearly basis, and which may have simplified resolution plans (p.24, paragraph 2.12).

In this context, it would also be useful if the final policy paper could expand on the public interest test, ie, taking into consideration the resolution objectives what key factors would influence this assessment and how would decisions be taken by the CBI/Single Resolution Board.

Resolution Planning: It would also be helpful, if further to paragraph 2.8 (p.22) the CBI could expand on its approach regarding resolution planning for in-scope firms that are part of a cross-border group. In addition, we note that reference in p. 23, paragraph 2.11 to the European Commission Implementing Regulation (CMI) seems to be out of date (requirements recently updated through CMI 2018/1624 published in October 2018).

Timeframe: We would welcome clarity from the CBI as to when they envisage this new framework to come into force, and when would the CBI expect firms to be required to submit the resolution planning information referred in paragraphs 2.10 and 2.11.

Contacting Us:

If you would like to further discuss details of this submission you can contact us at:

Dr. Ali Ugur, Chief **Economist and Head of Prudential Regulation**

Banking and Payments Federation Ireland

Email: ali.ugur@bpfi.ie, Tel: 014748814

+353 (1) 671 5311
info@bpfi.ie

www.bpfi.ie

