



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 20 December 2013
(OR. en)**

18137/13

**EF 281
ECOFIN 1186**

COVER NOTE

From: Secretariat General of the Council
To: Delegations
Subject: Single Resolution Mechanism
Texts agreed at ECOFIN on 18 December 2013

Delegations will find attached:

- Statement of Eurogroup and ECOFIN Ministers on the SRM backstop
- Declaration of the representatives of the 28 Member States meeting within the Council
- Specific Conclusions agreed by the Council as recorded in the minutes

Statement of Eurogroup and ECOFIN Ministers on the SRM backstop

1. A Single Resolution Fund (SRF) shall be established in the context of the Banking Union to underpin the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM) in order to safeguard financial stability in the Banking Union as a whole or in one or more of its Member States concerned.
2. However, situations may arise when the SRF is not sufficiently funded by the banking sector, especially in the initial period but also in the steady state. In order to ensure sufficient funding, the Eurogroup and Ecofin Ministers agreed for Member States participating in the SSM/SRM to put in place a system by which bridge financing would be available as a last resort and in full compliance with State aid rules.
3. In the transition period, bridge financing will be available either from national sources, backed by bank levies, or from the ESM in line with agreed procedures. The arrangements for the transition period will be operational by the time the SRF is established, including the setting up of possibilities for lending between national compartments.
4. A common backstop will be developed during the transition period. Such a backstop will facilitate borrowings by the SRF. The banking sector will ultimately be liable for repayment by means of levies in all participating Member States, including ex post. The backstop will be fully operational at the latest after ten years. Progress shall be reviewed soon after entry into force of the SRF.
5. These arrangements will be activated according to their agreed rules and be fiscally neutral over the medium term so that taxpayers will be protected.
6. The arrangements will ensure equivalent treatment across all Member States participating in the SSM/SRM, including Member States joining at a later stage, in terms of rights and obligations and both in the transition period and once a common backstop has become fully operational. They will respect a level playing field with non-participating Member States, take full advantage of synergies with existing frameworks and safeguard the Internal Market. Non-euro area Member States that consider participating in the Single Supervisory Mechanism are invited to take part in the negotiations.

DECLARATION OF THE REPRESENTATIVES OF THE 28 MEMBER STATES MEETING WITHIN THE COUNCIL

In view of the fact that the decisions of the Council under Article 16 of the Regulation on the Single Resolution Mechanism are of preponderant concern for the participating Member States within the meaning of Article 2(1) of Council Regulation (EU) No 1024/2013, while fully respecting the procedural requirements of the Treaties on which the EU is founded, the representatives of the Member States of the 28 Member States meeting within the Council exceptionally agree on the following:

When the Council is called upon to decide in accordance with Article 16 of the Regulation on the Single Resolution Mechanism, the Members of the Council that are participating Member States will verify among themselves before an eventual vote is taken whether they intend to support, to amend or to reject the proposal presented by the Commission pursuant to that provision.

To this effect, they will verify whether a simple majority of them, calculated in accordance with Article 238(1) TFEU, exists in favour of the proposal.

The Members of the Council that are not participating Member States may undertake to exercise their right to vote in a manner such that they will not prevent the adoption of the decision by the Council in the sense previously verified by the Members of the Council that are participating Member States.

This declaration relates solely to the decisions to be taken by the Council under Article 16 of the Regulation on the Single Resolution Mechanism and does not constitute a precedent for use in any other context.

Specific Conclusions agreed by the Council as recorded in the minutes

The Council notes the exceptional declaration agreed between the representatives of the 28 Member States meeting within the Council on voting in relation to decisions to be taken by the Council under the Single Resolution Mechanism.

The Council welcomes the agreement of the participating Member States to ensure that non participating Member States shall be reimbursed for amounts paid in own resources corresponding to the use of the Union budget in connection with non contractual liability and costs related thereto arising from implementation of the Single Resolution Mechanism in accordance with the mechanism to be established in an inter-governmental agreement, in the framework of which the European Commission will be invited by the 28 Member States to carry out certain functions as set out in that Agreement.

The Council welcomes the Eurogroup and Council statement on the SRM backstop and notes that the backstop arrangements for the SRM will not be funded from the Union budget or by non participating Member States.
