

Statement by the Committee on Finance 2013/14:FiU13

ANNEX 2

Reasoned opinion of the Swedish Riksdag

The Riksdag has examined the Commission's proposal for a Regulation of the European Parliament and of the Council 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 Bank Resolution Fund (COM(2013) 520).

Before the Riksdag deals with the question of whether the Commission's proposal is compliant with the principles of subsidiarity and proportionality, it would like, briefly, to comment on some of the specific issues in the proposal.

The Commission proposes a procedure for how decisions on reconstruction or winding up of a bank are to be made. The Riksdag perceives the process as extremely complicated and even difficult to understand in certain parts. Several different institutions and government agencies are involved in the process and the Riksdag doubts whether the system will function efficiently in a crisis situation. If and when a bank or banking group experiences problems, the period of time in which to make decisions and take action is severely limited. Often measures have to be taken over a single weekend. In such an emergency situation, the decision-making procedure must be simple, clearly-defined and short, otherwise there is an overhanging risk that the stability of the financial system will not be maintained.

In the autumn of 2012, the Riksdag carried out a subsidiarity check of a proposed directive concerning a framework for crisis management. (COM(2012) 280). The Riksdag then objected to a proposal concerning a compulsory, binding loan mechanism between national stability funds. In the current proposal the Single Resolution Fund has the opportunity to borrow from stability funds in countries that are not participating in the single resolution mechanism, but in contrast to the previous directive proposal, loans are now voluntary. The Riksdag welcomes the fact that the Commission has now replaced the previous compulsory loan mechanism with a voluntary system (which is the case in the directive proposal under consideration). However, the Riksdag does observe that the current proposal says very little about how borrowing and lending are to be carried out and on what terms. In the opinion of the Riksdag, it is vital that the body of regulations covering this field is extremely clearly stated.

The Commission's proposal is very complicated and extensive, and in the opinion of the Riksdag it is difficult, within the brief period of time available, to determine whether the proposal is compatible with the principles of

subsidiarity and proportionality. However, as far as the Riksdag has been able to assess, parts of the proposal may constitute a breach of both principles. The Riksdag also considers that it is not clear whether the proposal is actually compatible with the Treaty.

The Riksdag considers that it is doubtful whether the proposal contains sufficiently strong protection against national budget funds being used to finance the Single Resolution Fund. This specially applies during the period when the fund is under development when it does not have enough resources available to manage a crisis. In the opinion of the Riksdag it is essential that the Commission's proposal is compatible with national tax law and national parliaments' opportunities to determine the use of their national budget funds. In this field the Riksdag does see some concerns, which the Council's legal services have also observed in their assessment of the proposal.

In addition the Riksdag considers that the Commission's proposal will result in a substantial concentration of power within the EU institutions and authorities at the cost of the Member States. According to the Riksdag's assessment, this part of the proposal is not compatible with the principle of proportionality. The EU bodies' power and influence will become disproportionately large. The goal of this Regulation can, in all probability, also be achieved with a more even distribution of power between the EU and member state levels.

The Riksdag has grave doubts concerning the amount of power and the role the Commission will play in the reconstruction process. The Commission will take the decision on whether to reconstruct or wind up a bank, will be entitled to vote in the Resolution Board and also bear responsibility for State aid control. Here the Riksdag sees clear risks of a confusion of roles, which would risk the efficiency of the single resolution mechanism.