



EUROPEAN COMMISSION

Brussels, 6.2.2014  
C(2014) 628 final

*Dear President,*

*The Commission would like to thank the Riksdag for its Reasoned Opinion concerning the 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 and amending Regulation (EU) No 1093/2010 of the European Parliament and of the Council {COM(2013) 520 final}.*

*The Commission takes note of the doubts of the Riksdag whether the proposal in question is in line with the principles of subsidiarity and proportionality and whether it is compatible with the Treaty.*

*Please find hereinafter some clarifications regarding the concerns and issues set out in the Reasoned Opinion of the Riksdag.*

*As is rightly stated in the Reasoned Opinion, if a bank or banking group fails or is likely to fail, competent authorities often have only very limited time available to take the necessary decisions. In many cases, the situation is complicated by the bank or banking group being highly integrated into the internal market so that decisions taken in one Member State may have significant cross-border spill-over effects in other Member States. Mere coordination among national resolution authorities, with often diverging interests, is a lengthy and inefficient way of dealing with bank crises, as we have seen during the past crisis. This is why the Commission proposes that the resolution of banks is decided at Union level and with the involvement of representatives of both Union institutions and Member States' resolution authorities. Only a central decision-making process can guarantee that a bank's crisis is dealt with quickly and effectively.*

*The Commission is therefore convinced that its proposal is in compliance with the principles of subsidiarity. In its recently issued legal opinion, the Council Legal Service confirmed that the Commission's proposal for a Single Resolution Mechanism (SRM) is based on the correct legal basis and, subject to certain adjustments which are being introduced in the legislative process, is in conformity with the Treaty.*

*Mr Per WESTERBERG  
Speaker of the Riksdag  
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*The powers that would be conferred upon the Commission according to the Commission's legislative proposal are not excessive. The Council Legal Service confirmed the Commission's position that for legal reasons of institutional balance the most important decisions relating to bank resolution need to be taken by a Union institution. More specifically, the Service pointed out that decisions that entail a wide margin of discretion and thus allow establishing the resolution policy of the Union need to be reserved to the institutions of the Union. Since according to the Treaty, the Commission shall exercise executive functions, our legislative proposal vested these policy decisions with the Commission. However, in the on-going legislative procedure some Member States have proposed that the Council be endowed with such authority.*

*Regarding the protection of national budgets, the proposal provides that no decision of the Board or the Commission shall require Member States to make available extraordinary public financial support. When assessing the resolvability of any particular bank or banking group this has to be done without assuming any extraordinary public financial support. In the light of the Council Legal Service's opinion, additional procedural safeguards are being introduced to guarantee the budgetary sovereignty of Member States which the Commission supports.*

*The Commission welcomes that the Riksdag endorses the possibility of voluntary borrowing by national financing arrangements to the Single Resolution Fund. Regarding process, terms and conditions of borrowing, the proposal refers to the Directive establishing a framework for the recovery and resolution of credit institutions and investment firms. According to the general approach the Council took in relation to this Directive in June of this year, the specific terms and conditions will be agreed between the participating financing arrangements.*

*The Commission hopes that these clarifications address the concerns and issues raised by the Riksdag and looks forward to continuing our political dialogue in the future.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*