

Deloitte Banking Alert

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SRB opens a public consultation on the future review of MREL

The SRB opened on the 14th of December a public consultation on the future of the minimum requirements for own funds and eligible liabilities, or MREL, the minimum amount of equity and debt banks are required to hold to support an effective resolution without using taxpayers' money or industry-funded safety nets.

The consultation is part of the SRB's strategic review to ensure the SRB remains optimally equipped for the future, building on lessons learned from recent crises in the US and Switzerland, together with past SRB resolution cases. It will run from 14 December 2023 to 13 February 2024.

SRB Chair Dominique Laboureix said: "As banks are to meet their targets by 1 January 2024, it is time to launch a public consultation on MREL, in order to gather views and reflections from stakeholders to inform any future review by the SRB."

Key focus areas

The consultation focuses on the following topics:

- MREL adjustments for preferred resolution strategies relying on a combination of resolution tools;
- The Market Confidence Charge buffer;
- The monitoring of MREL eligibility;
- Discretionary exclusions;
- Long-term policy considerations.

Conclusions

The lessons learned from recent crises will lead to evolution in resolution plans, and MREL targets will need to evolve accordingly to reflect the resolution strategies which they are designed to support. At the same time, MREL is only one element of SRB's toolkit. It must always be considered in conjunction with the many other elements that together make a bank fully resolvable.

The SRB seeks stakeholders' views on factors relevant to setting MREL, which may not necessarily be for immediate application or adoption, but which might be considered over the course of several resolution planning cycles.

For further questions regarding the aspects mentioned in this alert, please don't hesitate to contact us:



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Sources:

<https://ec.europa.eu/eusurvey/runner/Public-consultation-on-the-future-of-MREL-policy-2023>