

Statement of Eurogroup and ECOFIN Ministers on the SRM backstop

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.

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.

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.

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.

These arrangements will be activated according to their agreed rules and be fiscally neutral over the medium term so that taxpayers will be protected.

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.