



Regulation after Brexit: Resolution of G-SIBs

David Blache,
Deputy Director for Resolution
ACPR / Banque de France

ENTERPRISE
SUMMIT

THE CONNECTED ENTERPRISE:
REGULATION READY

16

GSIBs in the euro area: the specific situation of France

| Bucket ⁹ | G-SIBs in alphabetical order within each bucket |
|---------------------|--|
| 5 (3.5%) | (Empty) |
| 4 (2.5%) | HSBC JP Morgan Chase |
| 3 (2.0%) | Barclays BNP Paribas Citigroup <u>Deutsche Bank</u> |
| 2 (1.5%) | <u>Bank of America</u> Credit Suisse Goldman Sachs Mitsubishi UFJ FG Morgan Stanley |
| 1 (1.0%) | Agricultural Bank of China Bank of China Bank of New York Mellon China Construction Bank Groupe BPCE Groupe Crédit Agricole Industrial and Commercial Bank of China Limited <u>ING Bank</u> Mizuho FG Nordea Royal Bank of Scotland Santander Société Générale Standard Chartered State Street Sumitomo Mitsui FG UBS <u>Unicredit Group</u> <u>Wells Fargo</u> |

I – Resolution of G-SIBs: A new life cycle of regulation

Oct.2011

- FSB's Key Attributes of Effective resolution regimes for Financial Institutions

04.11.2014

- Single Supervisory Mechanism (ECB) is fully operational

01.01.2015

- Banking recovery and resolution Directive enters into force (except for the bail-in tool)
- Resolution plans established by NRAs in application of BRRD
- Resolution schemes adopted by NRAs

01.01.2016

- Single resolution Mechanism fully applicable
- Full resolution powers may be used by SRB (inc. Bail-in)
- MREL to be fixed by SRB/NRAs

01.01.2019

- TLAC 1

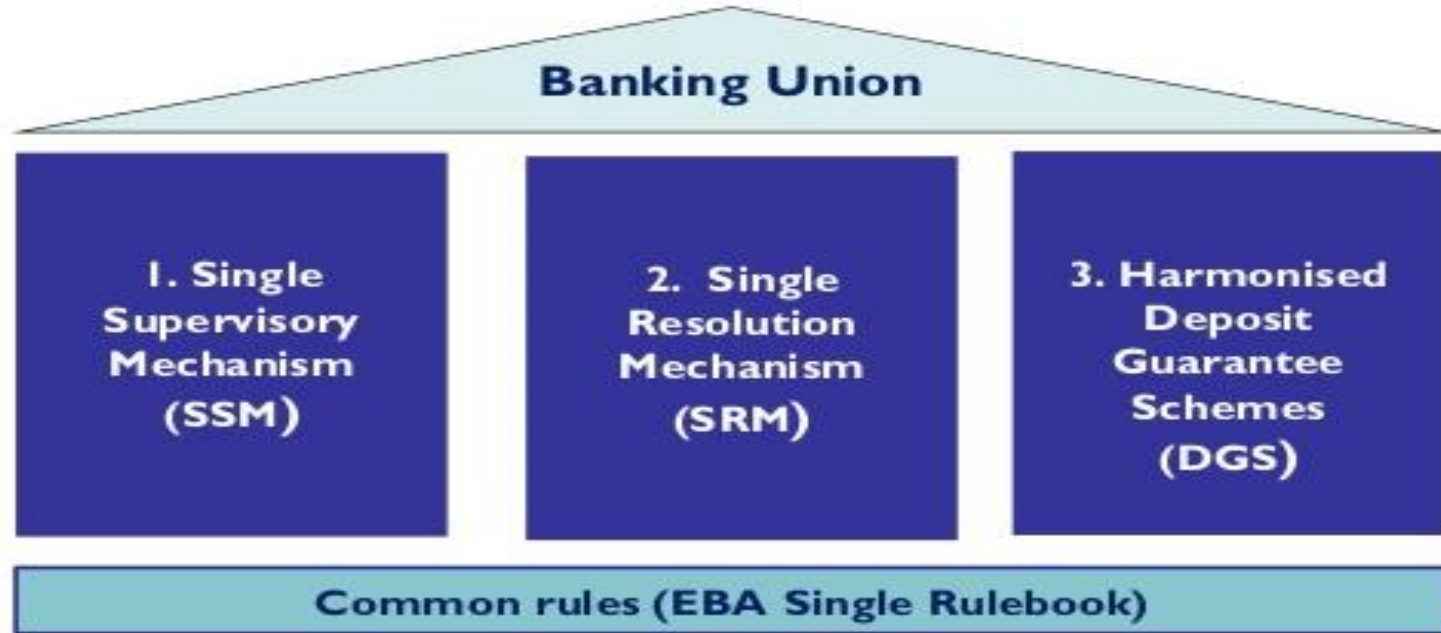
01.01.2022

- TLAC 2

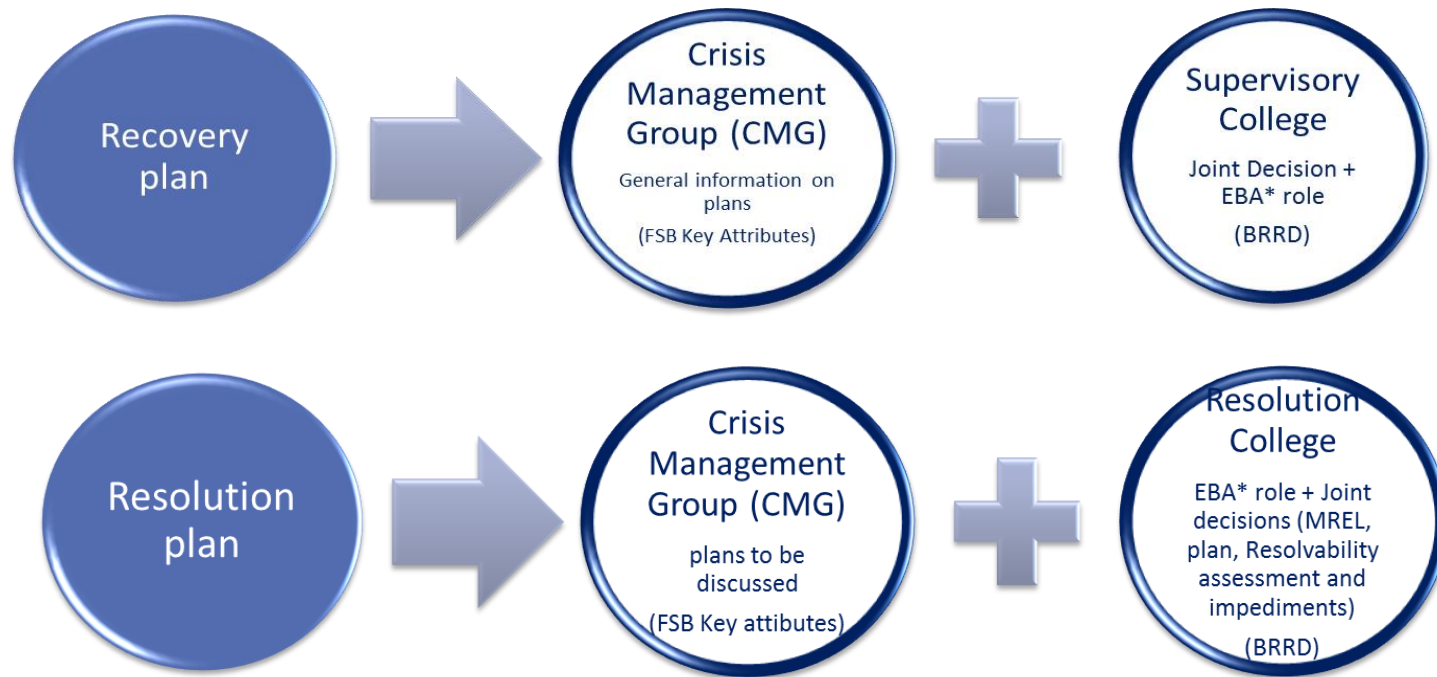
01.01.2024

- Full mutualisation of the Single Resolution Fund

I – Within the framework of another life cycle of regulation, the Banking Union



II – Cross-Agency International Cooperation: CMGs and Supervisory+Resolution Colleges



EBA:

- 1) binding mediation in cases of disagreement on recovery and resolution plans;
- 2) non binding mediation in cases of disagreement on resolution scheme

III – Innovation in regulation: lessons learned from 2015 bank resolution cases



| Bank resolution cases | Banks'RRPs |
|--|--|
| <ul style="list-style-type: none">▪ Resolution tools and powers can have undesirable unexpected outcomes (indirect effects)▪ Very broad interpretations of the « public interest »▪ Complex assessment and management of a failing or restructured bank▪ DG Competition plays a key role in the implementation of resolution measures▪ Creditors bearing the cost of resolution always contest decisions in court▪ Resolution authorities have to deal with media and public opinions | <ul style="list-style-type: none">➤ Deepen analysis: Implementation of resolution tools + contagion effect (PRS + RA)➤ Strengthen analysis concerning 'insolvency test' and critical functions➤ Identification of potential buyers➤ Valuation assumptions➤ Strengthen NCWO analysis➤ Communication strategy to be clearly defined |