Brussels, 24 April 2018
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Mr Sven Giegold
Member of the European Parliament
60, Rue Wiertz/ Wiertzstraat 60
B-1047 Brussels

Re: Question for written answer Z-019/2018

Dear Mr Giegold,

Thank you for your question Z-019/2018, which was forwarded to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, on 26 March 2018.

European legislation establishes criteria for MREL eligibility and a list of mandatory as well as discretionary exclusions from bail-in. Accordingly, instruments cannot be excluded from MREL by resolution authorities for the sole reason that they are held by retail investors (should they otherwise meet the requirements for MREL). As such, it is important that the risks connected to instruments eligible for MREL or bail-in are clearly communicated to retail investors.

When it comes to the distribution of financial instruments to investors, this is a responsibility of consumer protection and financial conduct authorities, which are therefore better suited to answer related questions.

With this in mind, the SRB considers that, in principle, large holdings of bail-in-able instruments by retail investors might prove to make the implementation of the bail-in tool more difficult (for instance due to the potential loss of a bank's customer base and the risk of withdrawals). This is why, as part of the resolvability assessment, the SRB analyses the exposures of banks within its remit to retail investors, to assess whether the bail-in of instruments held by these counterparties would be credible in resolution.

The SRB collects data on liabilities which may be eligibile for bail-in and MREL issued by the banks within its remit through Liability Data Reports (LDR), bank by bank, at the point of entry of each resolution group. These Reports identify the liabilities issued by banks according to a breakdown by counterparty that includes natural persons (equivalent to households), SMEs and corporates.

A breakdown, along these categories of counterparties, for bailin-able liabilities and MREL eligible liabilities issued by the banking groups under the SRB's remit in the Member States indicated in your question, is provided hereafter. In order to give a view on the bail-in hierarchy, the percentages of subordinated holdings are also provided.

This reply adds information to the helpful contribution provided by Ms Nouy in the response to your question (QZ020, reply dated 19 April 2018). The table hereafter is not comparable with the data provided by the ECB: while the ECB data focuses on debt securities, the LDR and the table hereafter include a broader set of bailinable liabilities, including notably non-covered deposits.

When reading the table below, it should be noted that the percentages of bailinable liabilities cannot be directly compared to the percentages on MREL eligible liabilities. This is because MREL includes only a subset of bailinable liabilities and the proportion between numerators and denominators can change significantly between the two categories (bailinable versus MREL eligibile liabilities). More specifically, in this table the amount of MREL eligible instruments is calculated according to the 2017 SRB MREL policy[1] (which for instance excludes non-covered non-preferred deposits unless there is evidence that they cannot be withdrawn within a one-year period).

Member State	As share of liabilites non-excluded from bail-in, excl. own funds						As a share of MREL eligible liabilities, excl. own funds					
	Natural persons	of which subordinated debt	Micro and SME	of which subordinated debt	Corporates	of which subordinated debt	Natural persons	of which subordinated debt	Micro and SME	of which subordinated debt	Corporates	of which subordinated debt
Name	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Germany	4,6%	0,0%	2,0%	0,0%	14,6%	0,2%	0,3%	0,0%	0,0%	0,0%	0,8%	0,7%
Spain	14,2%	0,0%	6,5%	0,0%	19,4%	0,0%	7,6%	1,0%	2,0%	0,0%	0,1%	0,0%
France	8,7%	0,0%	1,2%	0,0%	8,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,7%	0,0%
Greece	25,0%	0,0%	10,3%	0,0%	22,2%	0,0%	0,0%	0,0%	0,0%	0,0%	3,7%	0,0%
Italy	16,8%	0,7%	6,4%	0,0%	14,0%	0,0%	25,5%	4,2%	0,9%	0,3%	0,9%	0,1%
Portugal	24,5%	0,1%	11,5%	0,0%	13,2%	0,0%	2,8%	1,7%	0,0%	0,0%	0,0%	0,0%

Moreover, as additional methodological caveats, it should be noted that:

- the data used for this table covers 65 banking groups under the SRB's remit and headquartered in Germany, France, Italy, Spain, Greece and Portugal, for which the requested data is available at the point of entry level of each banking group.
- the data reflects the situation as of 31 December 2016 as this has been the basis of the SRB 2017 MREL calibration[2].
- the breakdown per counterparty provided by the LDR does not apply for own funds. The data thus covers bail-inable and MREL eligible instruments that are not recognised as own funds.

For all these reasons, the above percentages should be regarded as indicative only.

Finally, it should be noted that the granularity and coverage of LDRs is still evolving.

Yours sincerely,

[signed]

Elke König

[1] Available on the SRB website (https://srb.europa.eu/sites/srbsite/files/item_1_-_public_version_mrel_policy_-_annex_i_-_plenary_session.pdf).

[2] With the exception of seven for which material changes justified the submission of LDRs as of 31 March or 30 June 2017.