

Single Rulebook Q&A

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Status	Final Q&A
Legal act	Directive 2014/59/EU (BRRD)
Topic	Recovery plans
Article	7, 8
Paragraph	2, 2
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	0
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Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Recovery plans for subsidiaries that are not institutions
Question	Can the requirement to draw up and submit an individual recovery plan under Article 7(2) of Directive 2014/59/EU (BRRD) be imposed upon subsidiaries that are not institutions (e.g. financial institution, financial holding company)?
Background on the question	Article 7(2) of Directive 2014/59/EU (BRRD) provides that competent authorities may require a subsidiary to draw up and submit individual recovery plan, notwithstanding their belonging to a group. However, according to Article 5(1) individual recovery plans should be prepared and submitted by institutions only. With regard to the competent authority, please note that the BRRD sometimes refers to “authority of the Member state where an entity is established”. Does this phrase refer to something different from “authority of the subsidiary”?
Final answer	Article 7(2) BRRD enables competent authorities to require subsidiaries to draw up and submit recovery plans on individual basis in accordance with Article 8 BRRD. Although the former provision refers to ‘subsidiaries’ and may be interpreted as including entities that do not qualify as ‘institutions’ for BRRD purposes, Articles 8(2)(b) and 8(4)(a) BRRD state that only

institutions may be required to draw up recovery plans on individual basis. Measures that may be required to be implemented at the level of non-institution subsidiaries should be covered by the group recovery plan.

Disclaimer:

The answers clarify provisions already contained in the applicable legislation. They do not extend in any way the rights and obligations deriving from such legislation nor do they introduce any additional requirements for the concerned operators and competent authorities. The answers are merely intended to assist natural or legal persons, including competent authorities and Union institutions and bodies in clarifying the application or implementation of the relevant legal provisions. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law. The views expressed in the internal Commission Decision cannot prejudice the position that the European Commission might take before the Union and national courts.

Link

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