

**EBA CONSULTATION ON DRAFT REGULATORY TECHNICAL STANDARDS (RTS) ON
THE ASSESSMENT OF RECOVERY PLANS (EBA/CP/2013/08)**

Response from the Building Societies Association, United Kingdom

Introduction

The Building Societies Association (BSA) is pleased to respond to the EBA's consultation. The BSA represents mutual lenders and deposit takers in the UK including all 45 UK building societies. Mutual lenders and deposit takers have total assets of nearly £380 billion and, together with their subsidiaries, hold residential mortgages of over £250 billion, 20% of the total outstanding in the UK. They hold nearly £260 billion of retail deposits, accounting for 21% of all such deposits in the UK. Mutual deposit takers account for 30% of cash ISA balances. They employ approximately 50,000 full and part-time staff and operate through approximately 2,000 branches.

General comment

The consultation rightly focuses on practical aspects, on which those practitioners within credit institutions with direct experience of recovery planning are best placed to comment. The BSA is therefore pleased to support the response being submitted by our largest member, Nationwide Building Society.

The majority by number of the BSA's members are smaller, simpler institutions – and they would expect to qualify for “simplified obligations” under Article 4 of the draft Recovery and Resolution Directive. The draft RTS therefore need to make clearer whether, and how – with what modifications - they apply to the case of recovery plans based on Article 4 simplified obligations. The draft RTS make reference to the impact of RRD Article 4 at Recital 3, but this is not followed through.

Specific points

Particularly with reference to our smaller members, we make one comment regarding Article 4 (c) (ii) of the draft RTS :

“the recovery plan contains a sufficiently wide range of recovery options and indicators and does not omit any relevant recovery options or potential indicators”

Smaller, simpler institutions have a very limited number of realistic recovery options. The UK experience, where recovery plans have been in place for nearly two years, is that it is preferable to concentrate on a modest number of options – each of which is both realistic and effective – i.e. plausible - rather than include a much larger number of theoretical options, some of which may have only marginal effect, in an attempt to appear comprehensive. This would be entirely in the spirit of RRD Article 4.

August 2013