



EU Transparency Register ID Number 271912611231-56

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Dear Mr. Farkas,

DB response to the EBA's consultation on Draft Regulation Technical Standards on Resolution Colleges under Article 88(7) of Directive 2014/59/EU

Deutsche Bank (DB) welcomes the opportunity to comment on the European Banking Authority's (EBA) draft Regulatory Technical Standards (RTS) on resolution colleges. We believe the RTS provide a clear framework for the establishment and the functioning of colleges which are an important platform for resolution planning and decisions on resolution measures to be taken.

In these RTS, the EBA promotes cross-border cooperation and invites resolution authorities to work jointly at all stages of the resolution process, which we strongly support.

The EBA also encourages general cooperation between resolution and supervisory authorities; and ensures consistency between the establishment of resolution colleges and the mapping exercise that will be realised to set up supervisory colleges. We support this approach which will avoid unnecessary duplication of efforts.

An area where the RTS could provide more clarity is around the interaction between the resolution college at EU level and the existing Crisis Management Group (CMG) established under the Financial Stability Board (FSB) framework. For Global Systemically Important Banks (G-SIBs), resolution planning and resolution actions need to be coordinated at global level. There should be flexibility to maintain the CMG as the main decision-making body, with the resolution college being de facto a European sub-set of the CMG. We suggest that the EBA recognises this in the recital of the RTS, to ensure an efficient decision-making process.

Furthermore, we believe the RTS should recognise in the recital the iterative nature of resolution planning which is based on a continuous dialogue between the bank and the resolution authorities rather than a one-off activity.

We have provided detailed comments to your questions below. Please let us know if you would like more information or to discuss any of these points further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Trinder'.

Daniel Trinder
Global Head of Regulatory Policy



Draft Regulatory Technical Standards on resolution colleges

Q1: Do you have any suggestions regarding the process to be followed by the members of the resolution college for communicating with the Union parent undertaking and with its entities? Comments/suggestions are invited both with regards to the general communication policy under Article 10 and with regards to other aspects of interaction with the group during resolution planning and resolution management.

First, as a general rule, the EBA should ensure that there is effective communication between the resolution college and the banking group in order for the college's decisions to be well-informed.

We would welcome more transparency on the timetables agreed by the resolution college. The group-level resolution authority should transmit the timetables for joint decisions to the Union parent undertaking, rather than only communicating certain aspects of the timetables.

As regards to the communication on timetables, there seems to be a mistake in the drafting of Article 13 (5) which states that some aspects of the timetable will be communicated to the parent undertaking (as regards to point a; h and m) but does not mention point i which concerns the dialogue with the bank itself on the resolution plan.

Also, more transparency would be helpful concerning written arrangements to be adopted by the college. For instance, banks should be informed about the membership of the resolution college, frequency of meetings, and how resolution authorities intend to communicate within the college.

In the case of the joint decision process on group resolution plan and recovery assessment, Article 13 (i) states that a dialogue between the group-level resolution authority and the Union parent undertaking on the draft group resolution plan and its resolvability assessment should take place where "this is deemed appropriate" by the group-level resolution authority. We consider that an exchange of views on the draft plan is essential and should not be optional. We do not think that discussing the plan only when a joint decision has already been reached (Article 23) would be sufficient.

We suggest adding an article before Article 20 to reflect point (i), and specify that the dialogue with the Union parent undertaking on the joint decision would be automatic. The parent undertaking should have the opportunity to submit any observations or justifications to the group-level authority regarding the draft resolution plan and recovery assessment.

Second, we agree that the group-level resolution authority should be responsible for communicating with the Union parent undertaking (Article 10). For this reason we are concerned by Article 17 (2) which provides that a resolution authority can ask additional information to the Union parent undertaking, if it deems the information to be relevant to the entity or the branch under its jurisdiction. This could lead to multiple and uncoordinated requests, therefore it is important that the group-level resolution authority acts as coordinator for the collection and dissemination of information.

Article 17 (2) could be amended as follows: "Any authority receiving information from the group-level resolution authority may request additional information within the deadline of paragraph 1, if the relevant authority deems the additional information to be relevant to the entity or the branch under its jurisdiction. **In this case, the resolution authority may ask the group-level resolution authority for additional information. The group-level authority will review the request and liaise directly with the Union parent undertaking.** Article 16(4) shall **then** apply."

Finally, Article 12 regarding operational tests could be clarified. As currently drafted, it is unclear whether the test would concern only members of the resolution college or if banks



would be involved as well. The Union parent undertaking should be involved at least in the testing of communication and planning procedures.

Q2: Do you have any suggestions regarding elements of the various joint decisions in resolution planning and in cross-border resolution?

The first critical step in the establishment of the resolution college will be the mapping exercise. It would be helpful to clarify in the RTS the entities that will be in the scope. The EBA does not specify whether only regulated entities are in the scope, or whether services entities or off-balance sheet vehicles would also be taken into account.

When creating the resolution college at EU level, it will be important to acknowledge the existing CMG established under the FSB framework. For G-SIBs, resolution has to be coordinated at the CMG level and there should be clear flexibility to keep the CMG as the main decision-making body, with the “EU” resolution college as a subset. This would allow greater efficiency.

The interaction between the resolution college at EU level and third countries which are not members of the CMG is not clearly articulated in the RTS. The EBA should follow the FSB’s Draft Guidance on Cooperation and Information Sharing with Non-CMG Host Authorities (October 2014) when establishing the framework for third countries.

We welcome the requirement that the resolution college should take into account the timetables for other joint decisions. In the case of the group recovery plan, we believe it makes sense to encourage coordination within the resolution college regarding the input that resolution authorities should provide independently to the supervisory college (recital 13). However, it is important to ensure that this input is done within the timeframe established in the EBA’s RTS on the assessment of recovery plans.

When preparing the group resolution plan, the college is asked to look at whether the banking group has a Single Point of Entry (SPE) or a Multiple Point of Entry (MPE) strategy, according to Article 14 (1a). This seems to imply that SPE and MPE are mutually exclusive, which is not necessarily the case. A banking group with an SPE strategy might have to resolve a subsidiary separately in specific circumstances. Therefore, we would recommend deleting this reference and keep only: “discuss preliminary proposal on the resolution strategy for the group”.