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PRESS RELEASE

ECB LAUNCHES PUBLIC CONSULTATION ON ASSESSING THE ELIGIBILITY OF INSTITUTIONAL PROTECTION SCHEMES (IPSS)

- Approach aims to ensure coherence, effectiveness and transparency regarding the supervisory policy that will be applied when assessing IPSs
- The consultation period starts today and ends on 15 April 2016
- A public hearing will be held on 31 March 2016

The European Central Bank (ECB) today published the draft ECB Guide on the approach for the recognition of institutional protection schemes (IPSS) for prudential purposes. The document aims to ensure coherence, effectiveness and transparency regarding the supervisory policy that will be applied when assessing IPSs.

An IPS is defined in the Capital Requirements Regulation (CRR) as a contractual or statutory liability arrangement of a group of banks which protects the member institutions and in particular ensures their liquidity and solvency. Currently, IPSs are recognised in three euro area member countries: Austria, Germany and Spain. About 50% of all credit institutions in the euro area are members of an IPS, representing around 10% of the total assets of the euro area banking system.

The recognition of an IPS leads to some of the prudential requirements applied to individual banks being relaxed for the IPS member institutions, which is comparable to the way the entities of a consolidated banking group are treated. Such treatment is justifiable only if the requirements set out in the legislation are met, such as the ability of the IPS to support its members in difficulty. The consultation document sets out the approach to be followed by the ECB when assessing whether those requirements have been met. The final decision by the ECB to grant permission will be taken on a case-by-case basis using the criteria contained in the draft ECB Guide.

The ECB is responsible for the effective and consistent functioning of banking supervision in the euro area as a whole and needs to ensure the consistency of supervisory outcomes. As IPSs typically consist of both banks directly supervised by the ECB and banks directly supervised by national competent authorities (NCAs), it is important to ensure that all institutions belonging to IPSs are treated in the same way. Therefore – in cooperation and agreement with the NCAs – the assessment criteria included in this consultation document will be extended to the supervision of less significant institutions under the responsibility of the NCAs.

The draft ECB Guide was prepared with a view to potential new applications in particular. The draft ECB Guide does not challenge the past recognition of existing IPSs. However, the ECB, in close cooperation with the NCAs, will regularly monitor those IPSs that include one or more significant institutions to ensure that the CRR conditions are fulfilled on an ongoing basis.

The consultation opens today and ends on 15 April 2016. The consultation documents are published on the ECB's Banking Supervision website.

The ECB will hold a public hearing on 31 March 2016, at 10.00 CET, at its premises in Frankfurt am Main. A webcast of the hearing will be made available on the ECB's Banking Supervision website. Information on how to register for the public hearing and submit comments on the consultation document can also be found on the website.

Following the public consultation, the ECB will publish the comments received along with responses and an evaluation.

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