



# HOUSE OF LORDS

European Union Committee

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Rt Hon Greg Clark MP  
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15 January 2013

## **EM 11066/12: Bank Recovery and Resolution**

I am writing in response to your letter, dated 28 December 2012, on EM 11066/12: Bank Recovery and Resolution. The House of Lords European Union Sub-Committee on Economic and Financial Affairs considered this document at its meeting on 15 January 2013.

We are disappointed at the standard of your reply to our letter of 12 December 2012. That letter set out in some detail the important evidence received in relation to the Recovery and Resolution Directive in the context of our recent inquiry into European banking union. However your letter does not provide any substantive response to this material, much of it received from experts and representatives of the financial sector. What discussions have you had with such experts and representatives in considering the UK's position on this proposal?

Furthermore, our letter set out a series of issues where we asked for your response to the evidence we had received. We also asked for clarification and updates on a number of matters relating to this important proposal. Although your letter provides a brief response to some of these requests, you fail to engage with a number of our questions. We would emphasise your responsibility to reply to each of the Committee's questions if we are to fulfil our scrutiny function effectively.

I would therefore invite you to provide a substantive response to the following questions as set out in our letter of 12 December 2012, a response to which was lacking in your letter:

- Would the RRD require adjustments to the UK's resolution regime, and if so, what are they, and how will they be made?
- In terms of design of the bail-in tool, what is the justification for the provisions for the exclusion of short-term maturities and the minimum requirement of bail-inable liabilities? Do the Government anticipate that the provisions will be amended in the final version of the Directive?
- What update can the Government provide on their efforts to clarify how national Deposit Guarantee Schemes would be affected by bail-in?
- What criteria should be used to determine when it is appropriate for a resolution authority to intervene?

You also state that the Government and other Member States are carefully considering the proposed extension of the EBA's role, as well as whether the proposed EBA binding technical standards go beyond that necessary to enhance the single market (i.e. the principle of proportionality). We would be grateful for further information on the conclusions that you have reached.

You set out the Council's ambition to reach agreement by the end of March 2013, and for the co-legislators to agree on the proposals before the end of June 2013. How realistic is this timetable? What further update can you give us on negotiations on the proposal?

We would be grateful for a response to these questions by 30 January 2013. In anticipation of your response, we will continue to hold the document under scrutiny.

I am copying this letter to Sir Nicholas Macpherson, Permanent Secretary, HM Treasury; William Cash MP, Chair of the Commons Committee; Sarah Davies, Clerk to the Commons Committee; Paul Hardy, Legal Adviser to the Commons Committee; Les Saunders, Cabinet Office, Laura Hanoman, Kunal Patel, Robert Douglas, Thomas Kenny and Gary McMillan, International Tax Strategy & Co-ordination, HM Treasury.

A handwritten signature in dark ink, appearing to read 'The Lord Boswell', with a horizontal line drawn underneath the name.

The Lord Boswell  
Chairman of the European Union Committee