

### **23. Cross-border crisis management**

ABI Contact: John Breckenridge 020 7216 7679

ABI Lead Committee: Financial Regulation and Tax

Other interested committees: European

Issue: Commission consultation on cross-border crisis management in the banking sector.

Status: In November the European Commission published a communication. There are close links with the FSA's Turner II document in the UK, and with papers produced by the Financial Stability Board for the G20.

ABI Action: We will respond by the 20 January deadline.

Background: The Commission's communication considers the changes that are needed to make cross-border crisis management effective, and to allow for the resolution or orderly winding up of a failing cross-border bank. The main areas raised are:

- Early intervention tools for supervisors to address developing problems
- The use of "living wills" as a crisis management tool
- A framework for asset transfer across border, and the safeguards for shareholders and creditors
- The objectives, priorities and key tools for an EU bank resolution framework
- Co-operation between authorities, including the feasibility of integrated resolution through an EU Resolution Authority
- Financing arrangements for resolution regimes, and burden sharing
- Harmonisation of the insolvency regime for banks.

Insurers need to follow these proposals with care, not just as providers of capital to banks, but also because the communication raises the question whether proposals in this field should be applied to insurers as well as to banks.

#### **Useful documents:**

[Commission consultation document](#)