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UniCredit's reply to EBA's Consultation Paper for the Draft Technical Standards on the assessment of recovery plans

UniCredit is a major international financial institution with strong roots in 22 European countries, active in approximately 50 markets, with about 9.100 branches and more than 155.000 employees. UniCredit is among the top market players in Italy, Austria, Poland and Germany. In the CEE region, UniCredit operates the largest international banking network with around 4.000 branches and outlets, and is a market leader.

General Considerations

UniCredit welcomes the possibility to comment on these draft Regulatory Technical Standards (RTS). Currently different practices are in place for defining the assessment of recovery plans and therefore the proposed RTS should firstly promote the effectiveness of the group recovery plans and secondly foster the regulatory harmonization within the EU.

To this end, UniCredit would like to highlight the following:

1. A Group Recovery Plan (GRP) should be based on the principle that the **GRP should preserve the Group's value and stability while not endangering the local stability**, by ensuring a consistent Group approach; this implies the need to avoid conflicting requirements and actions across borders potentially jeopardizing the group's effort to maintain stability and sustainability;
2. A GRP should make explicit the **necessary coordination role of the holding company**, while having **active engagement of the main legal entities**. In particular:
 - a. The holding company should have the responsibility to define the group framework, methodologies and standards, as well as to guarantee the overall coordination and coherence taking into account legal entities' inputs;
 - b. Each main legal entity should have the responsibility to contribute to the GRP - within the defined group framework, methodologies and standards – so that local requirements are complied with and specific needs, peculiarities and constraints are duly considered;
 - c. The holding company should be the single entry point of the ECB within the Single Supervisory Mechanism and the national competent authorities will have to ensure stronger integration and coordination among them and within the CMG. This is key to avoid ring fencing and misaligned local initiatives but also to overcome any relevant obstacles to the effective implementation of recovery measures within the group such as prompt transfer of own funds or repayment of liabilities or assets.

Q1. If your recovery plan has already been assessed by a competent authority, what are your general comments to this RTS on the basis of your experience? In particular, which elements do you suggest to add to the assessment criteria specified in this RTS?

In general terms, the RTS address regulators' main areas of interests during the assessment of the Recovery Plan.

Q02: Do you think that the elements which shall be subject to assessment according to this Article are comprehensive? Do you think that some of the elements should be amended? Do you think that some additional elements should be added?

We believe that the list of identified elements is exhaustively comprehensive. However, we have a doubt whether the article 3.1.c (central bank facilities) applies to the Resolution phase or to the Recovery one. Further clarifications will be highly appreciated.

Q03: Do you think that the elements which shall be subject to assessment according to this Article are comprehensive? Do you think that some of the elements should be amended? Do you think that some additional elements should be added?

We support the relevance of the information contained within the GRP which means that the information contained in the recovery plan focuses on identifying options to maintain or to restore financial strength and viability of the group. We truly support only the information which is relevant to the group existence as well as strictly focused on identifying options to maintain or to restore financial strength and viability of the group. In addition, a GRP should be based on the principle that it has to preserve the Group's value and stability while not endangering the local stability, by ensuring a consistent Group approach; this implies the need to avoid conflicting requirements and actions across borders potentially jeopardizing the group's effort to maintain stability and sustainability.

Q04: Do you think that the elements which shall be subject to assessment according to this Article are comprehensive? Do you think that some of the elements should be amended? Do you think that some additional elements should be added?

Yes we do.

Q05: Could you describe what key elements the competent authority should assess when reviewing the matters stipulated in Article 5(3) letters a) to d)?

As indicated above we strongly support the fact that the competent authorities should verify the stabilisation capabilities of the group as a whole, avoiding conflicting with local requirements, local ring fencing, trapped capital and liquidity pools which potentially jeopardize the group's effort to recoverability.

It is therefore relevant to assessment that a sound and strong degree of coordination and harmonization is reached and guaranteed amongst Jurisdictions or Regulators (through the CMG) in order to overcome any relevant obstacles to the implementation of recovery measures within the group such as prompt transfer of own funds or repayment of liabilities or assets.

Q06: Questions related to the Impact Assessment

Yes, we believe all significant options have been considered.

Contacts

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