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Lord Boswell of Aynho
Chair
European Union Committee
Committee Office
House of Lords
London
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7th August 2017

EM 14777/16, 14775/16 and 14776/16: On amendments to the Banking Recovery and Resolution Directive (BRRD) and the Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR).

Thank you for letter of 20th July on the CRR/CRD and BRRD risk reduction package.

Regarding your question on the proposal concerning the ranking of unsecured debt instruments in insolvency hierarchy, the UK continued to be supportive of fast tracking the proposal and no Member States opposed or intervened on the proposal in ECOFIN.

With respect to our ongoing concerns, particularly related to the cost to businesses, the Government's objective is to ensure that the banking system is resilient to stress whilst making sure that capital requirements are not so high as to damage the capacity of the banking system to support sustainable economic growth over the long term.

We will continue to work to ensure that the proposals are appropriately proportionate. That includes seeking effective outcomes on previously outlined aspects of the Commission's proposals, such as remuneration and requirements for Intermediate Holding Companies (IHCs), which may impose undue costs on firms without commensurate prudential benefits.

Regarding the timeline for the remainder of this package, the Estonian Presidency has expressed an ambition to reach General Approach by the end of this year. However, a lot of work remains to be done to reach agreement on the outstanding issues. The EP Rapporteur's report is expected in September and their deliberations are expected to carry on until at least the end of the year. We expect Trilogues to commence in 2018 and adoption is unlikely until at least early 2019.

I am copying this letter to, the Chair of the House of Commons European Scrutiny Committee; Eve Samson, Clerk to the Commons Committee; Chris Johnson, Clerk to the Lords Committee; John Turner, Clerk to the Lords Financial Affairs Subcommittee; Les Saunders, Department for Exiting the EU; Frances Milsom and Ross Turner, HM Treasury.



Stephen Barclay MP