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## PRESS RELEASE

### ECB PUBLISHES GUIDELINES ON ASSESSMENT AND MONITORING OF INSTITUTIONAL PROTECTION SCHEMES

- ECB publishes two guidelines on how to assess institutional protection schemes and coordinate activities of ECB and NCAs
- Guidelines harmonise approach applied by ECB and NCAs
- Joint monitoring established by ECB and NCAs of schemes consisting of both significant institutions and less significant institutions

The European Central Bank (ECB) today publishes two guidelines on how to assess institutional protection schemes (IPs) and coordinate the activities of the ECB and national competent authorities (NCAs). An IPS is an arrangement amongst a group of banks to safeguard their solvency and liquidity.

Publication of the two guidelines concludes the project started at the beginning of 2015 to establish a common approach to these schemes in the SSM. They ensure that the ECB and NCAs assess new IPS applications in a harmonised way and consistently monitor IPs' ongoing adherence to the legal requirements.

Recognition as an IPS results in the relaxation of some of the prudential requirements normally applied to individual banks because a member of an IPS is treated in a way which is similar to the approach taken for banking groups. This is permissible only if the requirements set out in European Union legislation, such as the continuous ability of the IPS to support its members in difficulty, are met. As IPs typically consist of both significant institutions and less significant institutions, it is particularly important that both the ECB, which is responsible for the supervision of significant institutions, and the NCAs, which are responsible for the supervision of less significant institutions, treat IPs in the same way.

In July 2016 the ECB published a guide specifying how the compliance of IPs (and their member institutions) with the conditions laid down in Union law would be assessed in order for them to be recognised as IPs and eligible for the reduced prudential requirements. The final version of the guide reflects the comments received from interested parties during the public consultation which took place in the first half of 2016.

The first of the guidelines published today aims to ensure that NCAs apply the same criteria as set out in the guide when assessing IPS applications from less significant institutions. This has been done to ensure the consistent treatment of IPS members across the SSM. The second

guideline sets out the principles for coordination between the ECB and NCAs on IPS-related supervisory decisions and for the ongoing monitoring of IPSs.

Previous NCA decisions to recognise IPSs will not be directly affected by the guidelines. However, in the event of major structural changes in an IPS, or incidents that may give rise to doubts regarding its compliance with the legal requirements, a reassessment can be considered.

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