Danièle NOUY
Chair of the Supervisory Board

Mr Ernest Urtasun
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 25 August 2017

Re: Your letter (QZ-078)

Honourable Member of the European Parliament, dear Mr Urtasun,

Thank you for your letter on obstacles to resolution, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 24 July 2017.

With regard to your first question on the possibility for the ECB to revise the eligibility of those instruments, let me stress that only the legislators can take such a decision. Nevertheless, the ECB has already highlighted the importance of clear and understandable disclosure requirements, together with other safeguards, to raise investors' awareness of the risks associated with banks' subordinated debt instruments. In the same vein, the ECB has recently noted[1] that consideration could be given to requiring a minimum denomination per unit of each subordinated debt instrument of at least €100,000. This would increase the investment hurdle and, as a consequence, raise the awareness of investors and limit retail investments. Moreover, the ECB calls for a common framework at Union level to be pursued on these issues in order to avoid divergent approaches being taken across Member States, which would lead to fragmentation within the Union market for these instruments.

With regard to your second question on the pre-resolution moratorium tool, the ECB is currently considering this issue[2]. In my view, as mentioned at the last regular hearing of the Committee on Economic and Monetary Affairs on 19 June 2017, the introduction of adequate moratorium powers for authorities is needed in order to react with the needed flexibility, if the situation of a bank

[1] See paragraph 3.5 of Opinion CON/2017/23. All ECB opinions are published on the ECB's website (http://www.ecb.europa.eu).

[2] The topic will be addressed in the upcoming ECB Opinion on revisions to the Union crisis management framework

deteriorates rapidly. Given the potentially swift evolution of liquidity crises, a moratorium tool could be necessary to ensure there is adequate time for ensuring a credible solution.

Yours sincerely,

[signed]

Danièle Nouy