



Eurogroup
The President

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To the members of the Eurogroup

Subject: Eurogroup in inclusive format of 5 November 2018

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting in inclusive format of 5 November in Brussels.

The Commission was represented by Vice-President Valdis Dombrovskis and Commissioner Moscovici. Our meeting was attended by ECB President Mario Draghi, ECB Executive Board Member Benoît Coeuré, ESM Managing Director Klaus Regling and by Elke König, Chair of the Single Resolution Board.

1. Debrief from the October Euro Summit

I presented to the Eurogroup the main outcome of the October Euro Summit, focusing on the state of play of discussions on the deepening of the Economic and Monetary Union (EMU). The Leaders agreed that we need to accelerate the technical work on the Banking Union and on the ESM reform to allow an agreement in the December Euro Summit.

2. Deepening EMU – way forward on the Banking Union and the ESM reform

In view of the December Euro Summit, and as part of the workstream on ESM reform, we exchanged views on the establishment of a common backstop facility for the Single Resolution Fund (SRF). We made good progress towards the finalisation of the general features of the backstop. As in June, Member States reiterated their broad support for the alignment of the size of the backstop credit line with the target level of the SRF. In addition, some would be in favour of introducing a nominal cap. It was agreed that the Board of Directors would take decisions on a case-by-case basis. There was broad agreement that decisions need to be taken swiftly and efficiently to fit the timeline of resolution, with involvement of national parliaments whenever necessary. Some Member States also argued

that the backstop should, in principle, be subject to unanimity. There was broad support that it could be used both for solvency and liquidity support, while in the latter case a few member states considered safeguards to be necessary. Further work is still needed, especially as regards the relevant conditions for approving disbursements. I asked the President of the EWG to further work on developing Terms of Reference.

The Eurogroup also had a second round of discussions on the review of the ESM toolkit, in particular on the precautionary instruments, namely the Precautionary Conditioned Credit Line (PCCL) and the Enhanced Conditions Credit Line (ECCL). There was broad support for the general philosophy behind this reform that aims to enhance the effectiveness of precautionary tools, while ensuring an appropriate level of conditionality. The EWG in inclusive format was asked to work on these issues and other elements of the ESM toolkit, i.e. the financing terms of the precautionary tools and possible new instruments and to report back to our December meeting.

Finally, in June the Euro Summit tasked the Eurogroup to start work on a roadmap for beginning political negotiations on the European Deposit Insurance Scheme (EDIS), adhering to all elements of the 2016 roadmap in the appropriate sequence. We had a constructive exchange of views on how to interpret the 2016 Council conclusions on a roadmap to complete the Banking Union as regards the possible conditions to begin political discussions on EDIS, as well as the conditions to enter into possible different stages of EDIS. I have asked the President of the EWG to continue the discussions on how this workstream could be taken forward.

Yours sincerely,

Mario Centeno