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ECB publishes guide on assessing the eligibility of institutional protection schemes (IPs)

- ECB aims to ensure coherence, effectiveness and transparency regarding the supervisory policy that will be applied when assessing IPs
- Publication marks the end of the public consultation process

The European Central Bank (ECB) today published the ECB Guide on the approach for the recognition of institutional protection schemes (IPs) for prudential purposes. The document aims to ensure coherence, effectiveness and transparency regarding the supervisory policy that will be applied when assessing IPs. The publication of the Guide marks the end of the public consultation process.

An IPS is defined in the Capital Requirements Regulation (CRR) as a contractual or statutory liability arrangement of a group of banks which protects the member institutions and in particular ensures their liquidity and solvency. The recognition of an IPS leads to some of the prudential requirements applied to individual banks being relaxed for the IPS member institutions, which is comparable to the way the entities of a consolidated banking group are treated. Such treatment is justifiable only if the requirements set out in the legislation are met, such as the ability of the IPS to support its members in difficulty.

The Guide sets out the approach to be followed by the ECB when assessing whether those requirements have been met. The final decision to grant IPS status will be taken on a case-by-case basis using the specifications contained in the ECB Guide.

The final version of the ECB Guide reflects the comments received from interested parties during the consultation. The responses, along with a feedback statement, have also been published on the ECB Banking Supervision website.

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