



**An Bille Airgeadais (An Sásra Cobhsaíochta Eorpach
agus an Ciste Réitigh Aonair), 2021**
**Finance (European Stability Mechanism and
Single Resolution Fund) Bill 2021**

Meabhrán Míniúcháin agus Airgeadais
Explanatory and Financial Memorandum



**AN BILLE AIRGEADAIS (AN SÁSRA COBHSAÍOCHTA
EORPACH AGUS AN CISTE RÉITIGH AONAIR), 2021
FINANCE (EUROPEAN STABILITY MECHANISM AND
SINGLE RESOLUTION FUND) BILL 2021**

EXPLANATORY AND FINANCIAL MEMORANDUM

Purpose of Bill

The purpose of the Bill is to ratify Amending Agreements to the European Stability Mechanism (ESM) Treaty and Single Resolution Fund (SRF) Intergovernmental Agreement (IGA). Ratification is required in order to implement the Eurogroup agreement of 30 November 2020 regarding ESM Treaty reform, and to facilitate the early introduction of the Common Backstop to the Single Resolution Fund in January 2022, two years ahead of schedule. In addition, some technical amendments to existing legislation will update relevant definitions in order to extend the scope of existing national measures to Amending Agreements.

The Bill has eight sections:

Section 1 “Definitions” provides the definitions to the legislation, and clarifies the references in the Bill to the European Stability Mechanism Act 2012, the European Stability Mechanism (Amendment) Act 2014 and the Finance (Miscellaneous Provisions) Act 2015. This section also defines references to “Amending Agreement” as referring to the Agreement amending the Treaty establishing the European Stability Mechanism, and “Intergovernmental Agreement” as referencing the Agreement amending the Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund.

Section 2 “Approval of terms of the Amending Agreement”, provides for the approval of the ratification of the Agreement amending the Treaty establishing the European Stability Mechanism by the Oireachtas.

Section 3 “Amendment of the Act of 2012”, provides for amendments to the ESM Act 2012; that the definition of “Treaty” provides that references to “Treaty” mean the Treaty establishing the European Stability Mechanism done at Brussels on 2 February 2012 between the Euro Area Member States of the European Union, as amended following the accession of Latvia on 13 March 2014, and as further adapted in consequence of the Republic of Lithuania to it on 3 February 2015, as amended by the “Amending Agreement”.

This section also provides for an update of Ireland’s paid-in capital following the end of the temporary correction period of Slovakia on 1 January 2021. As set out in the ESM Treaty, the contribution key for the subscription of ESM authorised capital stock is adjusted when an ESM Member’s correction period ends. Authorised capital stock and paid-in

capital are transferred among ESM Members to reflect the adjusted ESM capital contribution key, and as such has been repaid to Central Fund.

Section 4 “Amendment of the Act of 2014” provides for amendments to the ESM (Amendment) Act 2014, and the substitution of the following definition for the definition of “Treaty”: “ ‘Treaty’ has the meaning given to it by section 1 (amended by section 3(a) of the Finance (European Stability Mechanism and Single Resolution Fund) Act 2021) of the Principal Act.”.

Section 5 “Approval of terms of Intergovernmental Agreement”, provides for the approval of the ratification of the SRF IGA Amending Agreement by the Oireachtas. This section also provides that the Minister shall publish notice of the coming into operation of the Intergovernmental Agreement, when this Agreement comes into effect. This notice will be published in *Iris Oifigiúil*, and on a website maintained by or on behalf of the Minister or the Government, once the conditions in Article 5(2) of that Agreement have been met. The purpose of the notice is to signal to banks but also to other Signatories of the Intergovernmental Agreement that the Amendment of the Act of 2015 has come into effect.

Section 6 “Amendment of Act of 2015” provides for amendments to the Finance (Miscellaneous Provisions) Act 2015, as required by the SRF IGA Amending Agreement, and the substitution of the following definition for the definition of “Agreement”: “ ‘Agreement’ means the Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund done at Brussels on 21 May 2014 as amended by the Agreement amending the Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund done at Brussels on 27 January 2021 and on 8 February 2021”.

Section 7 “Expenses” provides that any expenses incurred by the Minister in the administration of this Act shall be paid out of moneys provided by the Oireachtas. This includes any expenses related to the publication of the notices referred to in *section 5*.

Section 8 “Short title, commencement, collective citation and construction”, is a standard section defining the short title of the Act, and that *section 6* shall come into operation on the date from which the Intergovernmental Agreement applies in accordance with Article 5(2) of that Agreement.

This section also provides for the collective citation of the European Stability Mechanism Act 2012 and 2014 and *sections 2, 3 and 4* of this Bill when enacted as the European Stability Mechanism Acts 2012 to 2021.

Financial implications

The provisions of the Bill are not expected to give rise to any significant additional expenditure for the Exchequer.

An Roinn Airgeadais,
Iúil, 2021.