

## **High-level Expert Group on reforming the structure of the EU banking sector - mandate**

The financial crisis has raised concerns regarding the banking system's ability to withstand the failure institutions that are perceived as too-big-to-fail.

The regulatory reforms pursued to date have largely focused on better identifying risk, measuring it and taking action to counter it (e.g. CRD II, III and IV), so as to ensure that banks better take into account and address the risk of their activities. However, it is necessary to assess whether further reforms directly targeted at the structure of individual banks themselves and the banking system as a whole may further reduce the probability and impact of failure, better ensure the continuation of vital economic functions and better protect vulnerable retail clients.

The Group is therefore requested to consider in depth whether there is a need for structural reforms of the EU banking sector or not and to make any relevant proposals as appropriate, with the objective of establishing a safe, stable and efficient banking system serving the needs of citizens, the EU economy and the internal market.

The Group should have regard to ongoing regulatory reform both in the EU and globally and should assess the added value of structural reform. The Group should pay particular attention to ongoing structural reforms, i.e. regarding activity restrictions (Volcker Rule), size limits (Dodd-Frank Act) and/or structural separation of certain activities (UK Independent Commission on Banking).

In formulating any appropriate recommendations, the Group should pay particular attention to the following:

- Reduce the risks of the banking system as a whole,
- Reduce the risks that individual firms pose to the financial system (probability, impact)
- Reduce moral hazard by making market exit a viable option also for largest and most complex institutions and thereby reduce government guarantees,
- Promote competition, and
- Maintain the integrity of the internal market.

The Group should present its final report to the Commission by the end of summer 2012. It should conduct hearings and organise consultations as appropriate.