

Courtesy Translation

TO
MR JOSÉ MANUEL BARROSO
PRESIDENT OF THE
EUROPEAN COMMISSION

Subject: Statement of the National Assembly of the Republic of Bulgaria on the proposal for a Directive of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate COM(2011)453 and the proposal for a Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms COM(2011)452

DEAR MR BARROSO,

At a regular sitting, held on **January 11, 2012**, the Committee on European Affairs and Oversight of the European Funds discussed the above-mentioned European Commission documents, included as **item 25** of the Bulgarian Parliament Annual Working Programme on EU Affairs (2011).

In the course of the discussion, the committee members agreed on the position that certain elements of the proposal, such as the maximum harmonisation in respect of the capital requirements and the proposed liquidity sub-group concept could have a negative impact on Bulgaria's financial stability.

In the framework of the intensive **political dialogue** between the Bulgarian Parliament and the European Institutions on the EU draft acts, attached herewith please find the report and supporting statement, adopted by the committee, reflecting the position of the Bulgarian Parliament on the topic.

Enclosure: as per text.

Yours sincerely,

**PRESIDENT
OF THE NATIONAL ASSEMBLY**

TSETSKA TSACHEVA



**NATIONAL ASSEMBLY
OF THE REPUBLIC OF BULGARIA**

**STATEMENT
OF THE NATIONAL ASSEMBLY OF THE REPUBLIC OF BULGARIA**

Following the discussions held on the proposal for a Directive of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate COM(2011)453 and proposal for a Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms COM(2011)452, taking into account the statement of the Budget and Finance Committee, the National Assembly of the Republic of Bulgaria, through the Committee on European Affairs and Oversight of the European Funds, expresses the following statement to be sent to the European institutions within the framework of the political dialogue:

1. Welcoming the efforts of the European Commission for further regulation of the financial sector at EU level, we believe that the approach of minimum, not maximum harmonisation in respect of the capital requirements should be undertaken as envisaged in Basel III Accord;
2. In relation to the proposed maximum level of capital adequacy of 8%, we are concerned that the Member States would be unable to introduce more strict requirements in their national legislations;
3. We believe that the rather low level of capital adequacy for the banking institutions may have serious consequences on the Bulgarian finances and the economy as a whole;
4. Taking into account the national specifics of the financial sector in Bulgaria, its significant foreign component and the operation of a Currency Board in particular, we believe that the proposed liquidity sub-group concept, as well as the risk treatment of closely related currencies (such as the Bulgarian Lev and the Euro are) would also lead to the diminishing of our country's financial stability.