



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Narodno Sabranie for its Opinion on the proposals concerning the establishment of a Single Supervisory Mechanism (SSM) for banks {COM(2012) 511_512 final}, and apologises for the delay in replying.

The Commission welcomes the broad support of the Narodno Sabranie for further integration of banking supervision in the euro area. On 12 December 2012, the ECOFIN Council reached an agreement on a text which in the Commission's view fully addresses the issues raised. A political agreement between the European Parliament and the Council was found in March 2013.

The Commission shares the view that the decision-making process within the European Banking Authority (EBA) should continue to be balanced and effective and preserve the interests of all its members, including those who choose not to participate in the SSM. This was the purpose of the amendments to the EBA regulation proposed by the Commission. Further improvements of the EBA decision-making process have been introduced in the final compromise agreed by the Council and the European Parliament.

The Commission also agrees that the establishment of the SSM is only one of the elements of the Banking Union, which should be combined, in particular, with harmonised deposit guarantees schemes and a common framework for bank resolution. The Commission is working with the co-legislators to reach an agreement on the outstanding proposals on recovery and resolution, and on deposit guarantees, to establish the single rulebook for all 27 Member States. The Commission is also preparing proposals on a single resolution mechanism.

Regarding the impact of the SSM on the relations between home and host supervisory authorities, the conferral of supervisory powers upon the ECB will not change existing home/host supervisor coordination procedures and non-euro area Member States will retain all their existing powers and prerogatives. Colleges of supervisors will continue to

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exist as they do today, as far as coordination with supervisors in non-euro area Member States is concerned.

The Commission understands the doubts expressed about the possible participation of Bulgaria in the SSM. However, the agreed text of the SSM Regulation ensures equal treatment of non-euro area Member States who enter in a close cooperation with the ECB, to the largest extent allowed by the Treaty.

Concerning the powers to be conferred upon the ECB, the Commission believes that the ECB should be entrusted with all key supervisory tasks which are crucial to ensure efficient and high-quality supervision, thereby preserving financial stability. However, as far as macro prudential powers are concerned, the Commission recognises that the involvement of national authorities may be necessary at least until a single resolution mechanism is in place. Indeed, the final compromise confers macro-prudential powers to both national authorities and the ECB and provides for a procedure ensuring close cooperation and coordination of ECB and national action.

Finally, while the Commission's proposal did not make reference to national Parliaments, the final compromise includes provisions allowing national Parliaments to obtain information and explanation and to express their views on the performance of the ECB's supervisory tasks.

The Commission hopes that these clarifications address the issues raised by the Narodno Sabranie and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*