



EUROPEAN COMMISSION

Brussels, 29.03.2012  
C/2012/ 1980 final

Dear President,

*The Commission would like to thank the Senát for its opinion concerning the Communication on an EU Framework for Crisis Management in the Financial Sector {COM(2010) 579 final}. Allow me to apologise for the extremely long delay in submitting our reply.*

*The proposed framework is intended to promote a uniform level of protection of financial stability within the internal market and to facilitate cooperation between national authorities when dealing with failing banking groups operating across borders. The Commission welcomes the support of the Senát for these principles and would like to offer further clarification with respect to the specific issues raised in the opinion.*

*The Commission can confirm that the overall objective of the planned framework is to reduce moral hazard by preventing reliance on public financial support to failing banks. The framework will provide for powers of intervention for public authorities that would make it possible for any firm irrespective of its size and interconnectedness to exit the market without causing systemic disruption (i.e. without causing interruption in essential service provision) and without expectation that taxpayers' money will be used.*

*The Commission is now working with the interested parties, the Member States and the European Parliament on finalising the details of the proposal. The Commission is aware of the importance in this phase of determining calibrated conditions for both early intervention and resolution and of ensuring clarity and legal certainty about the respective roles of supervisory and resolution authorities.*

*The framework will take into account the global nature of some banks. In this context, the Commission considers that asset transferability within groups should be facilitated. Intra-group financial support agreements would be in any event optional and adequate safeguards would be provided in order to prevent transfers when they threaten the liquidity or solvency of the transferor.*

Mr Milan ŠTĚCH  
President of the Senate of  
the Parliament of the Czech Republic  
Valdštejnské náměstí 17/4  
CZ – 118 01 PRAGUE 1

*As far as resolution colleges are concerned, the Commission does not aim to determine which authority should be appointed as "resolution authority" in each Member State. Member States would be free to determine at their discretion which authority should be designated as resolution authority in accordance with their legal and administrative tradition.*

*Finally, the Commission plans to propose that each country sets up financing arrangements to ensure that the costs of resolution are borne by the banking sector rather than taxpayers.*

*The Commission hopes that these explanations serve to clarify the concerns raised in the Opinion and looks forward to continuing the political dialogue with the Senát.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*