



EUROPEAN COMMISSION

*Brussels, 28.6.2016
C(2016) 3814 final*

Dear President,

The Commission would like to thank the Senát for its Opinion on the Proposal for a Regulation of the European Parliament and of the Council, amending Regulation (EU) 806/2014 in order to establish a European Deposit Insurance Scheme {COM(2015) 586 final}.

This proposal forms part of a broader package of ambitious measures designed to complete the Banking Union. Deposit insurance is the basis for retail depositors' trust in the banking sector. A stable supply of retail bank deposits allows banks to expand their lending activities and therefore support the real economy and growth. The European Deposit Insurance Scheme (EDIS) will provide greater protection for retail depositors, since the scheme will ultimately be larger than any existing national scheme.

The Commission welcomes the contribution of the Senát to the debate, and the broad support for the EDIS proposal, but also takes note of the concerns of the Senát, in particular the need to clarify the position of Member States who may join the Banking Union at a later stage and the need to lay down the regime of contributions by credit institution to EDIS within the enacting terms of the Regulation instead of through a delegated act. The Commission is pleased to have this opportunity to provide a number of clarifications regarding its proposal and trusts that these will allay the Senát's concerns.

Regarding the issue of moral hazard, the Commission proposal addresses this matter mainly by providing that a participating Deposit Guarantee Scheme cannot be covered by EDIS if that Deposit Guarantee Scheme has not complied with key obligations imposed by Directive 2014/49 on deposit guarantee schemes. Those obligations relate to a deposit guarantee scheme's official recognition, membership and supervision; coverage level; determination of repayable amounts; and financing. The Commission proposal does not contain specific provisions on Member States who may join EDIS at a later stage. However, those willing to join EDIS need also to join the two other Banking Union pillars, namely, the Single Supervisory Mechanism and the Single Resolution Mechanism.

As regards contributions to EDIS, the Commission proposal sets out a number of indicators which are to be developed in a Commission delegated act which would lay down specific rules to determine contributions by credit institutions to EDIS. This was also the approach taken in order to determine contributions by credit institutions to the Single Resolution Fund.

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The points made above are based on the initial proposal presented by the Commission which is currently in the legislative process involving both the European Parliament and the Council in which the Czech government is represented.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Senát and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Lord Hill
Member of the Commission*