Brussels, 0 2 FEV. 2011
C/2011/ 525

Dear President,

The Commission takes note of the Senate's resolution concerning the Commission proposal {COM (2010) 368} on Deposit Guarantee Schemes (DGS), which was adopted on 13 October 2010 and submitted to the Commission on 27 October 2010.

The Commission welcomes the fact that the resolution – referring to the opinion of the Senate's 14th permanent Committee of 23 September – confirmed that the proposal complies with the principle of subsidiarity and proportionality enshrined in the Treaties.

Nevertheless, in light of the Commission's wish to co-operate closely with national Parliaments, please find hereinafter some additional clarifications regarding the issues set out in the Senate's opinion.

As regards the proposed reduction of the payout delay to seven days , the Commission notes the Senate's view that such delay would be too short and a possible loss of confidence should preferably be counteracted by further increasing the coverage level beyond € 100 000. The Commission would like to point out that one Member State has already introduced a seven-day payout delay. Moreover, this would be an important element in dispelling fears of depositors not to have money available to meet their daily needs. In this context, the Commission notes that a majority of citizens have savings below the limit of € 100 000.

The Senate also raises concerns as to the level and determination of the funds that must be available to the DGS. The impact assessment has shown that the proposed target level would allow the reimbursement of depositors in case of a failure of a medium-sized bank. During the preparatory work for the proposal, a majority of Member States were not in the position to deliver data concerning the deposits covered by each existing scheme. The proposal now stipulates that such data have to be submitted to the Commission. A review clause ensures that the target level will be adapted on the basis of these data, without limiting depositor protection.

Mr Renato Schifani
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Furthermore, the Senate is concerned about the absence of sufficient safeguards in order to avoid an abuse of funds driven by the interests of the managers of a bank in jeopardy. In this context, the proposal foresees three important safeguards. Firstly, 50% of the funds to be accumulated by the DGS can only be used for repayments and measures involving the transfer of deposits to another bank. Secondly, if the remaining 50% were to be used for early intervention purposes, the mandatory reporting obligation to the European Banking Authority would ensure that an independent party would review the matter. Finally, the proposal foresees that competent authorities must give their prior approval in case more than one third of funds is used for other measures than the reimbursement of depositors or the transfer of deposits to another bank.

The European Commission thanks the Italian Senate for its contribution and constructive approach to this issue and hopes that these explanations satisfy its expectations as expressed in the above mentioned opinion.

Yours faithfully,