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Dear President,

The Commission would like to thank the Camera dei Deputati for its Opinion on the proposals for a regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms {COM(2011)452 final} as well as 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 final}.

The Commission firmly believes that if adopted, these proposals would lead to a stabler financial system in the EU that would support economic growth in a sustainable way.

The Commission is also convinced of the importance to ensure access to adequate financing for small and medium enterprises (SMEs). The growth and prosperity of SMEs in the EU is one of the priorities of the Commission. In this respect, the Camera dei Deputati suggests to provide a preferential prudential treatment to bank exposures to SMEs.

The Commission has asked the European Banking Authority (EBA) to prepare a report by September 2012 on this issue. More specifically, the EBA was asked to explore the possibility of lowering risk weights for bank exposures to SMEs in the context of the Standardised Approach for credit risk. The Internal Ratings Based Approach, by virtue of its design, should already reflect the appropriate risk inherent in these exposures. Commissioner Barnier and Vice President Tajani have recently addressed a new letter to the EBA, asking if it could already share some preliminary findings on the issue that could be used already at this stage of the legislative process.

Additionally, the Commission would like to recall that lowering the risk weights for exposures to SMEs may not automatically lead to increased lending to SMEs. Indeed, there is no guarantee that banks would use the capital that would be made available through such a change for increasing their lending to SMEs.

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Alternative solutions outside the prudential rules for banks should also be pursued to facilitate access to financing for SMEs. In this context, the Commission published, on 7 December 2011, an EU Action Plan to improve access to finance for SMEs.

The Camera dei Deputati also calls for more proportional capital requirements, which would adequately reflect, among others, factors such as the respective financial institutions' business models and intensity of risk taking. The text adopted by the Commission already included to a large extent such proportionality. Discussions in the Council also address the introduction of a systemic risk buffer that would allow Member States to go beyond the capital requirements set in the Regulation proposed by the Commission, in particular for institutions which are considered to be systemically important.

On the other hand, allowing for the possibility that smaller institutions go below the level set in the Regulation would, in the Commission view not be prudent. It would also not be in line with established practices, since smaller institutions tend to have capital well in excess of the regulatory requirements.

On the issue of binding technical standards (i.e. implementing and regulatory technical standards), before submitting those standards to the Commission, the EBA is, as a general rule, required to conduct open public consultations with all interested parties and provide them with a reasonable opportunity to comment on draft proposed measures.

In terms of the implementation of the new rules, the proposed Regulation already foresees transitional periods for meeting the own funds requirements. Furthermore, significant requirements related to liquidity and leverage would not be introduced before 2015. These transitional provisions should provide financial institutions with sufficient time to meet those requirements without putting undue pressure on them and on their ability to provide financing to the real economy.

Finally, the Commission is fully aware of the importance of having all its major trading partners applying the internationally agreed rules in a consistent manner and within the agreed deadlines in order to ensure an international level playing field. The Commission is therefore monitoring closely the implementation of those rules by its major trading partners.

I hope that these clarifications address the observations and suggestions made by the Camera dei Deputati and I look forward to continuing our political dialogue in the future.

Yours faithfully,

Maroš Šefčovič
Vice-President