EUROPEAN COMMISSION

*Brussels,* 24. 6. 2013
*C(2013)* 3748 *final*

*Dear President,*

*The Commission would like to thank the Camera dei Deputati for its Opinion on the Communication on A Roadmap towards a Banking Union {COM(2012) 510 final}, and on the proposals for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directives 77/91/EEC and 82/891/EC, Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC and 2011/35/EC and Regulation (EU) No 1093/2010 {COM(2012) 280 final}, for a Council Regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions {COM(2012) 511 final}, and for a Regulation amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards its interaction with the Council Regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions {COM(2012) 512 final} and apologises for the delay in replying.*

*The Commission welcomes the support expressed for the Commission's Communication and proposals which aim to create a Banking Union (built around a Single Supervisory Mechanism and a Single Resolution Mechanism) and a common European legal framework for the management and resolution of failing banks.*

*Concerning the proposals on the Single Supervisory Mechanism (SSM), the Commission wishes to underline that the final compromise on which the Council and the European Parliament have reached a political agreement on 19 March 2013 appears to address the concerns raised by the Camera dei Deputati.*

*Ms Laura BOLDRINI*
*President of the*
*Camera dei Deputati*
*Piazza Montecitorio*
*IT – 00100 ROMA*

*The Commission shares the view that the SSM should cover all banks in the participating Member States. Indeed, the final compromise keeps the ECB's responsibility for the functioning of SSM which should ensure efficient and high quality supervision of all banks. At the same time, it provides for a clearer division of labour between ECB and national supervisors: the ECB will carry out direct supervision of more significant banks while national supervisors will have responsibility for less significant banks within the framework established by the ECB. The significance of banks will be assessed on the basis of objective criteria (assets of more than EUR 30 billion or 20% of national GDP, public financial assistance) which seem suitable in view of ensuring that supervision is carried out at the most appropriate level. I would like to underline also that the activity of national supervisors will be integrated in the SSM and the ECB will be able to take over the direct supervision of any bank in participating Member States when necessary to ensure consistent application of high supervisory standards, which should clear up your concern about the risk of a potential double-standards system.*

*As to the comments of the Camera dei Deputati on the safeguards for non-Euro area participating Member States and the suggestion to exclude the possibility for them to opt-out if they disagree with a decision of the Supervisory Board, the provision of such safeguards seem justified as far as they counterbalance the fact that those Member States are not represented in the Governing Council. As a result of a delicate balance of interests, the final compromise provides for safeguards which should make the SSM sufficiently attractive for non-Euro area Member States without undermining the position of Euro area Member States.*

*The Commission agrees that the establishment of the SSM is only one of the elements of the Banking Union, which should be built on a true single rulebook and combined with harmonised deposit guarantees schemes and a common framework for bank resolution. New rules in the area of prudential and capital requirements have been agreed by the co-legislators on April 2013 and the Commission is working with them to reach an agreement also on the outstanding proposals in the area of recovery and resolution, and on deposit guarantees, to establish the single rulebook for all 27 Member States. The Commission will also make proposals on a single resolution mechanism for the Member States that have joined the Banking Union.*

*In this context the Commission would like to clarify that the proposal for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms already contains provisions which take into consideration the risk profile, together with other criteria, of the credit institutions and investments firms contributing to the European system of financing arrangements. Therefore, those underlying principles can be considered valid also within the context of a Banking Union.*

*Finally, concerning the remark of the Camera dei Deputati that the conditions and modalities for a possible direct recapitalisation of banks by the European Stability Mechanism should be defined in parallel with the adoption of the proposal on the SSM, the Commission would like to clarify that the creation of the Single Supervisory mechanism is a precondition for the ESM to be able to recapitalise banks directly. All the conditions under which it will operate will have to be defined by the governing body of the ESM, composed of the Euro-area Member States.*

*The Commission hopes that these clarifications address the concerns raised by the Camera dei Deputati and looks forward to continuing our political dialogue in the future.*

*Yours faithfully,*

*Maroš Šefčovič*
*Vice-President*