EUROPEAN COMMISSION

Brussels, 11.7.2013
C(2013) 4307 *final*

Dear President,

The Commission would like to thank the Senato della Repubblica for its Opinion on the proposals for a Directive of the European Parliament and of the Council 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 of the European Parliament and of the Council amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards its interaction with Council Regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions {COM(2012)512 final}. The Commission apologises for the delay in replying.

The Commission welcomes the support of the Senato della Repubblica to the Commission's proposals which aims to create a Banking Union (built around a Single Supervisory Mechanism and a Single Resolution Mechanism) as well as a common European legal framework for the management and resolution of failing banks and equip authorities with common and effective powers and tools to deal with banking crises in order to contribute to financial stability, to minimise costs for society and in particular to avoid as far as possible the use of taxpayer's money.

Concerning the proposal for a Directive on the establishment of a framework for the recovery and resolution of credit institutions and investment firms, the Commission would like to clarify that this proposal 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.

Mr Pietro GRASSO
President of the
Senato della Repubblica
Piazza Madama, 1
IT – 00186 ROMA

Concerning the proposals relating to the Single Supervisory Mechanism (SSM), the Commission would like to underline that the issues raised in the opinion of the Senato della Repubblica have been addressed in the final compromise text on which the Council and the European Parliament reached a political agreement on 19 March 2013. The formal adoption will follow in the summer.

The Commission shares the view that the SSM should cover all banks in the participating Member States, with a clear allocation of responsibilities between the ECB and national supervisors where the latter should continue to play an important role, in particular on the supervision of smaller credit institutions. The Commission is of the opinion that the final text achieves these objectives by providing that the ECB will be responsible for the direct supervision of more significant banks, identified on the basis of objective criteria (assets of more than EUR. 30 billion or 20% of national GDP, public financial assistance) while national supervisors will have responsibility for less significant banks within the framework established by the ECB. 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 and it will remain responsible for the functioning of the SSM.

As it is suggested by the Senato della Repubblica, it is also clarified in the Council compromise that, when performing its supervisory tasks, the ECB should have due regard to the diversity of banks and their size and business models.

Concerning the suggestions of the Senato della Repubblica on how to improve the governance of the system, the Council compromise reinforces the separation between the ECB's supervisory tasks and tasks relating to its monetary function, namely by strengthening the role of the Supervisory Board in the decision making process. The Commission agrees with the Senato della Repubblica on the importance of further developing the single rulebook for all 27 Member States. For that purpose, the Commission is working with the co-legislators to rapidly finalise the current negotiations on prudential and capital requirements for banks, and to reach a final agreement on the proposals on bank recovery and resolution and deposit guarantees. As a further step towards a fully-fledged Banking Union, the Commission will make proposals on single resolution tools to banks under the Banking Union this summer.

Finally, concerning the remark 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 political 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 Senato della Repubblica and looks forward to continuing our constructive political dialogue in the future.

Yours faithfully,

Maroš Šefčovič
Vice-President