

Subject: “Proposal 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 Proposal 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 the Regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (COM(2012)512 final)”.

DOCUMENT APPROVED BY THE COMMITTEE ON EU POLICIES

The Committee on EU Policies of the Chamber of Deputies,

having examined, for the purposes of ascertaining compliance with the principle of subsidiarity, the Proposal 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 the Proposal 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 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);

having regard to the Communication that sets out the Commission’s overarching vision for a banking union and includes forthcoming initiatives for the establishment of a single supervisory mechanism for the resolution of banking crises (COM(2012)510);

cognisant of the declaration made by the Heads of State and Government of the Euro Area on 29 June 2012, and taking due note also of the conclusions of the European Council of 28-29 June and 18-19 October 2012 and of the interim report on the future of Economic and Monetary Union presented on 12 October 2012 by the President of the European Council in collaboration with the President of the European Commission, the President of the Eurogroup and the President of the ECB;

whereas:

a) a single supervisory system should be the first pillar of the future banking union, combined both with a common framework of national mechanisms for the recovery and resolution of the crisis of credit institutions (as set forth in the European Commission’s Proposal for a Directive of 6 June 2012 and in the Proposal for a Directive on deposit guarantee schemes presented by the European Commission in 2010), and with a single European mechanism for the resolution of banking crises in the Euro Area;

b) the proposals under consideration must be evaluated with reference to the overall shape of the banking union as outlined by the European Commission;

c) the establishment of a single supervisory mechanism is a matter of some urgency because, as the aforementioned declaration of the Heads of State and Government of the Euro Area makes clear, it is a necessary preliminary to endowing the European Stability Mechanism with the power to directly recapitalise credit institutions in difficulty so that financial support to the banking system does not weigh on Member States' public accounts;

considering with respect to the legal basis that:

- the Proposal for a Regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, which are expressly and exhaustively laid out in Article 4 of the same, is fully consistent with the requirements, conditions and limits for the conferral of such tasks as defined by Article 127.6 of the Treaty on the Functioning of the European Union (TFEU) and by Article 25.2 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank;

- the proposal to expand the powers of the European Supervisory Authority (European Banking Authority) is in line with Article 114 of the Treaty on the Functioning of the EU, which forms the legal basis of Regulation (EU) No. 1093/2010 that the proposal would amend;

observing that, as far as the compliance of the proposals with the principle of subsidiarity is concerned:

- the financial crisis has laid bare the incapacity of national supervisory systems to provide adequate oversight of the banking sector and prevent systemic risk in the EU (especially in the Euro Area), and has demonstrated that the solidity of banks is inextricably linked with the sustainability of sovereign debt;

- shortcomings in the supervision of the national authorities have weakened confidence in the EU banking sector and contributed to mounting tensions in the sovereign debt markets of the Euro Area;

- a fragmented system of supervision, regulation and crisis resolution is not compatible with the proper functioning of an integrated financial market in the European Union, still less in the Euro Area;

- the establishment of a unified system of supervision across the EU (beginning with the Euro Area) is therefore essential for the sake of the proper functioning of the market, the control of risk and the prevention of crises;

- given the unity of the single market and the interconnectedness of banks and financial institutions in the EU, the system of supervision should encompass the Union as a whole, as permitted by Article 127.6 TFEU. In view of the extensive interdependence of the economic and financial systems of the countries that have adopted the single currency, it is reasonable that the unified system should initially apply to the Euro Area countries only, without ruling out the possible accession of other non-euro Member States;

- the granting of supervisory powers to the ECB is appropriate: it is the central bank of the Euro Area; it has broad responsibilities for macroeconomic and financial stability; and it is capable of ensuring the effective functioning of the single supervisory mechanism;
- the distribution of supervisory functions between the ECB and national authorities as part of a single mechanism is fully consistent with the principle of subsidiarity, and the supervisory task that Article 4 of the Proposal for a Regulation confers upon the ECB would appear to be crucial to the consistency and general effectiveness of banking oversight;
- the extension of the powers of the ECB to encompass all banks established in the EU, regardless of size, operational complexity, propensity to risk and corporate form, is entirely in keeping with the principle of subsidiarity, because, in the light of recent experience, it reflects the fact that even small banks can threaten financial stability; it is therefore a suitable response to the need to prevent the risk of distortion and the reallocation of bank fund-raising;
- the principle of subsidiarity would be violated if the ECB's tasks were to be restricted to larger or systemically important banks only, and if the national authorities were to be left in charge of other banks. Such a solution would undermine the unity and consistency of banking oversight and the proper functioning of the internal market;

considering that, as regards the compliance of the proposals with the principle of subsidiarity:

- during the substantive consideration of the Proposal, an evaluation should be made of whether the distribution of responsibilities between the ECB and national authorities can be done in a manner that avoids the duplication of oversight functions and the consequent aggravation of the burden of bureaucracy on the banks subject to supervision;

acknowledging that the present document shall be transmitted to the European Commission as part of the informal political dialogue, as well as to the European Parliament and to the Council,

DEEMS THE PROPOSALS AS BEING CONSISTENT

with the principle of subsidiarity as defined by Article 5 of the Treaty on European Union.