EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Senat for its Opinion on the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 806/2014 in order to establish a European Deposit Insurance Scheme (EDIS) {COM(2015) 586 final}.

This proposal forms part of a broader package of ambitious measures designed to complete the Banking Union. The idea of having a common European deposit protection system, rather than isolated national schemes, is not new as it was covered by the impact assessment accompanying the 2009 proposal on Deposit Guarantee Schemes and by a report accompanying it {COM(2010) 368, COM(2010) 369, SEC(2010) 834/2, SEC(2010) 835 final}. It was again discussed when the Banking Union was initiated in 2012. More recently, it was taken up by the Five Presidents' Report, as part of their recommendations to strengthen and complete the Economic and Monetary Union.

Deposit insurance is the basis for citizens´ trust in the banking sector. Well-protected bank deposits also allow banks to expand their lending activities and therefore support the economy and growth. EDIS will provide further protection for depositors since the scheme will become larger than any existing national scheme.

The Commission welcomes the Senat´s broad support for the aims of the proposal and notes its doubts relating to some issues. The Commission welcomes this opportunity to provide a number of clarifications regarding its proposal and trusts that these will alleviate the Senat´s concerns.

It is true that the EDIS proposal is initially relevant for the Eurozone countries only. However, the harmonised level of protection remains the same for all Member States and the proposal is at the same time open to non-Eurozone countries. If Member States, such as Romania, decide to join the Banking Union, they will also benefit from EDIS. The Commission is confident that the proposal will foster depositor confidence in the European Union. Moreover, risk reduction measures to be implemented in parallel will further strengthen the regulatory framework.

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The Commission appreciates the high funding level of the Romanian Deposit Guarantee Fund (3,78%) compared to the funding level required under EDIS (0,8%). However, Directive 2009/14/EC[1] *(to be transposed by July 2015) only recently introduced ex-ante funding for national schemes and some schemes had to start their financing from zero. EDIS should in the end provide a much higher protection than any single national scheme since it will be financed by all credit institutions across the Euro area. It is also worth noting that EDIS would require a minimum target only. During a transition period, participating Deposit Insurance Schemes are free to maintain higher target levels as under the current Directive. Against this background, the Commission is strongly convinced that every participating Member State will profit from the EDIS fund.*

The Commission agrees with the Senat that the transition from the current arrangements to EDIS raises a number of further questions, including how to address risk-based contributions and arrangements with Member States outside the Euro area. These are points which the Commission's representatives will discuss in the negotiations with the European Parliament and the ad hoc working party of the Council in which the Romanian Government is represented.

Discussions between the Commission and the co-legislators concerning the EDIS proposal are now underway and the Commission remains hopeful that an agreement will be reached in the near future.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Senat and looks forward to continuing the political dialogue in the future.

Yours faithfully,

Frans Timmermans	*Lord Hill*
First Vice-President	*Member of the Commission*

[1] Directive 2009/14/EC of the European Parliament and of the Council of 11 March 2009 amending Directive 94/19/EC on deposit-guarantee schemes as regards the coverage level and the payout delay, OJ L68, 13.3.2009.