



*Brussels, 13.6.2017
C(2017) 4045 final*

Dear President,

The Commission would like to thank the Senat for its Opinion on the proposals amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements {COM(2016) 850 final}, amending Regulation (EU) No 806/2014 as regards loss-absorbing and Recapitalisation capacity for credit institutions and investment firms {COM(2016) 851 final}, amending Directive 2014/59/EU on loss-absorbing and recapitalisation capacity of credit institutions and investment firms, {COM(2016) 852 final} and amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures {COM(2016) 854 final}.

These proposals constitute a broad package of ambitious measures designed to complement the existing frameworks for supervision and resolution and further reduce risks in the financial sector, in line with the Commission's Work Programme.

Enhancing the resilience of the financial sector is a priority for the Commission and these proposals are instrumental in ensuring financial stability and economic growth following the last financial crisis.

The Commission welcomes the Senat's broad support for the aims of the proposals and is pleased that the Senat shares the view that the legislative proposals put forward are in line with the principles of proportionality and subsidiarity.

One of the objectives of the proposals is to strengthen the internal market by allowing cross-border financial institutions to manage their capital and liquidity resources more efficiently and, hence, provide cheaper funding for the real economy and promote economic growth.

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While pursuing this objective, the Commission takes seriously the concerns expressed by the Senat as regards the safeguards to ensure that financial stability is not threatened in the Member States that host subsidiaries of financial institutions from other Member States. In particular, the proposed risk reduction measures allow that capital, liquidity and resolution requirements of subsidiaries of cross-border groups could be met with commitments from parent institutions. This possibility is subject to strict safeguards, such as the express agreement of the authorities of host Member States and a robust collateralisation requirement. This issue is considered and reflected in the ongoing legislative process involving both the European Parliament and the Council. The Senat's Opinion has been made available to the Commission's representatives in the ongoing negotiations with the co-legislators and will inform these discussions.

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

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Valdis Dombrovskis
Vice-President*