



## European Banking Industry Committee

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European Banking Federation (EBF) • European Savings Banks Group (ESBG) • European Association of Cooperative Banks (EACB)  
European Mortgage Federation (EMF) • European Federation of Building Societies (EFBS)  
European Federation of Finance House Associations (Eurofinas)/European Federation of Leasing Company Associations (Leaseurope)  
European Association of Public Banks (EAPB)

0239/2009  
LDR

Mr. Jörgen Holmquist  
Director General  
DG Internal Market and Services  
European Commission  
B - 1000 Brussels

To: [jorgen.holmquist@ec.europa.eu](mailto:jorgen.holmquist@ec.europa.eu)  
Cc: [david.wright@ec.europa.eu](mailto:david.wright@ec.europa.eu)  
[emil.paulis@ec.europa.eu](mailto:emil.paulis@ec.europa.eu)  
[martin.merlin@ec.europa.eu](mailto:martin.merlin@ec.europa.eu)

Brussels, 27 April 2009

***Re: EBIC Comments on the proposals on supervision made in the de Larosière report and the Commission Communication from 4 March 2009***

Dear Mr. Holmquist,

EBIC very much welcomes the opportunity to comment on the proposals for amendments to the supervisory framework put forward in the Report drafted by the de Larosière High Level Group, as well as in the Commission Communication from 4 March 2009. EBIC regards an intensive dialogue between rule-makers and industry representatives as particularly important for the effectiveness of regulatory proposals.

The Report's recommendations on the macro and micro supervisory architectures are ambitious and far-reaching. EBIC understands the importance of the current momentum and supports the intention of the Commission to build on it in view of improving the European supervisory system. This being said, time pressure should not constrain the choice and development of the most suitable ways to improve the current supervisory framework, as the quality and reliability of the solutions proposed will be key in reestablishing confidence in the EU supervisory structure.

In its current response EBIC will concentrate on its most important comments as regards proposed institutional changes to the supervisory framework. In addition, EBIC refers to the positions prepared individually by its Member Associations and sent to the Commission in the framework of the present consultation.

EBIC would like to express its appreciation for the work of the High Level Group and considers the analysis underpinning the proposals as largely balanced. EBIC generally supports the objectives identified in the Report for enhancing both macro-, as well as micro-prudential supervision.

In particular, EBIC supports the creation of a new body – the **European Systemic Risk Council (ESRC)** entrusted with the tasks of conducting macro-prudential analysis and of issuing warnings. Considering that the very purpose of establishing such a new body is to ensure that action is taken once risky developments in the markets are identified, it is of utmost importance to ensure that the information gathered by the macro-prudential body be effectively translated into action at micro-prudential level. This link between the macro and micro-prudential levels is in our view not straightforward in the Report and we would invite the Commission to propose a clear and reliable framework ensuring appropriate reaction to the warnings issued by the macro-prudential body. An appropriate confidentiality framework is furthermore needed to allow the ESRC to access all relevant information from the national supervisory authorities. The ESRC should not be able to request any information directly from financial institutions.

An effective macro-prudential body should have the ability to gather market intelligence and to understand industry practice and industry concerns. Therefore, a **senior industry advisory committee** sharing its expertise with the ESRC should be an integral part of this new structure.

The idea expressed in the de Larosière report that there is an inextricable link between **crisis prevention, management and resolution** is plainly supported by EBIC. EBIC would like to suggest to the Commission to consider crisis management issues in parallel with the developments related to the supervisory architecture, in order to avoid overlaps. Considering the absence in the Report of concrete recommendations that would support the establishment of a coherent and workable regulatory framework for crisis management in the EU, EBIC would encourage the Commission to come forward with an initiative to address this, notably in the context of its forthcoming White Paper on Early Intervention Measures.

As regards the proposals related to **micro-prudential aspects**, EBIC welcomes the recognition by the High Level Group of the important role of the national supervisory authorities in day-to-day supervision given that they are close to firms and markets. EBIC further welcomes the recommendation to set up supervisory colleges for all cross-border banking groups, as these will have an important role to play in any new supervisory structure.

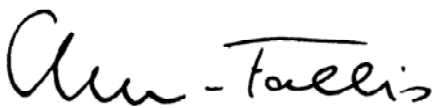
**Enhancing supervisory trust, coordination and cooperation, establishing mediation in case of disagreements between supervisors and ensuring a level playing field across supervisory colleges** are of particular importance to EBIC. At this stage, EBIC would generally favor a sectoral approach, where the specificities of the banking, insurance and investment firms, but also of financial conglomerates, are properly recognized.

As regards the proposed **transformation of the Level 3 Committees** into supervisory “Authorities”, EBIC would like to underline the importance of endowing the current structures with adequate tools, status and mandates to build up the much needed convergence of supervisory approaches, rules and practices across Europe. EBIC would therefore encourage the Commission in its delicate task of considering carefully these aspects to ensure that the means meet the end in practice and are fully legitimate.

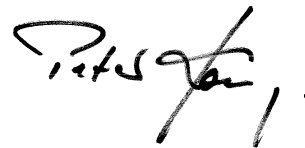
EBiC would finally underline that it will be essential to properly involve the industry in any future revised micro-prudential supervisory framework. Not only should the exchanges of views between the industry and the Level 3 Committees continue but, more importantly, financial institutions should be able to request themselves mediation within the framework of supervisory colleges and to appeal any eventual decision made at supra-national level as it is presently possible at national level.

EBiC stands ready to discuss this matter further with you and the EBiC Secretariat remains at your disposal for any questions you may have in relation to this issue.

Yours sincerely,



Karl-Peter SCHACKMANN-FALLIS  
EBiC Chair



Peter KONESNY  
Chair EBiC Working Group on  
Supervisory Practices