



**Mailing list Supervision/ Accounting/ Money Laundering**

Brussels, 10 February 2014

**Public Consultation on the draft SSM framework Regulation of the European Central Bank**

Dear Madam or Sir,

On 7 February 2014 the European Central Bank (ECB) published a Public Consultation on a draft Regulation establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation).

Based on Article 6 (7) of the Regulation conferring supervision tasks on the ECB, the ECB shall develop this framework. The framework shall not only include organisational provisions and rules of procedure but also the methodology for the determination of credit institutions as significant entities which will be supervised by the ECB.

The classification of a credit institution as being a significant entity shall be based on Article 39 ff. Important criteria are the total value of its assets (exceeding EUR 30 billion, Article 50(2)), its importance for the economy of the Union or any participating Member State, its cross-border activities, a request for public financial assistance directly from the ESM or the fact that it is one of the three most significant credit institutions in a participating Member State. The ECB shall review, on an annual basis, whether a significant supervised entity continues to fulfil any of the criteria. If a credit institution does not meet, for three consecutive calendar years, one of the above mentioned criteria it will be supervised by the national competent authority (NCA). However, a credit institution will already be classified as a significant entity, if it meets only one of the criteria during the first ECB supervision. This review is also done on an annual basis, but by the NCA (Article 43 (2)). If one of the criteria mentioned above is met, this is indicated by the NCA to the ECB. The ECB will then start a review process. Before a decision is taken by the ECB, the relevant credit institution will have the possibility to give its opinion.

The ECB will publish a list of credit institutions being classified as significant entity on its webpage. If a credit institution is classified as a less significant entity, ECB will inform the NCA. Information shall be updated at least quarterly.

Based on Article 3 ff a separate supervisory team shall be established for the supervision of each significant supervised entity. Each supervisory team shall be composed of staff members from the ECB and from the NCAs.

The draft Regulation includes also instructions which address credit institutions directly. Article 11 ff, for example, regulates which authority has to be addressed by the credit institution in case of establishing a branch in one of the other participating member states.

The final version of the framework Regulation will enter into force on 4 May 2014 and will apply directly in the Member States (Article 153).

Furthermore, the ECB has published on 6 February 2014 a list of all credit institutions affected by the asset quality review, as part of its comprehensive assessment. Please find this list attached. This comprehensive assessment will be undertaken as preliminaries before the ECB will start its supervision activity (see circular letter of EFBS of 4 November 2013).

Please find attached the Public Consultation and the list of credit institutions affected by the asset quality review.

We would be grateful if you would send your comments, remarks and views on the draft to the EFBS office by **4 March 2014**.

If you have further questions, please contact us at any time.

Yours sincerely,



Andreas J. Zehnder  
Managing Director

European Federation of Building Societies

#### **Annexes**

- Public Consultation on a draft Regulation of the European Central Bank establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation)
- Questions & Answers for the Public Consultation on the draft ECB SSM framework Regulation
- Overview of the credit institutions that are subject to the comprehensive assessment