



Mailing list Supervision/Accounting/Money laundering

Brussels, 5 May 2014

Regulation establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank (ECB) and national competent authorities and with national designated authorities

Dear Madam or Sir,

The ECB has published on 25 April 2014 a regulation establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank (ECB) and national competent authorities and with national designated authorities (SSM Framework Regulation). The ECB had launched a consultation regarding the draft framework on 7 February 2014. The EFBS had informed its members via circular letter.

In this context we would like to point out some changes which have been included in the document by the ECB as a reaction to the replies to the consultation.

According to article 39 ff. the ECB will supervise on an individual basis the identified significant credit institutions and institutions which are part of a group. In this connection it should be considered that in article 59 (2) the threshold for the determination of the significance of cross-border activities of a group has been modified. Thus, there is direct supervision by the ECB when the total value of the group's assets exceeds 5 billion euros and at least 20 % of its total assets/ liabilities result from its cross-border activities.

Furthermore, the ECB supervises the non-relevant credit institutions if this is necessary pursuant to article 67 in order to establish a coherent application of the high standards of supervision. The framework regulation provides a non-exhaustive list of factors which would indicate the need of supervision by the ECB, and which imply size, interconnectedness and complexity of the institution.

According to article 97 the ECB will also control the supervisory processes of the national competent authorities. Thus, criteria shall be determined which will be used by the national authorities to report data to the ECB which stem from the supervisory processes of non-significant institutions. This includes the removal of members of the management boards and the appointment of special managers but also all other measures which will have a major impact on the credit institution. In addition, the national competent authorities can notify data stemming from all other processes which they consider significant.

Furthermore, article 140 stresses that the ECB controls the compliance of its supervised entities with the requirements of supervisory reporting according to Union law. However, all credit institutions shall still report the relevant data to their competent national authority.

According to Article 153 the regulation shall enter into force on the day following its publication in the Official Journal of the European Union.

Please find attached as well the recommendation for a Council Regulation amending Regulation (EC) No 2532/98 concerning the powers of the European Central Bank to impose sanctions. As provided for in article 18 of the SSM-Regulation, the ECB is authorized to impose a fine on a credit institution

which is in breach of the supervisory requirements. Yet, it cannot exceed 10 % of its yearly annual turnover.

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

Yours sincerely,



Andreas J. Zehnder
Managing Director
European Federation of Building Societies

Annexes:

- 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
- Recommendation for a Council Regulation amending Regulation (EC) No 2532/98 concerning the powers of the European Central Bank to impose sanctions