



**To the Members of the  
European Federation of Building Societies**

Brussels, 13 September 2012  
AG

**Proposals for a regulation for a Single Supervisory Mechanism (SSM)**

Dear Member,

On 12 September 2012, the European Commission has published two proposals for a regulation for a Single Supervisory Mechanism (SSM). These proposals are the basis for the creation of a banking union.

In the additional published communication concerning a roadmap for a banking union, the European Commission calls for a swift political agreement on capital requirements, the recast of the Deposit Guarantee Schemes and the European recovery and resolution framework. For the time being the plans to create a single European deposit guarantee fund is no longer on the agenda because of German and Austrian interventions.

One of the proposals regards the modification of the so called EBA-regulation whereupon the voting modalities and the composition of the Management Board of the EBA are to be changed. Henceforth, decisions shall be taken faster and easier and not only by a qualified majority, but also by a simple majority. The regulation comes into force on the day after the announcement in the official journal of the European Union and will be decided by means of the co-decision procedure.

The second proposal for a regulation comprises the transfer of the banking supervision to the European Central Bank (ECB). The European Commission intends to transfer the supervision of the credit institutions in the Euro area exclusively to the ECB. Not only systemic credit institutions but also smaller credit institutions shall be put under the supervision of the ECB. Besides, it is provided that the national supervisory authorities shall only support the ECB executing their supervisory competence. But the ECB shall be authorised to issue instructions.

The legal recourse to the European Court of Justice is opened against European administrative acts of the ECB. Decisions must be made in the language of the person concerned or the claimant.

The proposal shall come into force on 1 January 2013. For further legislative procedure, only the agreement of the European Council is required, which has been criticised by the European Parliament.

The current proposed regulations are based on decisions of EU leaders on 28/29 June 2012, who agreed to deepen economic and monetary union as one of the remedies of the current crisis.

Should you have any further questions, please do not hesitate to contact us.

Yours sincerely,



Andreas J. Zehnder  
Managing Director

European Federation of Building Societies

### **Annexes**

- Proposal for a regulation establishing a European Supervisory Authority (European Banking Supervisory/ EBA)
- Proposal for a regulation conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions
- Communication from the Commission to the European Parliament and the Council: A roadmap towards a Banking Union