



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

Brussels, 14 December 2012

AG/BL

**Proposals for a regulation in order to create a Single Supervisory Mechanism (SSM) – agreement among the ministers for Economic Affairs and Finance of the European Union**

Dear Member,

At the extraordinary meeting held in Brussels on 12/ 13 December 2012 the Ministers for Economic Affairs and Finance have reached a common position on the two proposals establishing a single supervisory mechanism. These had been published by the European Commission on 12 September 2012 (cf. the circular letter of the EFBS of 13 September 2012).

In particular, the Ministers have decided to transfer the supervisory authority for systemically important banks and banks which have requested or received direct public financial support from the EFSF or the ESM to the European Central Bank (ECB). According to article 5 (4) of the future regulation a systemically important bank will be a credit institution with

- either assets of more than 30 Billion €
- or assets constituting at least 20 % of the gross domestic product of their home country unless the assets are below 5 Billion €.

All the other banks shall be supervised by national authorities unless the ECB takes over the supervision for a credit institution which has established a subsidiary in more than one participating Member State and whose assets and liabilities resulting from its cross-border activities correspond to a significant part of its total assets.

The ECB shall carry out its supervisory powers not earlier than March 2014 or 12 months after the proposals enter into force.

Further, the Ministers agreed on a strict separation of the monetary policy and the prudential supervision. For this purpose a supervisory board shall be created alongside to the ECB governing council and shall be in charge of the preparation of supervisory tasks. Conflicts between these two bodies shall be resolved by a mediation committee.

The EFBS has intervened at the competent authorities in order to prevent a support of the Commission's proposal to subordinate all banks to the supervision by the ECB.

The agreement of the ECOFIN will be the basis for triologue negotiations of the Council next week.

Please find enclosed the compromise document of the Council.

The European Office will be pleased to answer any questions you may have on this matter.

Yours sincerely,



Andreas J. Zehnder

Managing Director

European Federation of Building Societies

**Annexe**

- Draft compromise text of the ECOFIN

