European Association of Co-operative Banks Groupement Européen des Banques Coopératives Europäische Vereinigung der Genossenschaftsbanken

Brussels 12th June 2014

EACB Note

draft GL on the convergence of practices aimed at ensuring consistency of supervisory coordination arrangements for financial conglomerates (JC/CP/2014/02)

The members of the EACB appreciate the efforts of ESAs to harmonise the exchange of information among the supervisors of conglomerates, in order to achieve a more efficient and effective framework ensuring that risks are appropriately assessed and monitored.

Although we will not address the specific questions raised in the consultation paper, we would like to make the following remarks.

1. General remarks

We believe that itt should be the aim of ESAs to avoid duplication of the information flows: in the course of the supervision of financial conglomerates, all communication on group relevant topics should be done via the holding company (either direct request or for information).

Moreover, to foster a more efficient coordination it is of key importance that multiple reporting is avoided. Data which has already been reported to the supervisors should not be asked again. There is a need for close coordination between supervisors regarding data exchange.

We would also favour that transparency of results is granted within the conglomerate. Reports about the group, especially those where some consolidation has been done, should also be shared with the insurance group, in order to ensure transparency and allow a double check with regards to the result. Supervised companies should be involved sufficiently and get to know the major findings. Also, the work plan of the colleges should be transparent and available for the supervised companies.

2. Impact of the SSM on the supervision of conglomerates

Under the ECB Regulation 468/2014 (the Framework Regulation), the ECB will assume the role of coordinator responsible for the supplementary supervision of bank-led financial conglomerates whose parent institution is deemed "significant" under the SSM rules. According to the clarifications provided by the EBA during the public hearing, this would be the case for roughly half of the 44 identified conglomerates.

Under the SSM, the supervision of the significant banks will be carried out by so called Joint Supervisory Teams (JST) established within the ECB. As a consequence, it would seem that in the case of a financial conglomerate that consists exclusively of entities



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participating in the SSM and led by a 'significant bank', the sectoral supervisory college (to which the guidelines refer to (e.g. para 2) would be replaced by a JST.

We would welcome a clarification in the proposed joint guidelines with regard to how the JSTs would fit within the overall supervision of conglomerates. At least, the guidelines should reflect the current state-of-the-art of European Banking Regulation in particular with regard to the ECB Regulation 468/2014 (the Framework Regulation).

In addition, we consider that in order to ensure a comparable level-playing field between the supervision of banking on the one hand, and the insurance and securities' sector on the other, it is crucial that the ECB formally adopts the ESAs joint guidelines.

3. <u>Definition of emergency situations</u>

We understood from the public hearing that the emergency situations, which the draft guidelines refer to, are different from the crisis situations capable of triggering resolution under the BRRD/SRM framework. We support the approach whereby those two situations (under the BRRD/SRM, and under par 30 and corresponding references of the joint guidelines) are fundamentally different and remain distinct. This is however not made clear in the text of the guidelines, which in fact refer to "emergency and crisis situations", and do not define what they are.

We would therefore suggest referring only to "emergency situations", and defining them by reference to Art. 114(1) of the Directive 36/2013/EU (CRDIV). Once more we would like to reiterate that the guidelines should reflect the current state-of-the-art of European Banking Regulation, with reference in this case to the SRM regulation (BRRD, SRMR)