EUROPEAN CENTRAL BANK

EUROSYSTEM

COURTESY TRANSLATION

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Re: Your letters (QZ-46 and QZ-47)

Honourable Member of the European Parliament, dear Mr Sulík,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 14 November 2014.

The prevention of possible conflicts of interest was one of the key concerns that led to the introduction of the principle of separation between the monetary policy and supervisory functions of the European Central Bank (ECB); the aim being to ensure that each function is exercised in accordance with the respective objectives.

This entails the separation of decision-making in respect of the said functions: the Governing Council, as the main decision-making body of the ECB operates in a completely differentiated manner regarding monetary policy and supervisory functions, using strictly separated meetings and agendas. The Supervisory Board is responsible for preparing decisions on supervisory matters and proposing these to the Governing Council. A draft decision shall be deemed adopted by the Governing Council unless the Governing Council objects to it within ten working days.

Furthermore, on 17 September 2014 the ECB's Governing Council adopted Decision ECB/2014/39 on the implementation of separation between the monetary policy and supervision functions of the European Central Bank. It sets out the rules for information-sharing between the functions. This allows the ECB to fulfil its

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multiple tasks in an effective and efficient manner while avoiding undue interference of one function with the

other and adequately protecting confidential information.

As regards the staff involved in supervision, 403 positions (full-time equivalent (FTE)) at the ECB are

currently allocated to off-site supervision and 25 FTE positions to the on-site supervision of significant banks

in the Directorates General Micro-Prudential Supervision I, II and IV. In addition, a certain share of the 261

FTE positions in Directorate General Micro-Prudential Supervision IV dedicated to horizontal and expert

supervisory functions could also be considered as supporting significant (as opposed to less significant)

banks. Meanwhile, as regards the corresponding staff in national competent authorities (NCAs), it should be

noted that many NCAs are presently restructuring their supervisory arms in order to adjust to the Single

Supervisory Mechanism (SSM) setting. It is therefore too early to make a final assessment of the human

resources-related impact of the SSM on them.

Finally, in May 2014 the ECB published tentative estimates of the expenditures likely to arise as a result of

supervision-related tasks. These expenditures - which will be covered by fees paid by credit institutions -

should amount to EUR 300 million for November and December 2014 and for the year 2015. Of this amount,

EUR 255 million (approximately 85%) would need to be paid by significant institutions. In April 2015 the ECB

will publish information on the annual supervisory fees to be levied in 2015 and the distribution of costs, i.e.

the amounts to be recovered from the significant and less significant banks for the fee period.

Yours sincerely,

[signed]

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