



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

**Claudia BUCH**

Chair of the Supervisory Board

Mr Fabio de Masi  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 04 March 2025

**Re: Your letter (QZ-001)**

Honourable Member of the European Parliament, dear Mr de Masi,

Thank you for your letter regarding UniCredit's proposed acquisition of a qualifying holding in Commerzbank and the steps which the ECB has taken to assess the risks to financial stability in terms of market concentration and the 'too big and interconnected to fail' problem, which was passed on to me by Ms Aurore Lalucq, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 28 January 2025.

Please note that, for reasons of confidentiality, I cannot comment on individual credit institutions. Therefore, I would like to explain in general terms the role of the ECB in approving proposed acquisitions of qualifying holdings in credit institutions as well as in monitoring and mitigating financial stability risks related to systemically important institutions. My reply does not cover the antitrust dimension of bank acquisitions as this does not pertain to the financial stability matters which are raised in your question.

Concerning your question on the financial stability considerations regarding too-big-to-fail credit institutions, I would like to differentiate between aspects related to microprudential supervision, macroprudential policy and resolution, the last of which is under the remit of the Single Resolution Board (SRB). Addressing the too-big-to-fail issue has been a core objective of post-crisis financial sector reforms, and this is reflected in European institutional and regulatory frameworks.

As regards microprudential supervision, ECB Banking Supervision is responsible for assessing proposed acquisitions of qualifying holdings in credit institutions established in Member States participating in the Single Supervisory Mechanism (SSM). The ECB assesses these transactions to ensure they are financially sound

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and do not hinder the involved credit institutions' compliance with applicable prudential requirements.<sup>1</sup> The assessment focuses, among other aspects, on the reputation and financial soundness of the proposed acquirer, on the impact of the proposed acquisition on the target, and on the ability of the proposed acquirer to ensure the targets continues to comply with prudential requirements after the envisaged transaction. In addition, the ECB and national competent authorities (NCAs) assess whether there are reasonable grounds to suspect that, in connection with the proposed acquisition, money laundering or terrorist financing is being or has been committed or attempted, or that the proposed acquisition could increase the risk thereof. The ECB exercises its competence as regards qualifying holdings in close alignment with the NCA of the Member State of the bank that is subject to the acquisition offer. The first point of entry for the bank's notification that it intends to make the acquisition is the NCA, which must submit a proposal to the ECB on whether or not to oppose the acquisition. The ECB bases its decision on its own assessment and on the NCA's proposal.

Systemic risk implications of acquisitions are not assessed during the qualifying holding procedures. Instead, the monitoring and mitigation of systemic risk, along with resolution planning, take into account the new situation of the entities involved once the acquisition has been completed.

Generally, and independently of qualifying holding procedures, banks classified as systemically important must fulfil higher supervisory expectations as regards the assessment of risks and governance arrangements. ECB Banking Supervision adapts the frequency and level of its supervisory engagement to a bank's potential impact on the financial system, its intrinsic riskiness and whether it is a parent entity, subsidiary, or solo institution.

As regards macroprudential tasks and tools, the ECB monitors financial stability risks, including those stemming from systemically important institutions. Financial stability risks can arise from the size, the interconnectedness, or the complexity of a systemically important institution, in such a way that its failure could negatively impact the financial system and the real economy. These drivers of systemic risk could potentially be affected by acquisitions.

Banks whose systemic importance reaches a certain level are designated as global systemically important institutions (G-SIIs) or other systemically important institutions (O-SIIs). These banks are subject to additional Core Equity Tier 1 capital requirements, and the level of these capital buffers increases with the systemic importance of such institutions.<sup>2</sup> The NCAs or national designated authorities (NDAs) are responsible for setting these buffers in their jurisdictions. Under the SSM Regulation, the ECB may apply higher requirements for O-SIIs and G-SIIs than those applied at the national level.<sup>3</sup> Since 2016 the ECB has been applying a floor methodology to O-SIIs to ensure that systemic risks are addressed in a consistent manner within and across

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<sup>1</sup> Requirements for the assessment of acquisitions of and increases in qualifying holdings are laid down in Articles 22 to 27 of [Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC \(OJ L 176, 27.6.2013, p. 338\)](#). For more information on the supervisory approach taken by NCAs and the ECB in qualifying holding procedures, see "[Guide on qualifying holding procedures](#)", ECB, March 2023.

<sup>2</sup> Article 131 of Directive 2013/36/EU.

<sup>3</sup> Article 5 of [Council Regulation \(EU\) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions \(OJ L 287, 29.10.2013, p. 63\)](#). See "[Guide on qualifying holding procedures](#)", op. cit.

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Member States.<sup>4</sup> Recently, this methodology was enhanced to take into account the systemic importance of O-SIIs for the banking union as a whole.<sup>5</sup> This will counter unwarranted heterogeneity across Member States in the way buffers are set and ensure more consistency in the required loss-absorption capacity of O-SIIs.

The banking sector reforms that were implemented after the great financial crisis include resolution frameworks as an additional element addressing risks arising from too-big-to-fail banks.<sup>6</sup> Micro- and macroprudential policies are aimed at reducing the probability and costs of bank failure. Resolution frameworks provide tools and funding to deal with banks that have failed, with the overarching objective of protecting taxpayers and safeguarding financial stability. In Europe, resolution planning is conducted by the SRB together with the national resolution authorities as part of the Single Resolution Mechanism (SRM) – the second pillar of the banking union. During the annual resolution planning cycle, a resolvability assessment is conducted to inform the preferred resolution strategy of each bank under the remit of the SRB. ECB Banking Supervision is consulted on the resolution plans drafted by the SRB and can highlight concerns based on its own assessment from a microprudential perspective. The European resolution framework implements minimum requirements for loss-absorbing and recapitalisation capacity in resolution, which are higher for systemically important institutions, and it encompasses a Single Resolution Fund financed by contributions from the banking sector.

In conclusion, while confidentiality constraints prevent me from commenting on individual institutions, I would like to assure you that the ECB and other relevant authorities monitor and address financial stability risks on an ongoing basis.

Yours sincerely,

[signed]

Claudia Buch

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<sup>4</sup> Behn, M., Cappelletti, G., Kaltwasser, P., Kolb, M., Pawlikowski, A., Tracol, K., Salleo, C. and van der Kraaij, A., "[ECB floor methodology for setting the capital buffer for an identified Other Systemically Important Institution \(O-SII\)](#)", *Macprudential Bulletin*, Issue 3, ECB, 2017.

<sup>5</sup> See "[Governing Council statement on macroprudential policies – the ECB's framework for assessing capital buffers of other systemically important institutions](#)", ECB, 20 December 2024.

<sup>6</sup> See the Financial Stability Board report on "[Evaluation of the effects of too-big-to-fail reforms: Final Report](#)", March 2021.

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