

Template for comments

Public consultation on revisions to the ECB's policies concerning the exercise of Options and Discretions (O&Ds) in Union law

Institution/Company

CECA (Spanish Association of Savings and Retail Banks)

Contact person

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First name

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Telephone number

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General comments

CECA, the Spanish Association of Savings and Retail banks, appreciates the opportunity to provide comments on the European Central Bank's proposed Guide on options and discretions available in Union law.

The proposed Guide deserves, in general, a positive assessment, since it helps to clarify essential elements for the application of the prudential framework by credit institutions.

Notwithstanding the above, and in order to contribute to improving the text of the proposed Guide, there are some observations on the ECB Guide that, in our opinion, should be considered.

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ECB Guide on Options and Discretions under Union law

Please enter all your feedback in this list.
When entering feedback, please make sure that:

- each comment deals with a single issue only;
- you indicate the relevant article/chapter/paragraph, where appropriate;
- you indicate whether your comment is a proposed amendment, clarification or deletion.

Deadline: midnight CET on 10 January

ID	Section	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter
1	5. LIQUIDITY WAIVERS (Article 8 of the CRR), Documentation for Article 8 of the CRR, paragraph (i)	19	Amendment	For the purpose of the assessment under Article 8 of the CRR, it is expected that the credit institution submits the following documents: (i) a cover letter signed by the credit institution's CEO, with approval from the management body, stating that the credit institution complies with all of the waiver criteria as set out in Article 8 of the CRR. Our comment is replace CEO's signature with another figure with enough competencies in order to achieve a greater operative agility.	Our comment is replace CEO's signature with another figure with enough competencies in order to achieve a greater operative agility.	CECA

2	5. DEDUCTION OF INSURANCE HOLDINGS (Article 49(1) of the CRR)	28	Amendment	Regarding the consideration of the treatment of AT1 and Tier 2 instruments within the application of Article 49.1 of the CRR, specifically with respect to the proposal to extend the risk-weighting treatment of insurance holdings of CET1-equivalent instruments to AT1 and Tier 2 instruments within conglomerates. Below, we outline our observations on this proposed new treatment: -The interpretation of Article 49.1 as currently drafted in Regulation 575/2013 (CRR) refers exclusively to holdings of CET1-equivalent instruments. As stated in the CRR text, this article is linked to provisions covering exemptions and alternatives to the deduction of CET1 items, which clearly applies only to CET1 instruments. Extending this provision to AT1 and Tier 2 instruments raises regulatory and interpretative issues that are not clearly defined in the current CRR text. -Should the Danish compromise be considered for AT1 and Tier 2 instruments, it would be necessary to introduce specific regulatory provisions defining exemptions and alternatives to deduction for these instruments, similar to those already established for CET1 under Article 49.1. -Since the entry into force of the CRR in 2013, national authorities and the ECB's JSTs have consistently interpreted Article 49.1 as applying exclusively to CET1 instruments, a view that has been widely adopted by the majority of regulators and supervisors of European conglomerates. Any change to this interpretation should carefully consider the unintended consequences and potential effects this new treatment may have on the solvency and capital structure of conglomerates. -The Danish compromise was introduced to mitigate the negative effects of the deduction of holdings in bancassurance conglomerates, particularly in the European context, where the regulation of financial conglomerates is more advanced than in other jurisdictions. This approach has proven effective by enabling conglomerates to manage banking and insurance risks in an integrated manner. Introducing a new rule for AT1 and Tier 2 instruments could distort this model and lead to inappropriate regulatory incentives that would affect decision-making regarding issuance and capital structure within conglomerates.	It should be clear that the interpretation of Article 49.1 as currently drafted in Regulation 575/2013 (CRR) refers exclusively to holdings of CET1-equivalent instruments. This approach has proven effective by enabling conglomerates to manage banking and insurance risks in an integrated manner.	CECA
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ECB Regulation on Options and Discretions under Union law

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ECB Guideline on Options and Discretions under Union law

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ECB Recommendation on Options and Discretions under Union law

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