

PUBLIC CONSULTATION
DRAFT ECB REGULATION ON SUPERVISORY FEES
TEMPLATE FOR COMMENTS

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Please separate your comments per issue, citing the relevant article of the draft Regulation on supervisory fees where appropriate and indicating whether you are proposing an amendment, clarification or a deletion. If you require more space for your comments, please copy page 2.

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Name of Institution/Company	Banco Popular	Country	Spain
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COMMENTS ON THE DRAFT ECB REGULATION ON SUPERVISORY FEES

Issue	Article	Comment	Concise statement why your comment should be taken on board
Split of annual costs between significant and less significant supervised entities.	9.2	Amendment	Article 9.2 should publish and specify which costs will be supported by each category of supervised entities (i.e.: less significant entities should be charged with the costs of the DG Micro-Prudential III and part of the DG-Micro Prudential IV. If DG III costs represent one third of the total Directorate costs, less significant entities should pay for one third of the total Directorate costs).
Fee factors used to determine the individual annual supervisory fee	10.3.a) (i)	Amendment	Entities significance should be assessed by a combination of the three criteria that the Council Regulation 1024/ 2013, establishes on Article 6, and not only by size. As a result, "importance for the Economy of the Union or any participating Member State" and "significance of cross border activities" are two factors that should be weighted as well as "size".

payable.			
Fee factors used to determine the individual annual supervisory fee payable.	10.3.a) (ii)	Amendment	RWAs for assessing the risk profile should be complemented with other criteria such as capital or leverage measures, (i.e.: Total amount of Tier 1 or leverage ratio), since RWA's consistency across jurisdictions cannot be assured at the moment and there is evidence of heterogeneity for similar business models. RWA weighting factor should at least be reduced until this issue is solved.
Relative weighting used in respect of the fee factors.	10.3.b)	Amendment	A relative weighting of 50% significance - 50% risk profile is as arbitrary as any other. The weighting scheme should be a consequence of the real resources consumption due to these factors, which could be modelled from historical national data of resources employed on supervision. Size and complexity are highly correlated, so larger entities require a greater supervisory effort. This means that significance should be weighted higher than risk profile.
Minimum fee component.	10.5.b)	Amendment	A minimum fee component of 10% seems low considering that the ECB already estimates premises-related costs of around 10%. The fixed component should also include all supporting services with functions not directly related to supervision (HR management, legal, IT).
Calculation of minimum fee component.	10.5.b)	Clarification	The article should clarify that the part of the minimum fee component not charged to significant entities with \$10 billion assets or less would increase the total variable fee component.