Dear Sir,

Banco Popular welcomes the opportunity to respond to the consultation on a draft Regulation of the European Central Bank on supervisory fees, independently on whether the Bank considers that supervisory fees should be funded by financial institutions.

Therefore Banco Popular finds there might be some room to fine-tune the costs allocation also considering the aim of the SSM Regulation (Council Regulation EU No 1024/2013).

Banco Popular’s key concerns follow from:

- Using Risk Weighted Assets as the only factor for measuring the risk profile, when their consistency across jurisdictions cannot be assured at the moment and there is evidence of heterogeneity for similar business models. The RWA weighting factor should at least be reduced until this issue is solved.

- Using an arbitrary weighting scheme of 50% significance - 50% risk profile, instead of trying to estimate weights empirically (i.e.: based on history). 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.

- Not explicitly assigning the different Directorate costs to each category of entities. DG I, DG II and DG III costs should be published and assigned to significant and non-significant entities explicitly in order to calculate fees. i.e.: if DG III costs amounted to one third of the total Directorate costs, less significant entities should pay for one third of the total Directorate costs.
• Using Total Assets at highest level of consolidation within a Member State as an equivalent of significance, since this excludes explicit criteria for assessing significance laid down on Article 6 of SSM Regulation. “Importance for the economy of the Union or any participating Member State” and “significance of cross-border activities” should be weighted as well as “size”.

• Setting a fixed component that does not include all SSM fixed costs (i.e.: the fixed component should include, on top of all premise-related costs, supporting services with functions not directly related to supervision – HR management, legal, IT,…).

Our more detailed comments are attached in the template.

Yours faithfully,

Juan Echanojáuregui
Head of Global Relations with Supranational Institutions