

PUBLIC CONSULTATION  
DRAFT ECB SSM FRAMEWORK REGULATION  
**TEMPLATE FOR COMMENTS**

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Please separate your comments per issue, citing the relevant article of the draft Framework Regulation 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	European Savings and Retail Banking Group (ESBG)	Country	BE
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**COMMENTS ON THE DRAFT ECB SSM FRAMEWORK REGULATION**

Issue	Article	Comment	Concise statement why your comment should be taken on board
Subject matter and purpose of the Regulation	1	Amendment	<p>According to Recital 17 of EU Regulation 1024/2013 of 15 October 2013 (SSM Regulation), “[...] the ECB should have full regard to the diversity of credit institutions and their size and business models, as well as the systemic benefits of diversity in the banking industry of the Union.” The proportionality principle that the ECB should adhere to is not reflected in the SSM Framework Regulation and should be added and substantiated in Art. 1 as separate paragraph.</p> <p>Other than the necessary adaptation concerning ongoing ECB supervision and the corresponding data queries, the proportionality principle must also be respected regarding the exercise of voting rights in accordance with the CRR (e.g. in Art. 24 CRR with regard to IFRS, in Art. 99, Para. 6 CRR with</p>

			regards to FINREP).
Joint supervisory teams	3	Amendment	<p>We propose that only one JST is assigned the responsibility for the supervision of all entities within the SSM that belong to a group containing one or more significant supervised entities, <b><i>also in the case when the mother company is established outside the SSM.</i></b></p> <p>Banking groups often apply common procedures throughout the group and are often organised with central Finance, Treasury, Risk Control, Compliance and Internal Audit. This is done for efficiency reasons and is a measure for reducing costs and improving the quality of the bank's operations. If the SSM applies a fragmented and uncoordinated approach towards such a group, just because the mother company is domiciled outside the SSM, and imposes diverging requirements on the different group entities, this will counteract these banks' ambition to apply coordinated and standardised procedures throughout the group.</p> <p>Making one JST responsible for the supervision of all entities within the SSM that belong to a significant group also when the mother company is domiciled outside the SSM will:</p> <ul style="list-style-type: none"> <li>- facilitate a coordinated SSM approach to that group;</li> <li>- improve the quality of supervision;</li> <li>- reduce the volume of resources required both at the ECB/ the NCAs and the supervised group;</li> <li>- facilitate the process in the supervisory college of the group.</li> </ul>
The ECB and NCAs as members of a college of supervisors	10	Amendment	Only the ECB should be member of the supervisory college, also in the case referred to in Article 10c, for the same reason as expressed regarding our proposed amendment to Article 3.

Language regime between the ECB and legal or natural persons, including supervised entities	24	Clarification/ Amendment	<p>We suggest adding a sentence to para 2 subpara 2: "If such an agreement is concluded between the ECB and a group at the highest group level, it shall allow the other entities of the group to use another official language with the ECB." Smaller entities of a group would often not have the capability to respond to the ECB appropriately and within the given time frame, if the language was English. Hence, being permitted to use their own language would much better ensure the rapid application and communication of supervisory concerns.</p> <p>According to Art. 24, Para. 3 "ECB supervisory decisions [...] shall be adopted by the ECB in the English language and the official language of the Member State". In our opinion it should be clarified that regular and ad hoc data queries are also to be conducted in the official language of the Member State.</p>
Specific provisions in respect of branches of credit institutions established in non-participating Member States	41	Amendment	If any entity of a "non-SSM" banking group is a significant supervised entity, the JST for that group should also be responsible for the supervision of any branch within the SSM that belongs to the group for the same reason as expressed regarding our proposed amendment to Article 3.
Method for calculating total assets	55	Clarification	Since a balance for supervisory purposes does not exist according to European Union law, the total value of assets from the balance sheet data, reported according to the uniform reporting standard of COREP, should be used instead.
Criteria for a decision pursuant to Article 6(5)(b) of the SSM Regulation	67	Amendment	<p>The ECB relevance criterion should be considered as additional factor.</p> <p>Therefore Paragraph 1 should be complemented as follows: "[...], if this is necessary to ensure consistent application of high supervisory standards while considering the relevance of the institution for the stability of the financial system within the SSM."</p>

Particular circumstances leading to the classification of a significant supervised entity as less significant	70	Amendment	<p>The clarification of the particular circumstances leading to the classification of a significant supervised entity as less significant in the proposed Draft SSM Framework Regulation is insufficient; the criterion of “inappropriateness” is too vague. The mere requirement in Paragraph 2 of this provision, to strictly interpret “particular circumstances” is neither useful nor proper. Therefore, Paragraph 2 should be deleted. Instead, the classification as less significant should be aligned with the concrete risk profile as consequence of the supervisory risk assessment.</p> <p>Furthermore, when conducting the classification of a significant entity as less significant it should be referred to the criteria regarding the importance for the national economy (Art. 56 and Art. 57 of the SSM Framework Regulation) and the significance of cross-border activities (Art. 59 of the SSM Framework Regulation), which will not be met by numerous regionally active institutions, even though they exceed the criterion of size.</p>
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