

March 7<sup>th</sup>, 2014

**Subject: UniCredit reply to the ECB Public Consultation on the SSM Framework**

Dear Sirs,

UniCredit welcomes this opportunity to comment on the proposed Single Supervisory Mechanism Regulatory Framework currently under consultation, which we regard as a significant step towards its implementation, whose success is vital for the completion of the Economic and Monetary Union and for the strengthening of the Single European Market.

While we strongly appreciate the overall structure of the SSM and the progress achieved in this present version, we have some concerns on how consolidated and solo level supervision will actually end up working in practice, and on how this will impact the role of the parent company in crossborder banking groups.

The SSM must overcome a fragmented supervisory landscape and an insufficient level of cooperation among competent authorities, which can adversely affect the smooth management of cross border groups.

As a crossborder banking group that aims to provide smooth and homogenous quality banking services in a number of European and eurozone countries, we see a few tangible constraints and look forward for their removal.

Removing constraints to the free flow of capital between countries is essential to optimizing funding costs and fostering loan growth, especially to SMEs.

Ensuring proper and efficient pan-european operations and single IT systems and platforms fosters the achievement of economies of scope and scale and ultimately attain better productivity and reduce costs for customers.

Ensuring fully consistent policies on remuneration across countries warrants an adequate level playing field and avoids creating harmful competitive disadvantages (or advantages).

To create an effective banking supervision system, it is necessary to clarify a number of key issues, including, among others: the approval of internal models, the review of the recovery and resolution plan, and the assessment of outsourcing agreements.

Last, to ensure the success of the SSM, the ECB should be clearly in charge of assessing recovery plans and drafting bank resolution plans. Accordingly, the identification of domestic systemically important banks should be the responsibility of the Supervisory Authority, i.e. the ECB.

Should you decide to further address these topics in the forthcoming ECB supervisory manual, we would welcome it.



UniCredit would be most appreciative for another meeting with ECB representatives in order to more comprehensively convey our concerns relate to the supervision of cross-border banking groups.

Yours sincerely,

Roberto Nicastrò  
General Manager

Enclosure:

**UniCredit reply to ECB Consultation on the SSM Framework Regulation.**