



**EUROPEAN CENTRAL BANK**  
BANKING SUPERVISION

## Public consultation

### Draft ECB Guide on the approach for the recognition of institutional protection schemes (IPS) for prudential purposes

## Template for comments

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European Association of Co-operative Banks

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In each comment, please indicate:

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According Art. 113(7)(h)(iv) IPS networks are based on a division of tasks and collaboration of the entities, meaning that central institutions and other specialised institutions in the network offer products and services to other IPS members. When assessing the homogeneity of business profiles the ECB will consider the extent to which the business activities of the IPS members are related to the IPS network (products and services provided to local banks, services to shared customers, capital market activities etc.).

In our view there are no quantitative measures and/or thresholds for the qualification of homogeneous business models. IPS networks and groups may include different activities and sizes. What matters is "the common link in the network of the bank," the existence of services for members IPS "and the cooperation within the IPS network." This may therefore include banks with BFI in a retail banking network if the BFI entity contributes to the functioning of the network (funding).

Central institutions carry out banking activities in their own right, accessing to capital markets and performing liquidity and funding management in addition to offering products and services to other IPS members .

Moreover there may be cases, for instance, where organizational choices have lead to the establishment of subsidiaries to perform specific activities for reasons of economies of scale (e.g. products for structured finance), this sort of "outsourcing" should not prevent institutions to be included in the scope of an IPS. While already addressed, this could be more explicitly reflected in point (iv) pg. 9 of the draft Guide.

Finally, we would like to stress that the assignment of any steering or monitoring function in an IPS to an institution (e.g. a central institution), which also carries out banking transactions, would not affect homogeneity.

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Reassessment of  
IPS

-tt32t

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Answer to question 3 in the ECB Q&A document, indicates that in the event of "structural changes" to an IPS or incidents that may give rise to doubts regarding

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its compliance with the CRR conditions, a reassessment can be considered. This raises the prominent question on how significant and substantial such structural changes must be to justify a reassessment of an existing Institutional Protection Scheme. This element of uncertainty needs to be clarified.

A reassessment due to structural changes to an IPS should only be considered by the ECB if an IPS is affected in its basic principles and shaken to its foundations. E.g. the change in the membership of the IPS should not be seen as structural change and therefore trigger a reassessment.

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