

European Association of Guarantee Institutions – AECM

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**AECM’s comments on the  
European Central Bank (ECB)  
“Public Consultation on a draft Regulation and Guide of the ECB on  
exercises of options and discretions available in Union law”**

**Brussels, 16 December 2015**

**A/Introductory remarks**

AECM’s 42 members, who are mutual / private sector guarantee schemes, public institutions or mixed, all have in common the mission of providing guarantees for SMEs who have an economically sound project but do not dispose of sufficient bankable collateral.

AECM represents the political interest of its member organizations both towards the European Institutions, such as the European Commission, the European Parliament and Council, as well as towards other, multilateral bodies, among which the European Investment Bank (EIB), the European Investment Fund (EIF), the Bank for International Settlement (BIS), the OECD, the World Bank, etc. It deals primarily with issues related to prudential supervision, to state aid regulation relevant for guarantee schemes within the internal market and to European support programs.

The development and maintenance of SMEs is paramount for AECM and its members. The activities of the guarantee institutions have to be sustainable and quite some members are obliged by national law to observe CRR legislation.

**B/As to the consultation**

Focusing on the provisions of the CRR/CRD IV and the LCR Delegated Act where a clear and explicit discretionary mandate is given to Member States or supervisors (competent authorities), the ECB has identified over 150 options and discretions (= O&Ds), ranging from the progressive phase-in of new standards and definitions to more permanent exemptions from the general rules. These O&Ds allow Member States or supervisors either to choose from alternative treatments (options), or simply not to apply certain provisions (discretions).

It is understandable that the ECB would like to foster a higher level of harmonization, thereby enhancing binding financial integration and the setting of high supervisory standards. Yet, at the same time it remains of utmost importance that the supervisory action is exercised in an as prudent way as possible.

AECM strongly supports the ECB's approach that in carrying out its supervisory tasks, 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 current consultation deals exclusively with prudential requirements for those credit institutions classified as significant in accordance with article 6(4) of Regulation (EU) no 1024/2013, and Part IV and article 147(1) of – Regulation (EU) No 468/2014 (ECB/2014/17). For these CRR-institutions a supervisory level playing field is expedient because of comparable (international) business models within the European Union.

Yet, in the margins of the public hearing on Friday, 11 December 2015, it was mentioned that in a second step envisaged for the end of 2016 the ECB would like to give instructions and guidelines to the Member States covering the non-significant institutions albeit in a mutatis mutandis way.

However, the vast majority of AECM's members are national "specialists" among credit institutions which are only nationally covered and only by parts of the CRR rules. They are neither comparable nor capable to meet the same requirements like EU-wide or international banks. Accordingly, their specifics and particular features need to be fully taken into consideration in order to avoid that their support of SMEs becomes less efficient by increasing the costs for bureaucracy and supervision. This is the reason why national derogations have to remain possible and a national differentiation of promotional banks should be ensured.

In this context, it is also a significant aspect that these national institutions normally do not apply the international accounting standards (IRBA) or are explicitly exempted from them. National accounting standards partly provide facilitations for small national institutions which should not be limited unilaterally by the EU given its lack of regulatory power to do so.

We cordially ask you to take the problems explained and our respective line of reasoning in this document into your kind consideration when evaluating the future of national options and discretion in Union law.