

Communication from the European Commission: A Roadmap towards a Banking Union (COM (2012) 510 final).

Proposal for a Council Regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (COM (2012) 511 final).

Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards its interaction with Council Regulation (EU) No.../... conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (COM (2012) 512 final).

Proposal for a Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directives 77/91/EEC and 82/891/EC, Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC and 2011/35/UE and Regulation (EU) No 093/2010 (COM(2012) 280 final).

FINAL DOCUMENT APPROVED BY THE FINANCE COMMITTEE (Doc. XVIII, no. 55)

The Finance Committee of Italy' s Chamber of Deputies,

having examined:

the Communication from the European Commission: A Roadmap towards a Banking Union (COM(2012) 510 final);

the Proposal for a Council Regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (COM (2012) 511 final);

the Proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards its interaction with the Regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (COM (2012) 512 final);

the Proposal for a Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and

investment firms and amending Council Directives 77/91/EEC and 82/891/EC, Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC and 2011/35/EC and Regulation (EU) No 093/2010 (COM(2012) 280 final);

taking account of the opinions expressed by the ECB on 27 November 2012 in regard to the two proposals for a regulation on prudential supervision;

taking into consideration the compromise proposal put forward on 6 December 2012 by the Cypriot Presidency in respect of the proposals for a regulation on prudential supervision pending the adoption of a general policy orientation by the Council;

taking note of the report of the High-level Expert Group on reforming the structure of the EU banking sector chaired by the Governor of the Central Bank of Finland, Erkki Liikanen, presented on 2 October 2012;

acknowledging the need to consider the possibility, as recommended in the aforementioned report, to provide for a legal separation of business and household deposit and lending activities from high-risk trading in securities and derivatives;

whereas:

under the plan envisaged in the above-mentioned Communication of the Commission, which was endorsed in the report of the President of the European Council, Mr Van Rompuy, on the implementation of a genuine economic and monetary union, the legislative proposals in question will form two pillars of the future banking union of the Euro Area;

the creation of a banking union will mark the first and most important step towards the reinforcement of economic and fiscal integration in the Euro Area, being aimed at severing the link between sovereign and banking debt and obviating the fragmentation of financial services in the single market;

all Member States must therefore join forces to secure a positive outcome to the negotiations currently under way, and refrain from behaving opportunistically or in a manner that is inconsistent with the rigour that has been demonstrated hitherto in the efforts to rebalance public accounts; in particular, the obstinate defence of parochial interests must not be allowed to prevail over the overarching plan for a banking union, and individual Member States must not be allowed to distort competition in the sector by providing huge loans to national banks;

essentially, then, the principle of respect for common rules in this area needs to be affirmed, much as was done in the recent reform affecting the economic governance of the European Union, which imposed specific and uniform obligations on all members of the Euro Area;

in light of the foregoing, it becomes a matter of priority to adopt the proposals for a regulation on banking supervision which, as acknowledged also in the declaration of the Heads of State and Government of the Euro Area made at the European Council of 28-29 June 2012, is a precondition for the direct recapitalisation of banks in difficulty by the European Stability Mechanism, the purpose of which is to ensure that support for the banking system does not weigh upon the public finances of Member States;

immediately after the adoption of the proposals for banking union, it will be necessary to ensure the prompt approval (without any amendments that would alter its basic thrust) of the Proposal for a Directive establishing a framework for the recovery and resolution of credit institutions, and of the Proposal for a Directive concerning deposit guarantees presented by the European Commission in 2010; similarly, the Proposal of the Commission for a single European mechanism for the resolution of banking crises in the European area (and for other countries belonging to the unified system of banking supervision) also needs to be submitted without delay;

with reference to the principle of proportionality as it applies to the above, it is necessary also to assess the different types of risks present in the banking system

and to focus – as, indeed, the proposed directive on deposit guarantees recommends – on prevention and recovery, especially in the presence of institutional protection mechanisms and having regard to the integrated nature of the networks;

the granting of specific powers to the ECB as part of a multi-tier system of supervision that it may exercise to a large extent in cooperation with national authorities, which shall retain certain responsibilities, would appear to be fully consistent with the principle of subsidiarity;

it is to be hoped, however, that greater clarity can be given to the criteria for apportioning powers to the ECB and national authorities, along with the mechanisms for the mutual cooperation of the same: this is also the position that the ECB takes in the above-mentioned opinion on the proposals under consideration;

without altering the distribution of powers within the system, the ECB needs to retain ultimate responsibility for the supervision of all banks established in the EU, as proposed by the European Commission and advocated also by the ECB itself in the above-mentioned opinion; in fact, the preference of several countries for the creation of a “ two-tier” supervisory system in which the responsibilities of the ECB would be restricted to banks with systemic relevance, leaving the national authorities in charge of the others, would prejudice the unity and homogeneity of supervisory activities, distort incentives and risk bringing about a reallocation of banking funds;

since the proposals of the European Commission would divide responsibilities between the European Banking Authority (EBA), which would act as regulator for the entire European Union, and the ECB, which would perform the role of supervisor for the Euro Area, action needs to be taken to forestall the risk of the emergence of double standards harmful to the unity of the single market, which might occur if the ECB were to draw up a set of prudential and supervisory regulations that were stricter than those imposed by the EBA;

banking supervision is an area where Italy should leverage its experience and good practices, thanks to which it has been able to avoid bank crises of the scale and gravity seen elsewhere;

stressing the importance of promptly transmitting this Final Document, along with the opinion of the EU Policies Committee, to the European Parliament and to the Council, as well as to the European Commission as part of the so-called political dialogue;

expresses a

FAVOURABLE OPINION

with the following conditions:

- 1) that the proposals for a regulation concerning the unified supervision of banks be adopted promptly, to be followed by the adoption of the other proposals for the creation of a banking union, with particular regard both to the proposal for a directive on a common framework for the resolution of crises and to the future proposal for a single instrument to resolve crises at a European level;
- 2) that, in parallel with the above, work be done on defining the ways in which the European Stability Mechanism (ESM) will be able to support banks directly;
- 3) that the new system of unified supervision be applied to all banks in the Euro Area and in other EU countries that intend to abide by it, regardless of their size, legal form or propensity to risk;
- 4) that, without prejudice to the ultimate responsibility of the ECB, precise and uniform criteria be set down to regulate both the assignment of specific functions by the ECB to national authorities and their mutual cooperation, the aim being also to draw a clear distinction between the measures for which the ECB shall be directly responsible (challenges to which must be referred to the European Court of Justice), and those for which national authorities shall be responsible (and are therefore subject to the jurisdiction of the relevant courts of each Member State);

5) that, at the same time as a centralised system of supervision is being put into place, banking regulations be further harmonised, including through the development of EBA technical standards and their transposition by means of delegated acts of the European Commission;

6) that, as expressly recommended in the proposed directive on deposit guarantees, the different types of risks present in the banking system be assessed and use be made of preventative and recovery measures, especially in the presence of institutional protection mechanisms and having regard to the integrated nature of the networks, e.g. with respect to the system of cooperative and mutual banks, while ensuring maximum Europe-wide homogeneity of the supervisory rules and practices applied to different types of banks;

and makes the following observations:

a) if the negotiations in this matter should lead to the affirmation of the principle that direct supervision by the ECB should be applied only to those banks with assets in excess of a given threshold, it will be necessary to take action to ensure that the minimum threshold is not set too high lest this result in the retention of banking supervision procedures that are so divergent as to threaten the unity of the single market;

b) some thought should be given to the idea of withholding the right of countries wishing to be part of the unified system of supervision without joining the Euro Area to opt out of decisions adopted by the governing council of the ECB, and consideration given to an alternative solution whereby unanimous decisions taken by the future supervisory board would take effect at once, without the need for a further pronouncement by the governing council of the ECB.