



THE SENATE
OF THE PARLIAMENT OF THE CZECH REPUBLIC
9TH TERM

528th

RESOLUTION OF THE SENATE

Delivered on the 22nd session held on 18th June 2014

**on the Proposal for a Regulation of the European Parliament and of the Council
on structural measures improving the resilience of EU credit institutions /Senate
Press no. N 121/09/**

and

**on the Proposal for a Regulation of the European Parliament and of the Council
on reporting and transparency of securities financing transactions /Senate Press
no. N 122/09/**

The Senate

I.

1. Perceives positively

the European Commission's efforts to foster greater stability and resilience of the European banking sector and to increase the transparency of shadow banking;

2. Considers it, however, necessary

to thoroughly analyse all the implications of the proposed regulation for the financial sector, depositors and clients of credit institutions, and to lay down all essential elements directly in the Regulations to be adopted by the Council and the European Parliament; also in view of the strong global links and cross-border nature of international financial groups, it is fundamental that structural reforms in the EU banking were well aligned with the recommendations of international regulatory bodies (such as the Financial Stability Board) and were based on international consensus within the G20;

II.

1. Believes

that the proposed reform measures to strengthen the resilience of credit institutions should not result in a complete demise of the model of universal banking in the EU, instead the measures should clearly target the systemically important institutions that, if they engage in ill-considered risky activities, may

be considered to pose a threat to stability of the entire financial system with potential impacts on public budgets in the case of bailouts during a systemic crisis;

2. Therefore shares

the objections and comments on both proposals formulated by the Czech Government, particularly as regards the specification of the range of institutions to be covered by the Regulations, the doubts about added value of the proposed Regulation on structural measures improving the resilience of EU credit institutions, and the power of the Commission to regulate certain essential issues by implementing or delegated acts;

3. Repeatedly stresses

that all essential elements of a legislative act must be laid down directly in the act itself and their regulation cannot be left up to the Commission by means of implementing or delegated acts; the Proposal for a Regulation on structural measures improving the resilience of EU credit institutions is in breach of this rule since it, among other things, empowers the Commission to set regulatory standards based on which a credit institution may be required to limit its activities (Article 10);

4. Points out

- the risk of creating an uneven playing field in the internal market resulting from the Proposal for a Regulation on structural measures improving the resilience of EU credit institutions; possible recognition of foreign legislations as equivalent to the EU norms may disadvantage European credit institutions and weaken their competitiveness; namely, the recognition of equivalence of the so-called Volcker rule would allow that a subsidiary of a U.S. bank could, as opposed to the European credit institutions, carry out propriety trading in the EU;
- that the mechanism for granting derogations from the requirements for separation of certain trading activities from credit institutions in the Member States which introduced a similar legislation before 29 January 2014 is incompatible with the form of a regulation; if the Commission considers that a uniform approach for structural measures improving the resilience of EU credit institutions is not necessary, it should have chosen the form of a directive in accordance with the principle of proportionality;

5. Is of the opinion,

that the proper functioning of the European banking sector will be most effectively achieved by thorough enforcement of existing rules by supervisory authorities and by the stability of the legal framework;

III.

1. Requests the Government to inform the Senate about the way this position was taken into account and to provide the Senate with further information on the proceeding of negotiations;

2. Authorises the President of the Senate to forward this Resolution to the European Commission.

Milan Štěch
sign manual
President of the Senate

Zdeněk Berka
sign manual
Senate Verifier