

PRESS RELEASE

Crisis: Mr. Zadra (ABI) “Creating a European supervisory framework is key”

*ABI backs the proposals for reform put forward by the group chaired by Jacques de Larosière.
And it proposes some practical measures to be taken soon.*

Creating a supervisory framework at the EU level and regulating intermediaries and non-regulated markets, such as hedge funds and derivatives market; these are the key measures to be taken to restore integrity to the financial system, according to the Italian Banking Association.

ABI responded to the consultation launched on 10 March 2009 by the European Commission with respect to the proposals on the future of supervision put forward by the De Larosière group in its report, based on which the Commission is preparing a detailed plan concerning the legislative proposals to be presented to the Council in June 2009.

In its response, the Association - apart from expressing its appreciation with respect to the proposal to create a European supervisory framework based on establishing new EU authorities - proposes practical measures aimed at strengthening their effectiveness. Specifically, ABI suggests that the Commission assigns a more significant role to the abovementioned new authorities, entrusting the latter with supervisory powers over systemically relevant cross-border groups.

“The proposals of the group chaired by Jacques de Larosière may lead to effective solutions to keep in step with the European single market consolidation process” said Giuseppe Zadra, General Manager of ABI, “but, along with such proposals, the definition of a harmonized regulatory framework with respect to supervisory rules and crisis management agreements should be envisaged; moreover, these proposals should also consider regulating non-regulated market segments – such as derivatives – as well as all intermediaries conducting financial activities of a potentially systemic nature – such as hedge funds – even if they are not in direct contact with retail customers”. “We must not allow uncontrolled sectors to exist. The fact that there are intermediaries, products and markets that are not monitored and that, two years since the outbreak of the crisis, the amount of toxic assets is still unknown is not compatible with systemic stability control” remarked Mr. Zadra.

Lastly, among the practical proposals to strengthen the conclusions of the de Larosière report and to tackle the crisis in a timely manner, the proposal to entrust the ECB, albeit temporarily, with the supervision of cross-border groups and to initiate, at the same time, the enhanced cooperation procedures set out in the Treaty to create a new *ad hoc* European authority becomes particularly important.

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