

PRESS RELEASE

**Crisis: ABI, “In order to strengthen EU supervision, regulations are needed, as well as common approaches and preliminary agreements between Member States”**

*The Italian Banking Association supports the measures presented by the European Commission and puts forward certain proposals aimed at making the new supervisory architecture more stringent*

“In order to create an effective and efficient European supervisory architecture, common supervisory rules and approaches are needed, as well as preliminary agreements to resolve cross-border crises”. This statement by ABI was contained in its response to a consultation launched by the European Commission last May, on whose basis the European Union will present its legislative initiatives in October 2009.

The focal point, according to the Italian Banking Association, is the need to clarify that the single EU rulebook envisaged by EU institutions shall not only regard rules – with respect to which, if possible, it would be advisable to use Regulations, in order to reduce implementation time and accelerate harmonization – but also the approaches to be adopted by supervisory authorities.

ABI believes that Colleges of Supervisors, on which the new European supervisory architecture will be based, should follow common supervisory rules and approaches, so as to ensure equality, in terms of competition, between cross-border market players; moreover, Colleges of Supervisors should have an operating and governance structure, defined at the EU level, enabling them to make fair and prompt decisions.

According to ABI, in addition to the European supervision reform, it is also necessary to create an adequate regulatory framework with respect to European cross-border groups and to implement preliminary agreements on assigning fiscal responsibilities, if any, between different Member States in case of crisis. Creating the abovementioned framework and amending the burden sharing agreement set out in the 2008 Memorandum of Understanding regarding cross-border crisis identification, management and resolution, in order to make it legally binding and clearly defined ex ante, would allow the full exploitation of economies of scale and scope resulting from a centralized management of groups; moreover, it would allow a reduction in costs and an improvement in the quality of services provided to consumers.

These proposals, as clarified by ABI in its letter to the European Commission, may be sufficient to overcome political and legal obstacles that prevent a parent company’s supervisory authority from playing a key role in the Colleges of Supervisors and, in the long term, that prevent EU authorities from being entrusted directly with the supervision of cross-border groups.

Brussels, 27 July 2009