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The Deputy Director General

Paris, October 19, 2007

Public consultation on the options and national discretions contained in the Directive relating to the taking up and pursuit of the business of credit institutions

Dear Mrs Nouy,

Thank you for your kind invitation to complete the questionnaire on the options and national discretions contained in Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions. We believe that the introduction of the Directive was an important step in creating a single financial market for the European Union, but we are also aware of certain problems posed by the numerous options and national discretions included in the Directive. We welcome the opportunity to assist the Committee in identifying appropriate solutions to these issues.

We chose to concentrate on major issues as well as on avoiding the transfer of options to credit institutions. In our opinion, the latter proposal would have been a step backwards for French banks as they have constantly called for a single set of rules at European level.

There were long debates over some options when the draft directive was discussed, and we consider that there is no point in re-examining the question of the scope of consolidation. The Basel II agreement was designed to be applied on a consolidated basis to internationally active groups. We therefore believe that the national discretions covering this subject should be maintained, as they are closely linked to the organisation of banking groups.

While we advocate reducing national options, we wish to maintain the options and national discretions included in the transitional provisions, as banks are currently integrating them into their IT systems. However, we also consider that the definition of own funds should covert all countries, without options or national discretions.

The French Banking Federation is committed to establishing a level playing field that can also benefit from an adapted regulation. FBF remains at CEBS' disposal for any further discussion on these matters.

Please find our detailed comments in the attached Excel spreadsheet.

Yours sincerely

Pierre de Lauzun

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