

**Consultation paper on CEBS's guidelines regarding revised Article 3 of
Directive 2006/48/EC**

(CP 41)

Comments of the PanCyprian Cooperative Confederation Limited
(Cyprus)

1. It is noted that although affiliated institutions have the obligation to conform to the instructions of the Central Body, article 3 does not include any provision stating that they lose their autonomy in relation to their day to day management and decision making. Therefore a reference should be included in the guidelines clarifying that the affiliated institutions continue to maintain such autonomy.
2. With regards to the issue of instructions under part E, page 9 par. 28 we believe that the word "*the same*" in the fifth line of the 4th bullet point is misleading and should be changed. Even though the strategy and policy of the affiliated institutions should be in line / in conformity with that of the central body, it can not be exactly the same. Each of the affiliated institutions is an independent legal entity having its own particular characteristics, run by its own management and committee, being subject to and affected by different geographical, seasonal and market parameters and factors. Therefore the affiliated institutions' policy and strategy can not be "the same" as the central body's. In view of the above, we suggest changing the last part of the 4th bullet point to read as: "the policy and strategic purpose of each affiliated institution is in conformity with the Group's risk appetite, capacity and also the overall objectives of the Group".
3. Regarding paragraph 29 (section F) it should be made clear that the Central Body, as the leading organization of the Group, can make use of the EU passport on behalf of the Group.
4. As regards affiliated institutions which meet the prudential requirements of the Directive 2006/48/EC on a solo basis, the guidelines may provide for

different and less strict obligations of these institutions towards the Central Body (including on matters related to their policy and strategic purposes), having in mind on the one hand the fact that the guarantee of the Central Body applies to them and also that they are included in the consolidated reporting and to the other hand that these affiliates are fully conforming institutions.

27 August 2010

Pavlos Theodotou
Manager