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Internal Market and Services DG

FINANCIAL INSTITUTIONS

Banking and financial conglomerates

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Ms Kerstin af Jochnick
Chair
Committee of European Banking
Supervisors (CEBS)
Email: kerstin.jochnick@fi.se

Dear Kerstin,

Drawing on CEBS' technical advice on national discretions, the Commission services are preparing a proposal for a Directive aimed at removing all national options and discretions as part of the Commission's ambition to develop a 'single rule book' in the EU. This proposal is tabled in October 2009.

At the last CRD Working Group held on 23 April, Member States concurred that the technical advice of the CEBS would be very much appreciated on 9 options where more granularity, criteria or impacts is needed, should those options be removed or transformed into a general rule. Those options are set out in the Annex to this letter.

We would be very grateful if you could send us informal technical advice by the beginning of June, and no later than 10 June. CEBS' technical advice does not necessarily need to mirror a consensus among CEBS members, but rather outline the different criteria and approaches that may usefully clarify the provisions listed in Annex. We intend to discuss the package on national discretions at the next EBC meeting. A public consultation will immediately follow in view of the Commission's impact assessment that needs to be ready by end July 2009.

Yours sincerely,

Patrick Pearson
Head of Unit

Contact:

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Annex (based on CRDWG/009/09)

- CEBS No. 15 (percentages to calculate potential future credit exposures). Technical advice is sought as to whether the percentages in table 2 should be adjusted/increased should this national discretion become the general rule
- CEBS No. 25 (treatment of public sector entities). Technical advice is sought as to the relevant criteria to treat PSE as 'institutions'.
- CEBS No. 32 (list of high risk items). CEBS advice is sought as to which other items should deserve a high risk treatment.
- CEBS No. 41 and 45 (other unfunded credit protection for dilution risk). CEBS advice is sought as to which specific criteria/conditions need to be defined.
- CEBS No. 49 (other physical collateral). CEBS advice is sought as to which specific criteria or collateral need to be defined. As an alternative, this option may be deleted.
- CEBS No. 51 (receivables as collateral). CEBS technical advice is sought as to which criteria/conditions might be defined in the CRD.
- CEBS No. 82 (specific risk requirement for covered bonds). CEBS technical advice is sought as to the appropriate treatment based on the national implementation of this discretion.
- CEBS No. 102 and 103 (and more generally all discretions allowing for a specific favourable treatment of real estate – see below). In view of the expected losses on real estate markets, CEBS advice is sought as to whether these prudential treatments are prudentially sound.
- Option not analysed by CEBS (Part B3) (one-day floor for 'other short term exposures'). Technical advice of CEBS is sought on eligible short-term exposures with a view of establishing a list of criteria/exposures.