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## **Consultation Paper: Guidelines for Co-operation between Consolidating Supervisors and Host Supervisors (CP09)**

Representing all Austrian banks the Bank and Insurance Division welcomes the opportunity to give its opinion on the “Guidelines for Co-operation between Consolidating Supervisors and Host Supervisors” (CP09).

### **I. General remarks**

- The focus in this area should in each case be on intensified co-operation and co-ordination between supervisors.
- We welcome the intention of CEBS to interpret and apply the Directive as uniformly and consistently as possible on the part of the supervisory authorities (no cherry picking, no additional requirements).
- The fact mentioned in the Paper that decision-making by the supervisory authorities will be carried out on a case-by-case basis indicates flexibility on the part of the supervisory authorities - which is in principle welcomed. However, such flexibility should not have the effect that different consolidating supervisors take different de-

cisions on the same topic since this may lead to competitive disadvantages for the concerned banking groups.

- As intended by CEBS, application must be plausible and transparent for the banks.
- An additional basic principle should be timely communication and co-ordination with the concerned banking groups with respect to the specific topics.
- For the purpose of a clear structuring of the different consultation papers in terms of content we suggest to deal with the part adopted from the CP10, namely "„Practical framework (model approval)“, only in the CP10.
- In the light of the relevance of CEE banks as subsidiaries of EU banking groups co-operation with the supervisory authorities of non-Member States is of increasing importance. In this respect CRD has adopted (in Article 39) the current regulation of the Banking Directive (Article 25) without modifications, according to which exchange of information with non-EU countries' supervisory authorities may only be made on the basis of agreements with non-EU countries. For this reason it would be good to know for the banks what non-EU countries such agreements have been concluded with.

## **II. Comments in detail**

### Regarding question IV

Exchange of information between supervisory authorities of home states and Member States should not only refer to information about the described banks but also to parts of the reports on the review process. In this way overlaps within the process could be avoided. The overall costs for the supervisory authorities and the banks should in the end be reduced by means of such an information exchange process and definitely not increased.

Overlaps of the work of supervisory authorities of the home state and the Member State could be further reduced through development of standardised workflows and instructions for the process of reviewing the Directive.

#### Regarding question VIII

The importance of a bank as a measurement for detailed review is very complex. Paragraph 30 states the relevant factors. Although the parameters defined in Paragraph 30 go in the right direction, they allow many subjective interpretations to be made among the Member States, which need to be clarified further.

The structure provided in table form and the scope of application of the Directive with respect to the "essential information" listed in Paragraph 46 and "cross-border implications" (Paragraph 50) are helpful for understanding the Directive. Practical application of the Directive, however, is made within the context of the relevant legal setting of the different Member States. Accordingly, at a later stage it would be desirable to describe in detail the form of co-operation of the supervisors within the legal context.

This applies above all to model approval, since the supervisors of the Member States have a special authority in this respect and, therefore, co-operation between the supervisors of the home states and the Member States may become a key element of the recognition process to be carried out within the timeframe.

The following comments refer to the "model approval" chapter taken from CP 10.

- We would welcome more detailed information about the issue of how local discretions are dealt with within the decision-making process of the consolidating supervisor. For the concerned banks the question arises whether local discretions selected at local level are also valid at group level. Mutual recognition of local discretions which are interpreted in different ways would be reasonable in order not to disproportionately increase complexity of RWA calculation and the costs connected therewith. In this respect possible co-ordination processes with supervisors of non-EU countries should be indicated.

- In the case of differences, if any, between national interpretations mutual recognition should be tried to achieve.
- In connection with the approval process we consider it necessary to include considerations regarding the responsibility to distribute documentation and the necessary ability of local subsidiaries to provide information to the local supervisors during the approval process.

Yours sincerely,

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