



EUROPEAN CENTRAL BANK

EUROSYSTEM

Jean-Claude TRICHET
President

Mr Ashley Mote
Member of the European Parliament
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Parlement européen
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Dear Mr Mote,

Thank you for your letter dated 24 September 2008 in which you raised some issues as regards the capacity of the euro area to manage in a coordinated fashion a possible financial crisis.

Over the last few weeks the euro area as well as the global financial markets have been confronted with significant challenges of unprecedented nature. At the same time, several initiatives have shown the ability of the euro area countries in particular, and EU Member States in general, to take prompt and coordinated action. As you know, on 12 October 2008 the euro area countries welcomed the decisions of the ECB to improve the refinancing conditions of banks and to provide more longer term funding. They also agreed on a concerted action plan with a common approach towards facilitating the funding of banks, providing additional capital resources, recapitalising distressed banks, ensuring appropriate use of accounting rules, and enhancing cooperation procedures among European countries. These principles were also endorsed by the European Council on 16 October 2008.

Finally, as regards possible coordination issues arising by differing winding up procedures, I would like to highlight the ongoing work at the European Commission on the revision of the Directive 2001/24/EC on the reorganisation and winding up of credit institutions. Following a public consultation last year, the European Commission is working towards identifying and addressing possible shortcomings of the current situation and will present proposals for action early next year.

With best regards,