



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Danièle NOUY

Chair of the Supervisory Board

Mr Fabio De Masi
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 27 July 2015

Re: Your letter (QZ118)

Honourable Member of the European Parliament, dear Mr De Masi,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 14 July 2015. In this letter, you ask how the ECB will treat financial institutions that fall under “the SSM definition of systemically important institutions” but cease to fulfil qualifying criteria as a consequence of regulatory action.

Let me clarify first of all that there is no SSM definition of “systemically important institutions”. However, since you mention the criterion of total assets exceeding EUR 30 billion, which is one of the criteria for the determination of significant institutions set out in Article 6 of the SSM Regulation, I understand you are asking about the way the ECB deals with significant institutions ceasing to fulfil the criteria which led to their qualification as significant and thereby to their direct supervision by the ECB.

In this respect, the SSM Framework Regulation distinguishes between two main cases. The first (Articles 46 and 47 of the SSM Framework Regulation) provides for the ending of direct supervision under “normal” circumstances. For instance, the ECB will adopt a decision ending its direct supervision if, for three consecutive years, none of the significance criteria (size, importance for the economy, being one of the three most significant credit institutions, significance of cross-border activities) has been met either on an individual basis or at group level.

The second case, governed by Article 52 of the SSM Framework Regulation, provides for the ending (or start) of direct supervision under “exceptional” circumstances, which include, for instance, mergers, sales or transfers of business divisions, or a decision to carry out an orderly winding up of the entity. In these cases, the ECB decides on the significance of the entities and the date from which supervision shall be carried out by the ECB (for significant institutions) or by the national competent authority (for less significant institutions).

The ECB performs this assessment on a regular basis and maintains an updated list¹ of supervised entities on its website.

Yours sincerely,

[signed]

Danièle Nouy

¹ <https://www.bankingsupervision.europa.eu/banking/list/who/html/index.en.html>