



THE SECRETARY GENERAL

Ms Ieke van den Burg  
Mr Daniel Dăianu  
European Parliament  
Rue Wiertz, 60  
1047 Bruxelles

14 July 2008

Dear Ms van den Burg,  
Dear Mr Dăianu,

RE: FINANCIAL SUPERVISION

With the European banking landscape integrating at a rapid pace and financial groups structuring themselves more and more on the basis of cross-border business lines, BUSINESSEUROPE welcomes the interest of the European Parliament for the important topic of financial supervision and the evolutionary approach based on a sound system of colleges of supervisors chosen by you in your draft report to the Committee on Economic and Monetary affairs.

A cooperative approach via the colleges will indeed create the necessary trust among supervisors, which is a *sine qua non* condition to produce a sustainable supervisory framework. Colleges will have to be generalized and given a legal basis. In order to use the full potential of all supervisors in a given college, delegations of tasks according to the specialisations of the involved supervisors should become the norm.

As for the decision-mechanism of the colleges, a ponderation of the votes in qualified majority voting (QMV) according to the importance of the entity in a given Member State is indeed more appropriate than using demographics in such a technical matter as prudential supervision. The three criteria listed in recommendation 3.1 (e) have the merit of being fair when it comes to the ponderation of votes, but might also introduce a further element of complexity. Using a majority system of 'one Member State supervisor, one vote' as used by the European Central Bank has the advantage of avoiding the discrimination of supervisors coming from small or medium sized Member States that have major international financial centres and at the same time apply a system that has been tested in a field that is as technical as prudential supervision. Such a definition of QMV could also apply for votes in the 3 level 3 committees.

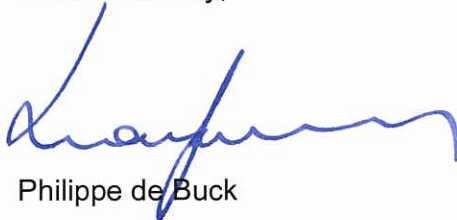
BUSINESSEUROPE has also noted the suggestion to create a College Coordination and Mediation committee (CCMC) as well as a Presidium. The added value of creating yet another two committees is not entirely clear. Indeed it seems natural that the 3 level 3 committees CESR, CEBS and CEIOPS would ensure coordination between colleges and mediation between supervisors inside the same college. In the same line of thought, the cooperation and coordination between the 3 level 3 committees is constantly improving and the case for creating a further committee has not been made yet.

The draft report on the supervisory framework calls for a strengthening of the 3 level 3 committees. There is a largely shared view that this should entail that national supervisors should be given a European mandate requiring supervisors to cooperate and promote supervisory convergence in the EU. In order to avoid stalemates, qualified majority voting as detailed above should apply if consensus cannot be reached and a 'comply or explain' mechanism should be introduced as means of ensuring consistent application of EU legislation. Nevertheless the case still has to be made for the transformation of the 3 level 3 committees into full fledged regulatory agencies. The above mentioned measures are sufficient to meet the goals of convergence of the application of EU legislation and a more efficient functioning of the committees.

Finally, regarding the amendment of the EU rules on deposit guarantee schemes to introduce obligatory ex-ante schemes, it would be preferable in our view that the current work conducted by the European Commission in cooperation with the European Forum of Deposit Insurers is finalised before taking any legislative measures. At this stage it is not proven that the benefits incurred by a full harmonisation of ex ante DGS would be bigger than the costs of such a measure.

I hope that these remarks and suggestions will provide a worthy contribution to current and future discussions on the important issue of financial supervision.

Yours sincerely,



Philippe de Buck