

Template for comments

Public consultation on the draft Guide on the supervisory approach to consolidation in the banking sector

Type of respondent

Banking association

Institution/company

European Association of Co-operative Banks

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☐ Please tick here if you do not wish your personal data to be published.

General comments

Template for comments

Public consultation on the draft Guide on the supervisory approach to consolidation in the banking sector

- Please enter all your feedback filling in the table below as following :
- Fill in the 5 green columns only: "Paragraph", "Type of comment", "Detailed comment", "Concise statement as to why your comment should be taken on board", "Proposal for adjusted wording";
 - Respect drop-down menus. Do not alter the drop-down menus.
 - Other columns, blue columns, are filled in automatically; do not alter them;
 - Each comment shall deal with a single issue only; you can enter two comments for the same paragraph if you see several issues in the same paragraph; you can enter the same comment several times if it applies to several paragraphs;
 - Indicate whether your comment is a proposed amendment, clarification, deletion or addition to the guide;
 - Propose an alternative wording when appropriate.

Please do not make any changes to the structure of the template. Any feedback provided in a modified template will not be processed.
To ease the feedback process, please ensure you provide your feedback in an xls format only (i.e. not pdf)

Deadline: 1 October 2020

Id	Paragraph	Page	Section	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Proposal for adjusted wording	Type of respondent	Institution/company	Name of commenter	Personal data
1	2	1	Introduction	Clarification	We welcome the reference in footnote 2 that the Guide does not establish new regulatory requirements, and expectations set out should not be construed as legally binding rules. We would recommend making this statement clearer within the introductory chapter. We also appreciate that the ECB sees that mergers and takeovers are the result of market forces and shareholders decisions. However, this should be made much clearer in the Guide, also in order to avoid that supervisors may see a political role to play in such processes; this would indeed not be appropriate and beyond the mandate of prudential supervisors. Finally, we have some reservations with regard to indication that consolidation will help to preserve – or even encourage – diversity. It is more likely to have the opposite effect particularly if supervisory expectations and the regulatory framework do not give due consideration to the arrangements and specificities of different business models and legal forms.			Banking association	European Association of Co-operative Banks	Mancino, Marco	Publish
2	5	2	Introduction	Clarification	We support the ECB indication that “experience shows that there is no “one size fits all” approach when it comes to banking sector consolidation. Consequently, a case-by-case approach based on proportionality in the application of these principles should be expected.”			Banking association	European Association of Co-operative Banks	Mancino, Marco	Publish

3	45	12	5. Application of supervisory approach to business consolidation transactions involving LSIs	Amendment	<p>Para. 45 gives the impression that the application of the Guide to LSIs is the regular case ("The SSM supervisory approach to consolidation also covers LSIs [...]"). Instead, we believe that footnote 35 rather leads to the opposite conclusion. In fact, the ECB indicates that "The vast majority of business combinations involving LSIs do not require a qualifying holding procedure given that they take place within the cooperative and savings banks sectors, usually at a local level, and do not result in a parent-subsidiary structure, but in a single institution, and as no qualifying holding threshold is met. They would thus not fall within the scope of the proposed framework."</p> <p>This element should be addressed more clearly.</p> <p>For the avoidance of any uncertainty and misunderstanding, we believe that the text from the footnote should rather be a direct and introductory part for para. 45 (e.g. "LSIs in general do not fall within the scope of the Guide, given that the vast majority of such transactions take place etc...").</p>			Banking association	European Association of Co-operative Banks	Mancino, Marco	Publish
4	New paragraph	0	0	Clarification	<p>As the draft Guide does not contain a specific section on scope, we believe it would be appropriate to add such a dedicated Section also clarifying in which cases LSIs do not (or do, e.g. in case of creation of a new SI) fall within the scope of the Guide.</p>			Banking association	European Association of Co-operative Banks	Mancino, Marco	Publish
5	27	8	3.2. Pillar 2 capital requirements and Pillar 2 guidance	Clarification	<p>In para. 27 it is not sufficiently clear how the P2R and P2G weighted average after consolidation will be calculated. We believe that the appropriate reference would be RWAs.</p>			Banking association	European Association of Co-operative Banks	Mancino, Marco	Publish