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Cooperation mechanisms in respect of banking supervision

Roundtable discussion at the conference on
**European and International Cooperation
Between Supervisory Authorities on
Banking and Financial Matters**

AEDBF-Europe & AEDBF-France Conference

Paris, 15 November 2019

Outline

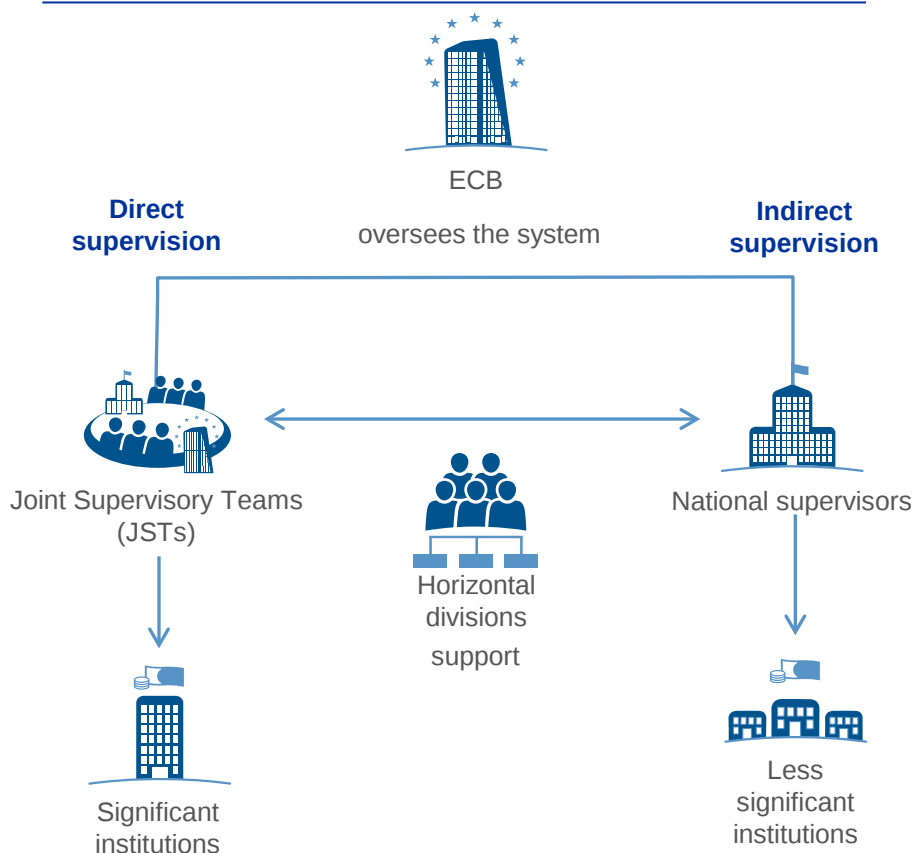
1 SSM structure and supervisory cooperation

2 Practical issues

1. Supervision: context

The SSM is an integrated system based on cooperation between national supervisors and ECB

Distribution of tasks within the SSM



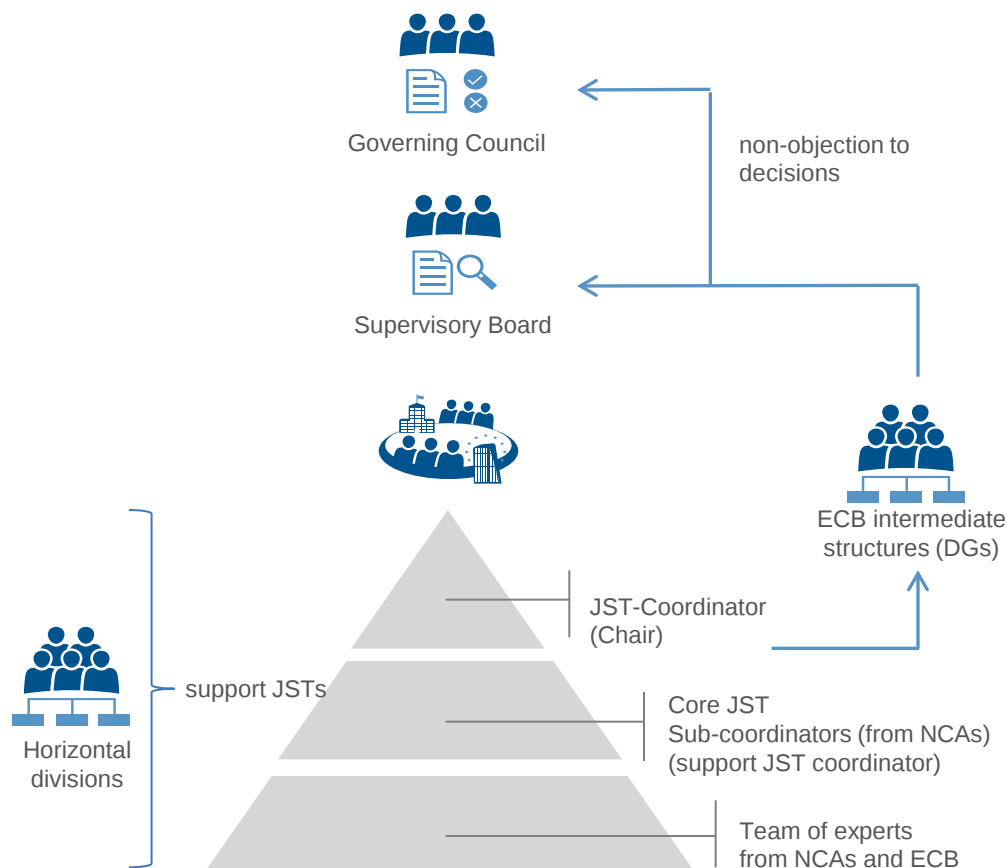
Criteria for Classification as Significant Institution

1. Assets over **EUR 30 billion**
2. Representing **> 20% of national GDP** unless total assets < EUR 5 billion
3. Being among the **three most significant institutions** in each participating Member State
4. Institutions that have **requested or received ESM or EFSF public financial assistance**
5. **Less significant institutions when necessary** to ensure consistent application of high supervisory standards

1. Supervision of Significant Institutions

Supervision of Significant Institutions is based on the Joint Supervisory Teams

Functioning of JSTs



- Established for **every banking group**
- Comprising staff from **ECB and NCA**
- Responsible for **day-to-day supervision** and for implementing the annual supervisory programme
- Responsible for **implementing decisions** of Supervisory Board/ Governing Council

1. Supervision of Less Significant Institutions

National competent authorities remain the first contact point for Less Significant Institutions

Distribution of tasks regarding LSIs

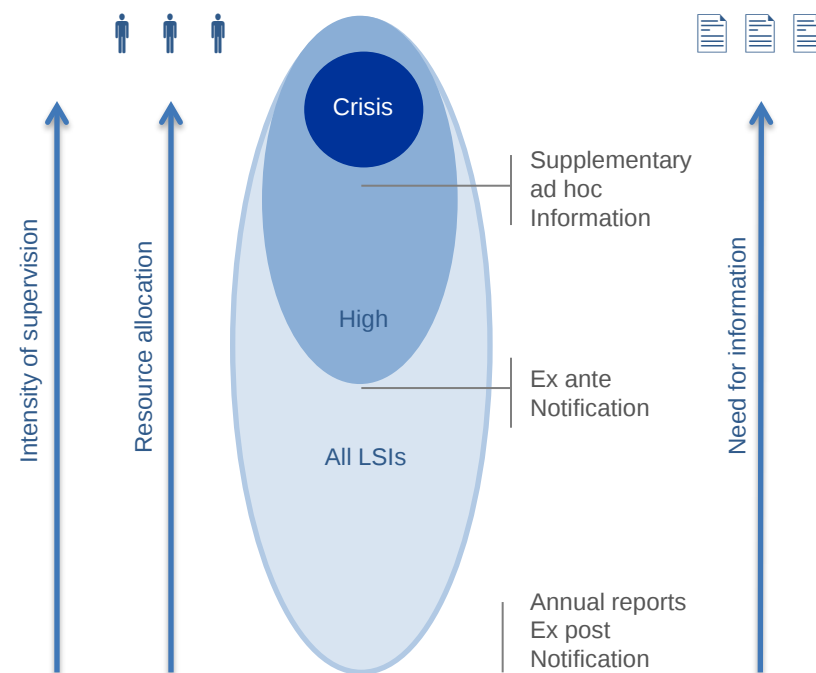


- ECB with overall responsibility
- ECB compares on SSM-level and between sectors
- ECB provides expert support
- ECB promotes best practices
- ECB grants or withdraws banking licenses and assesses acquisitions of qualifying holdings



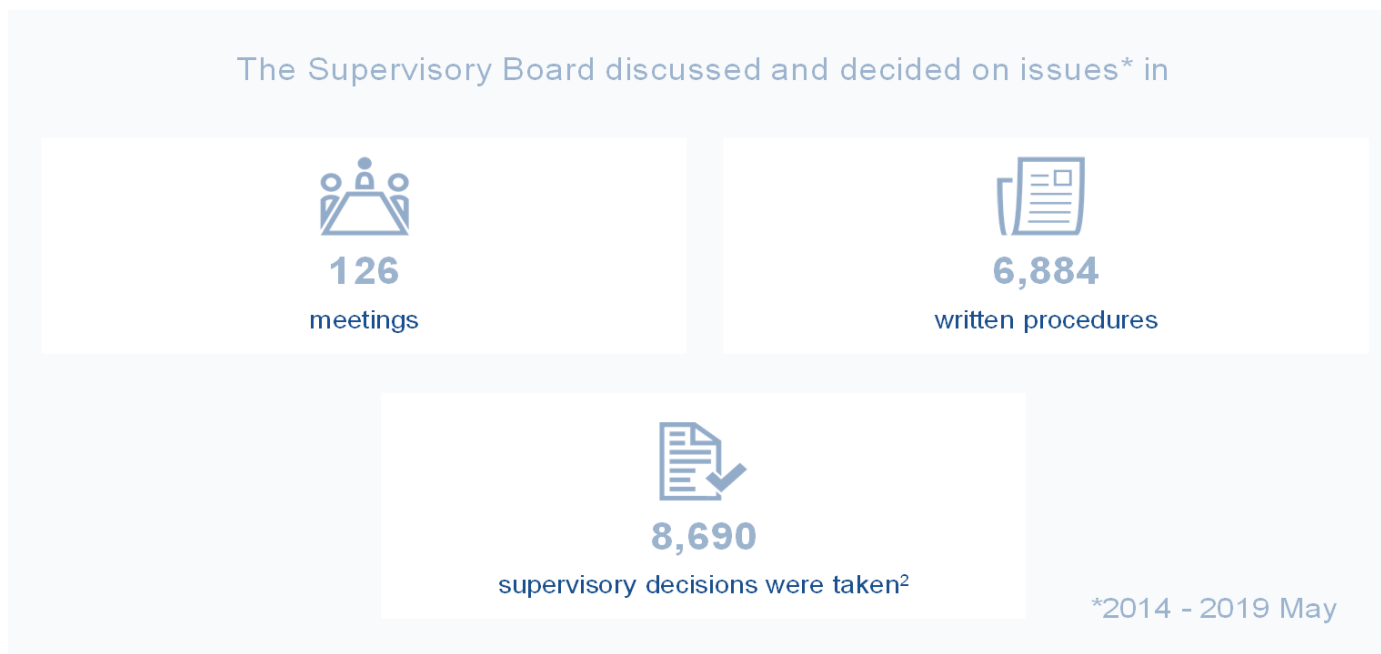
- NCAs bear primary responsibility for supervisions
- No duplication of national tasks at ECB level

Indirect ECB-supervision of LSIs

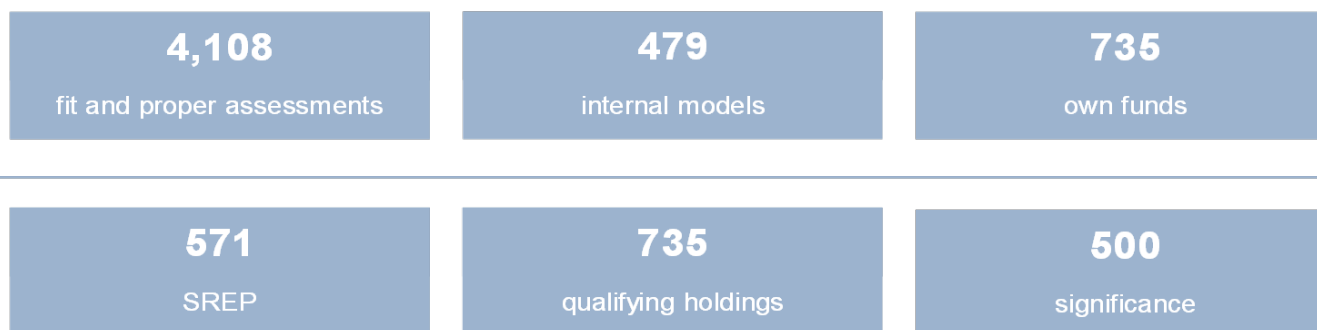


1. Supervision: decision-making

Our work in numbers...

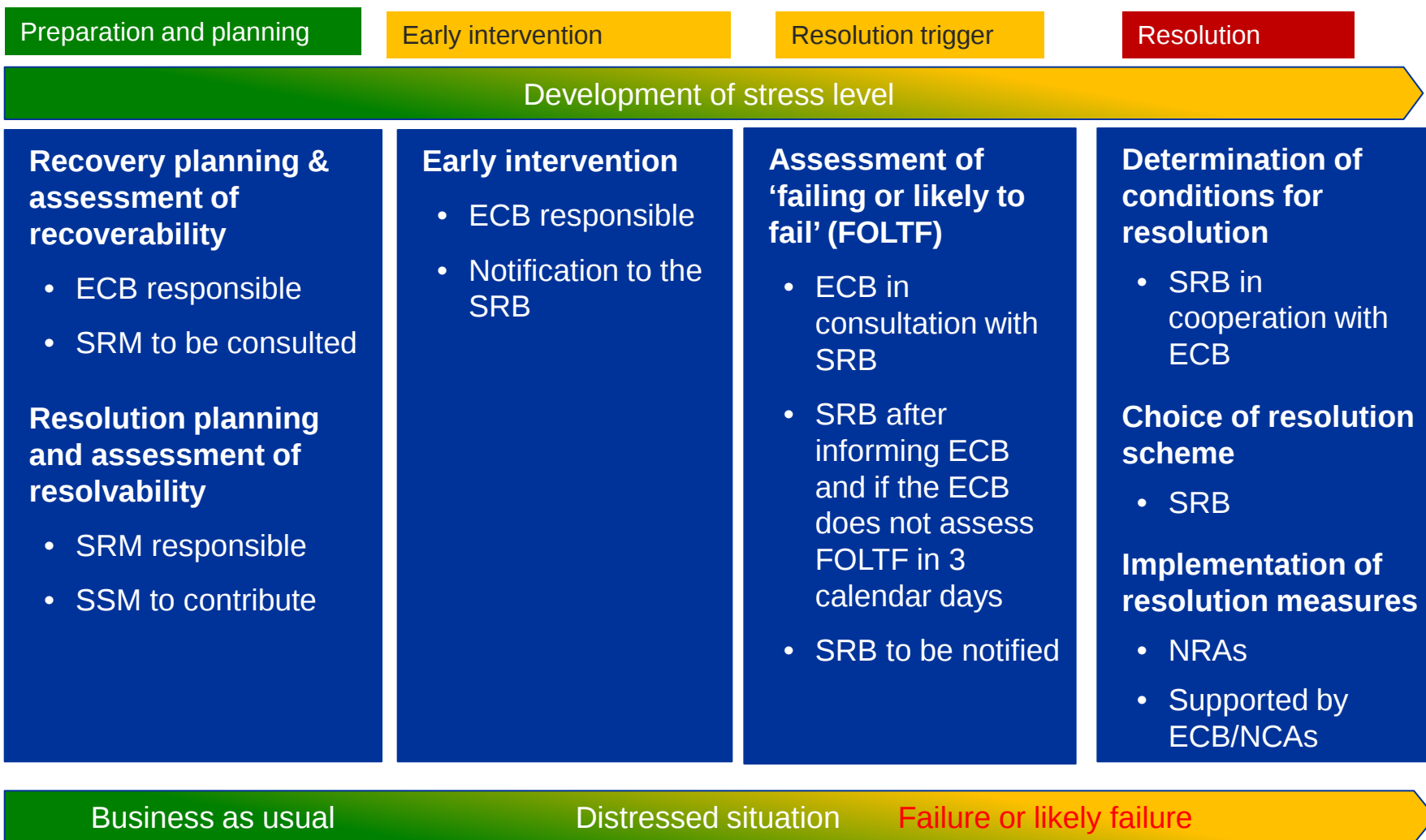


The most common decisions were on



2. Practical issues : cooperation on crisis management (1)

The interaction of supervision with resolution of Significant Institutions



2. Practical issues: cooperation on crisis management (2)

Crisis Management Groups and Cross-Border Stability Groups

A number of groups have been set up and agreements concluded to increase cooperation and coordination among different parties. These include:

- > Crisis Management Groups (CMGs)
- > Cross-Border Stability Groups (CBSGs)

The main aims of these groups are to enhance preparedness in normal times and to increase the ability to act quickly and efficiently in a crisis situation.

Crisis Management Groups

Who participates in CMGs?

CMGs bring together home and key host authorities of all Global Systemically Important Financial Institutions (G-SIFIs). These include:

- > supervisory authorities
- > central banks
- > resolution authorities
- > finance ministries
- > public authorities responsible for guarantee schemes

CMG members cooperate closely with authorities of other countries in which firms have a systemic presence.

2. Practical issues: cooperation on crisis management (3)

Key tasks

CMGs enhance coordination and cooperation between home and host authorities of G-SIFIs. They:

- prepare for the effective management and/or resolution of an institution
- carry out recovery and resolution tasks, e.g. manage recovery and resolution plans

Cross-Border Stability Groups

CBSGs foster cooperation among parties with common financial stability concerns related to financial cross-border groups. They enhance their readiness to react to a crisis and facilitate the management and/or resolution of an institution in the case of a cross-border financial crisis.

Follow-up on Brexit work



Supervisory action in 2020

Monitoring the implementation of banks' Brexit plans

Brexit remains a high priority for ECB Banking Supervision. The ECB expects banks to prepare for all possible outcomes and finalise the implementation of contingency measures for a no-deal Brexit. Together with the national supervisors, the ECB will continue to monitor the implementation of banks' Brexit plans and their adherence to supervisory expectations. This includes banks' progress towards their target operating models in the euro area within the agreed timelines.