



Committee on Economic and Monetary Affairs
The Chairwoman

201377 11.03.2014

Ms Danièle Nouy
Chair of the Supervisory Board
European Central Bank
Kaiserstrasse 29
D-60311 Frankfurt am Main

Dear Ms Nouy,

As Chair of the Committee on Economic and Monetary Affairs (ECON) I have the pleasure to invite you to the first ordinary public hearing of ECON on the execution of the ECB's supervisory tasks within the Single Supervisory Mechanism (SSM) under Regulation (EU) No 1024/2013. As agreed between our services, the hearing is scheduled for 18 March 2014 from 11.00 to 12.30 at the premises of the European Parliament in Brussels (room József Antall 4Q2). The meeting will be organised in the framework of the Interinstitutional Agreement between our institutions on the practical modalities of the exercise of democratic accountability and oversight over the exercise of the tasks conferred on the ECB under the SSM.

In preparation of the hearing, please find attached a series of written questions by ECON members concerning the implementation of the Interinstitutional Agreement, the asset quality review, micro-prudential supervision and systemic risk. We would appreciate if you could address those questions in your introductory statement on 18 March, and provide written replies in accordance with the Interinstitutional Agreement between our institutions as soon as possible.

Our respective services are in contact regarding the practical details of the meeting. Should you need any further information, you may contact the ECON Secretariat (claire.peretie@ep.europa.eu, Telephone: +32 2 228 34147; claudia.lindemann@ep.europa.eu, Telephone: + 32 228 44179).

Yours sincerely,

Sharon Bowles

Annex: Written questions

Annex: written questions ahead of the first ordinary public hearing of the Chair of the
Supervisory Board of the Single Supervisory Mechanism
18 March 2014

A. Implementation of the Interinstitutional Agreement

1. Section I.4. first indent of the Interinstitutional Agreement (IIA) provides that "the ECB shall provide Parliament's competent committee at least with a comprehensive and meaningful record of the proceedings of the Supervisory Board that enables an understanding of the discussions, including an annotated list of decisions". We understand that three meetings of the Supervisory Board have already taken place. However, the ECB has so far not provided ECON with any records of proceedings. Could you please indicate when and how the ECB will provide such records of proceedings in accordance with the IIA?

B. Asset quality review/balance sheet assessment

2. Will the ECB disclose the assessment criteria for the balance sheet assessment?
3. How did you evaluate the expertise and the independence of the auditors responsible for the balance sheet assessment? Did you check whether the auditors doing the balance sheet assessment were involved in the audit of the annual financial statements of the same banks?
4. Oliver Wyman was appointed to support the ECB in the preparation and implementation of the balance sheet assessment. What were the reasons for this decision and why do you think Oliver Wyman would be qualified to carry out such a task? Did a public procurement procedure take place before Oliver Wyman was appointed?
5. According to some press reports EBA and the ECB agreed in January 2014 on a definition of non-performing loans. According to those reports the loans in arrears of 90 days or more will be defined as non-performing. Given this is the case, how will the ECB avoid circumvention for example by rescheduling debts?
6. Will a credit history be also taken into account where loans are defined as non-performing? What else could qualify a loan as performing or not?
7. Will the ECB accept that Spanish banks consider deferred tax assets as fully recoverable because allegedly the government guaranteed them? Does the ECB have a clear position on this?
8. How much time will be given to banks to raise capital if they failed in the asset quality review? Will that period be equal for all banks or will you decide individually?

C. Micro-prudential supervision

9. What reporting obligations will be applicable for the non-significant banks not under direct supervision of the ECB? Will the ECB guarantee not to apply FINREP on non-significant banks?
10. Will the ECB stick to the principle of proportionality and not apply IFRS on banks which are not obliged yet to use IFRS? Will the ECB refrain from introducing IFRS for those banks by establishing reporting obligations or by using its powers under Article 24(2) CRR?

D. Systemic risk

11. Do you agree that the creation of the SRM and the introduction of “living wills” will solve the “too big to fail” problem or do you feel that supervisors will not be able to take the right technical decisions because they will have to avoid harmful market reactions?
12. How would you deal with a situation in which textbook supervision and resolution activities could cause market reactions with potentially irresponsible systemic effects?
13. Do you consider the lack of an effective resolution mechanism as a threat for the common supervision under the SSM and do you share the view that it would be better to rather not have any resolution mechanism than what the European Council proposes?
14. Could the lack of an SRM 'back-stop' result in a risk-averse ECB implementing too stern a Comprehensive Assessment?
15. What are the chances that the “Comprehensive Assessments” will lead to portfolio sales in 2014 and early 2015? How will the ECB guarantee the stability of the markets during that period? With which measures?