



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Danièle NOUY

Chair of the Supervisory Board

COURTESY TRANSLATION

Ms Eleonora Forenza
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 9 January 2017

Re: Your letter (QZ110)

Honourable Member of the European Parliament, dear Ms Forenza,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 8 December 2016.

As laid down in the Interinstitutional Agreement between the European Parliament and the ECB, any reporting obligations vis-à-vis the European Parliament are subject to the relevant professional secrecy requirements, which are outlined in the Capital Requirements Directive IV¹. I am therefore not able to comment on interaction with individual supervised institutions or on the supervisory measures taken with regard to them.

It is worth clarifying though, that the ECB did not require the Italian “popolari” (cooperative) banks you mention to become joint stock companies (“Società per Azioni” – S.p.A.). Instead, the conversion of Italian popolari banks with assets higher than €8 billion into joint stock companies is provided for in a Decree-Law, issued by the Italian Government, No 3/2015, as passed into law by Law No 33/2015. As required by the Treaty on the Functioning of the European Union, the ECB was consulted by the Italian authorities on the reform of the popolari banks. In the opinion it issued on the matter², the ECB welcomed the proposed reform as an essential step towards addressing shortcomings regarding the company structure and corporate governance of larger popolari banks, which was seen as one of the vulnerabilities of the Italian banking sector.

Let me also clarify that, as laid down in the SSM Regulation³, the ECB is not in charge of consumer protection matters and is therefore not the right addressee for your question on this issue. Generally, as I have already mentioned during my hearings, it should be remembered that investing in a bank’s financial

¹ Directive 2013/36/EU of the European Parliament and of the Council.

² [CON/2015/13 of 25 March 2015](#).

³ Council Regulation (EU) No 1024/2013.

instruments is not risk-free. This is why it is crucial that investors, and especially retail investors, are made fully aware of the risks attached to any investment in bank shares or securities, notably subordinated instruments or unsecured bonds. On this basis it may be worthwhile for the legislator to examine how awareness of such risks can be increased and how retail investors can be further protected against the consequences of insufficient information on the risks associated with certain investment opportunities.

Finally, turning to your question regarding our view on the supervisory action taken by the Banca d'Italia, please be informed that the ECB does not comment on such measures taken by other authorities.

Yours sincerely,

[signed]

Danièle Nouy