



**COUNCIL OF
THE EUROPEAN UNION**



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3214th Council meeting

Economic and Financial Affairs

Brussels, 12 December 2012

President

Mr Vassos SHIARLY
Minister for Finance of Cyprus

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Main results of the Council

*The Council set out its position on proposals aimed at establishing a **single supervisory mechanism (SSM)** for the oversight of banks.*

The presidency will now negotiate with the European Parliament with the aim of adopting the legislation before the end of the year.

The proposals involve two regulations: one conferring supervisory tasks on the European Central Bank, the other modifying regulation 1093/2010 on the European Banking Authority.

In June, eurozone heads of state and government stated that when an effective SSM is established, the European Stability Mechanism, which currently contributes to bank capitalisations via member state treasuries, "could, following a regular decision, have the possibility to recapitalise banks directly." This will make it possible for the vicious circle between banks and sovereigns – which has been a salient feature of the debt crisis in Europe – to be broken.

The SSM will be made up of the ECB and national competent authorities. The ECB will be responsible for the overall functioning of the SSM. Under the proposals, the ECB will have direct oversight of eurozone banks, although in a differentiated way and in close cooperation with national supervisory authorities. Non-eurozone member states wishing to participate in the SSM will be able to do so by entering into close cooperation arrangements.

CONTENTS¹

PARTICIPANTS..... 4

ITEMS DEBATED

Bank supervision..... 6

OTHER ITEMS APPROVED

none

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

PARTICIPANTS

Belgium:

Mr Steven VANACKERE

Deputy Prime Minister and Minister for Finance and Sustainable Development, with responsibility for the Civil Service

Bulgaria:

Mr Simeon DJANKOV

Deputy Prime Minister and Minister for Finance

Czech Republic:

Mr Tomáš ZIDEK
Mr Radek URBAN

Deputy Minister for Finance
Deputy Minister for Finance

Denmark:

Ms Margrethe VESTAGER

Minister for Economic Affairs and the Interior

Germany:

Mr Wolfgang SCHÄUBLE

Federal Minister for Finance

Estonia:

Mr Jürgen LIGI

Minister for Finance

Ireland:

Mr Michael NOONAN

Minister for Finance

Greece:

Mr Ioannis STOURNARAS

Minister for Finance

Spain:

Mr Luis DE GUINDOS JURADO

Minister for Economic Affairs and Competitiveness

France:

Mr Pierre MOSCOVICI

Minister for the Economy and Finance

Italy:

Mr Ferdinando NELLI FEROCI

Permanent Representative

Cyprus:

Mr Vassos SHIARLY

Minister for Finance

Latvia:

Mr Andris VILKS

Minister for Finance

Lithuania:

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Luxembourg:

Mr Luc FRIEDEN

Minister for Finance

Hungary:

Mr Péter GYÖRKÖS

Permanent Representative

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Mr Tonio FENECH

Minister of Finance, the Economy and Investment

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Mr Jeroen DIJSSELBLOEM

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Ms Maria FEKTER

Federal Minister for Finance

Poland:

Mr Jacek DOMINIK

Deputy State Secretary, Ministry of Finance

Portugal:

Mr Vítor GASPAS

Ministro de Estado, Minister for Finance

Romania:

Mr Claudiu DOLTU

State Secretary, Ministry of Public Finance

Slovenia:

Mr Janez ŠUŠTERŠIČ

Minister for Finance

Slovakia:

Mr Ivan KORČOK

Permanent Representative

Finland:

Ms Jutta URPILAINEN

Deputy Prime Minister, Minister for Finance

Sweden:

Mr Anders BORG

Minister for Finance

United Kingdom:

Mr George OSBORNE

Chancellor of the Exchequer

Commission:

Mr Michel BARNIER

Member

Other participants:

Mr Mario DRAGHI

President of the European Central Bank

Mr Werner HOYER

President of the European Investment Bank

Mr Hans VIJLBRIEF

President of the Economic Policy Committee

The government of the acceding state was represented as follows:

Croatia:

Mr Vladimir DROBNJAK

Permanent Representative

ITEMS DEBATED

Bank supervision

The Council agreed a general approach on proposals aimed at establishing a single supervisory mechanism (SSM) for the oversight of credit institutions.

Agreement in the Council will enable the presidency to negotiate with the European Parliament with the aim of adopting the legislation before the end of the year, in line with the October European Council's conclusions.

The proposals involve two regulations: one conferring supervisory tasks on the European Central Bank, the other modifying regulation 1093/2010 establishing the European Banking Authority.

The October European Council asked the presidency to lead negotiations on the two regulations with a view to reaching an agreement before 1 January 2013, whilst indicating that work on operational implementation would take place during 2013 (*see conclusions, [EUCO 156/12](#), esp. paras 6-10*).

In June, eurozone heads of state and government stated that when an effective SSM is established, the European Stability Mechanism, which currently contributes to bank capitalisations via member state treasuries, "could, following a regular decision, have the possibility to recapitalise banks directly." This will make it possible for the vicious circle between banks and sovereigns – which has been a salient feature of the debt crisis in Europe – to be broken.

The SSM will be made up of the ECB and national competent authorities. The ECB will be responsible for the overall functioning of the SSM. Under the proposals, the ECB will have direct oversight of eurozone banks, although in a differentiated way and in close cooperation with national supervisory authorities. Non-eurozone member states wishing to participate in the SSM will be able to do so by entering into close cooperation arrangements.

The ECB's monetary tasks would be strictly separated from supervisory tasks, to eliminate potential conflicts of interest between the objectives of monetary policy and prudential supervision. To that end, a supervisory board responsible for the preparation of supervisory tasks would be set up within the ECB. Non-eurozone countries participating in the SSM would have full and equal voting rights on the supervisory board. The board's draft decisions would be deemed adopted unless rejected by the ECB governing council.

National supervisors would remain in charge of tasks not conferred on the ECB, for instance in relation to consumer protection, money laundering, payment services, and branches of third country banks. The EBA would retain its competence for further developing the single rulebook and ensuring convergence and consistency in supervisory practice.

The proposals envisage changes to the EBA regulation, in particular as regards voting procedures, to ensure equitable and effective decision-making within the single market. The amendments would ensure that the countries participating in the SSM would not unduly dominate the EBA's board of supervisors.

The ECB will assume its supervisory tasks within the SSM on 1 March 2014 or 12 months after the entry into force of the legislation, whichever is later, subject to operational arrangements.

OTHER ITEMS APPROVED

None
