

E-Mail

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Subject: *EBF response to the IWCFC recommendations to address the consequences of the differences in sectoral rules on the calculation of own funds of financial conglomerates*

Dear Prof. Dr. Schilder,

The European Banking Federation (EBF)¹ welcomes the initiative of the Interim Working Committee on Financial Conglomerates (“IWCFC”) to address the consequences of the differences in sectoral rules on the calculation of own funds of financial conglomerates.

We share the objectives set by the IWCFC: (i) to enhance the level playing field within financial conglomerates and between financial conglomerates and “pure” banking or insurance groups and (ii) to avoid undue burdens for conglomerates. Furthermore, we agree with the approach to limit the analysis to the four main differences which could have a significant impact on the supervision of financial conglomerates.

However, we would like to underline that it is essential for the definition of the eligible capital to be the same across sectors and that the current draft CEBS proposal for a common EU definition of Tier 1 hybrids should be reconsidered.

¹ Set up in 1960, the European Banking Federation is the voice of the European banking sector, with over 30 000 billion EUR assets and 2.4 million employees in 31 European countries. The EBF represents the interests of some 5000 European banks: large and small, wholesale and retail, local and cross-border financial institutions.

The EBF welcomed the Commission's commitment to the Better Regulation Agenda made in 2005. However, the implication in the latest thinking of CEBS appears to fail to achieve some of the better regulation's key principles.

We would like to reiterate our commitment to work with Regulators in order to meet your regulatory objectives whilst ensuring these key aspects of better regulation can be maintained.

A level playing field should be reached between the two sectors. We therefore recommend striving for more consistency in the national transposition of the sectoral rules, especially in setting thresholds for deduction of participations.

Yours sincerely,

Guido RAVOET

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