

Cooperation between EU authorities and non-EU host supervisory authorities

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Context

- Establishing deeper cooperation with EU authorities: a common aspiration of non-EU host supervisory authorities;
- Efforts to draw EU authorities into closer cooperation:
 - Meetings of the Steering Committee of the Vienna Initiative 2;
 - Full Forum of the Vienna Initiative 2;
 - Meetings with EBA;
- Efforts to develop a common approach between non-EU countries:
 - Regional meeting, Tirana – October 2013;
 - Regional meeting, Banja Luka – September 2014;
 - Regional meeting, Podgorica – November 2014;

Memorandum of Understanding

- A draft MoU, developed initially by EBRD has been reviewed by non-EU countries, and a revised version has been agreed upon;
- The MoU facilitates coordination between non-EU host country authorities, aimed at establishing cooperation with EU Authorities in the area of banking supervision and resolution;
- Signatories: Supervisory authorities from non-EU host countries with presence of EU bank subsidiaries;
- To accelerate the signing process, Ministries of Finance have not been included at this stage;

Finalizing and implementing the MoU

What is required from EU authorities?

EBA

- Work with Signatory Authorities on developing procedures for regular contacts;
- Work with Signatory Authorities to develop clear procedures for college participation;
- Assist Signatory Authorities in fulfilling the necessary conditions for college participation;
- Set up procedures which will enable Signatory Authorities to comment on draft regulations/guidelines/policies developed by the EBA;

ECB

- Set up appropriate lines of communication for a regular exchange of information with the Signatory Countries as a group;
- Allocate resources and define responsible staff for handling issues relating to the Signatory Authorities;
- Provide regular information from major meetings influencing the Signatory Countries.

Finalizing and implementing the MoU cont'd...

What is required from non-EU host authorities?

- Strive to adjust the respective supervisory frameworks/institutional arrangements to EU standards;
- Establish a Financial Cooperation Group (FCG) as a basis for developing cooperation with ECB and EBA;
- Start a dialogue with the respective Ministries of Finance to gradually involve them in this cooperation project;

Issues to be followed up with ECB and EBA

Signatory Authorities need to reach a consensus:

- **with EBA on the issue of confidentiality assessments and assessment of equivalence of supervision:**
 - Who shall perform these assessments?
 - Resources/technical assistance necessary;
- **with the ECB on the issue of Asset Quality Reviews:**
 - Is it necessary to conduct a standalone AQR process in non-EU countries?
 - How could the ECB help with the process?
- **with both authorities on clarifying the requirements for analyzing legal backstops;**
- These issues should not be considered as preconditions/obstacles to cooperation with EU authorities.

Thank You