



EUROPEAN CENTRAL BANK
EUROSYSTEM

COURTESY TRANSLATION

Mario DRAGHI

President

Mr Nuno Melo
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 1 July 2013

L/MD/13/404

Re: Your letter

Dear Mr Melo,

Thank you for your letter passed on to me by Ms Sharon Bowles, Chairwoman of the Committee on Economic and Monetary Affairs, and accompanied by a cover letter dated 10 April 2013.

First of all, I would like to emphasise that until the Single Supervisory Mechanism (SSM) becomes operational, the supervision of credit institutions remains a national task and is thus not within the mandate of the ECB. It is therefore the responsibility of the competent national supervisory authority to conduct supervisory stress tests for financial institutions in its jurisdiction.

Regarding your question on the outcome of the EU-wide stress-testing exercises for Cypriot banks, those exercises were coordinated by the European Banking Authority (EBA). The evolving outcomes of these exercises do not call into question the effectiveness of banking supervision at the European level. On the contrary, they reinforce the need for a harmonised, supranational perspective in regularly monitoring and assessing the health of cross-border banking groups, supported by the local knowledge and expertise of national supervisors. That is what the SSM is intended to achieve; combined with an adequately resourced Single Resolution Mechanism (SRM), the SSM would provide policy-makers with the appropriate tools to take corrective action at an early stage.

Yours sincerely,

[signed]

Mario Draghi