EUROPEAN CENTRAL BANK

EUROSYSTEM

COURTESY TRANSLATION

Mr Francisco Sosa Wagner
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 30 December 2011

L/MD/11/153

Re.: Your letter

Dear Mr Sosa Wagner,

Thank you for your letter passed on to me by Sharon Bowles, Chair of the Economic and Monetary Affairs Committee, and accompanied by a cover letter dated 14 November 2011.

As regards your questions about the valuation of Spanish government bonds by the European Banking Authority (EBA), I should like to clarify that the EBA is an independent authority and the European Central Bank does not interfere with the EBA tasks and assessments. I would therefore suggest that you address EBA directly.

By way of background, on 26 October 2011, Heads of State and Government of the European Union announced a comprehensive strategy that aimed, inter alia, at ensuring the medium-term funding of banks and enhancement of the quality and quantity of capital of EU banks. In relation to the latter, the EBA proposed and the Council agreed that by the end of June 2012 banks would need to reach a level of 9% Core Tier 1 capital ratio and build up additional and exceptional capital buffers for their exposures to sovereign debt in order to strengthen the European banking system and address current market concerns over the sovereign risk. The methodology applied by the EBA, as announced on 26 October[1], lay solely in the competence of the EBA. The Board of Supervisors of the EBA, which is its main decision-making body, is composed of representatives from each EU country. This ensures that each country can explain the specific needs and features of their banking sectors.

Yours sincerely,

[signed]

Mario Draghi

[1] http://www.eba.europa.eu/News--Communications/Year/2011/The-EBA-details-the-EU-measures-to-restore-confide.aspx

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