



December 10th, 2024.

Mr. PIERO CIPOLLONE

Member of the Executive Board
European Central Bank

Caro Piero,

I am writing to thank you for our insightful conversation last week. It was constructive for me to listen directly to you, and I very much appreciate your openness.

Let me also thank you for the bilateral conversations that my team is having at a technical level with yours. It is very beneficial for delving into the project's key questions, specifically on holding limits and how to materialize potential opportunities for banks, including compensation.

I would like to share some reflections following our conversation if it helps.

- Regarding compensation, it is key to continue working on the right model, and I am happy that you shared with us that this issue has yet to be decided. What you said is critical; we need a sustainable business model, a fundamental element. I know our teams will continue discussing this.
- I found your need to analyze further "unintended consequences" and potential solutions or measures to address or avoid those very interesting. For example, performing a simulation exercise could be a great idea to anticipate and think together, both in the public and private sectors, on how to avoid potential undesirable scenarios that might happen. As we discussed, the risk of disintermediation extends beyond impacts on funding, and we need to consider this carefully. It would be interesting to have a group of banks instead of a broad group of PSPs as the "unintended consequences" that we as banks could think of might differ from those that PSPs might imagine.

Europe needs strong and competitive banks, and the digital euro should contribute to this goal. Please count on Santander to contribute to these discussions.

Best regards,

