



EUROPEAN CENTRAL BANK
EUROSYSTEM

COURTESY TRANSLATION

Mario DRAGHI

President

Mr Sven Giegold
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 6. November 2012

L/MD/12/708

Re: Your letter

Dear Mr Giegold,

Thank you for your letter, passed on to me by Ms Sharon Bowles, Chairwoman of the Economic and Monetary Affairs Committee, and accompanied by a cover letter dated 13 September 2012.

Regarding your question on banking licences, please take note that within the current legal framework, bank licencing policies lie within the remit of the competent national supervisory authorities, not within that of the European Central Bank (ECB). As a matter of fact, the banking license of the European Investment Bank (EIB) was granted by the Commission de Surveillance du Secteur Financier (CSSF), the supervisory authority in Luxembourg, where the EIB is located.

The European Stability Mechanism (ESM) provides financial assistance to Member States which are experiencing or are threatened by severe financing problems. In its Opinion of 17 March 2011 on the establishment of the ESM¹, the ECB stated clearly that giving the ESM access to Eurosystem credit operations would contravene the monetary financing prohibition stipulated in Article 123 TFEU.

The crucial difference between the ESM and the EIB is that the EIB can (and does) grant loans to private undertakings for investment. The EIB has been treated as a “publicly owned credit institution” with access to Eurosystem liquidity since 8 July 2009. As a monetary policy counterparty of the Banque centrale du

¹ see http://www.ecb.int/ecb/legal/pdf/c_14020110511en00080011.pdf

Luxembourg (BCL) it is required to comply fully with the BCL's counterparty regime, as well as with the Eurosystem's minimum reserve and statistical reporting regimes, and the participation requirements for TARGET2.

Yours sincerely,

[signed]

Mario Draghi