



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, 15 July 2013

L/MD/13/445

Re: Your letter

Dear Mr Melo,

Thank you for your letter, which was passed on to me by Ms Sharon Bowles, Chairwoman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 28 May 2013.

The consequences of recapitalising banks by using the deposits of legal persons above EUR 100,000 are the subject of consideration by the competent EU institutions in the framework of the Commission's proposal for a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms. The ECB was consulted on the Commission's proposal; please refer to the ECB Opinion of 29 November 2012 (CON/2012/99), in particular the part addressing the use of the bail-in tool under the proposed Directive.

While the ECB did not address the specific question of the application of the bail-in tool to deposits of legal persons above EUR 100,000 in its opinion, the ECB has previously indicated that a distinction between uninsured deposits and other liabilities should be drawn in the Directive.

An additional relevant consideration is that bondholders enjoy the protection of disclosure and transparency requirements under capital markets legislation, while depositors are relying on the integrity of the system for the regulation and supervision of the banking system.

Of course, there are different ways of addressing the question of how best to craft a depositor preference regime. While the ECB has advisory competences in this area, in view of its financial stability task, it is not the legislator. I would therefore refer you to the competent EU institutions.

Yours sincerely,

[signed]

Mario Draghi