

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

Frankfurt, 15 March 2010

L/JCT/10/0292

Questions related to the increase in the capital of Banco Português de Negócios (BPN)

Dear Mr Melo,

Thank you for your letter expressing your concerns regarding the Banco Português de Negócios, which was sent to me by Ms Bowles, Chairperson of ECON, on 8 February 2010.

In line with the Treaty on the Functioning of the European Union, the European System of Central Banks (ESCB) contributes to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system (Article 127(5) of the Treaty and Article 3.3 of the Statute of the European System of Central Banks and of the European Central Bank). This involves, inter alia, monitoring and assessing financial stability, providing advice on draft European and national legislation with a bearing on financial stability, contributing to the work of European and global bodies on financial stability matters, and promoting cooperation and the exchange of information between central banks and supervisory authorities in the EU in order to safeguard financial stability.

The responsibilities assigned by the Treaty to the ESCB do not include the direct supervision of financial institutions: this remains within the competence of the relevant national authorities. Therefore, the European Central Bank can neither impose guidelines on nor give instructions to national central banks on the subject of the supervision of individual financial institutions.

Yours sincerely,