



Mr Michel Barnier
Commissioner for Internal Market and Services
European Commission
200 Rue de la Loi
1049 Bruxelles

15 February 2010

Dear Commissioner, *Cher ami,*

We are writing concerning the Commission's plans regarding a new EU framework for crisis management in the banking sector.

Safeguarding financial stability and the continuity of banking services are crucial for companies to access the finance that is necessary to create growth and jobs. The new European Financial Supervision authorities will significantly improve cross-border oversight and should contribute to greater stability. However, clear criteria for early cross-border interventions, common burden-sharing and improved resolution regimes in case of failure are a necessary complement to these proposals. This should be a focal point of attention in the Commission's work on crisis management.

A credible framework for winding down banks in a crisis situation is particularly important in this regard. Such a framework should be based on consistent, transparent stress tests. If properly done, this would help curb excessive risk-taking through greater market discipline, provide better protection for taxpayers' money, and limit the need for heavy-handed regulation.

Creating the possibility for private solutions to mitigate risk and make bank managers, shareholders and creditors more responsible will be key to a balanced agenda for financial market reforms. Consistency in cross-border arrangements will be particularly important to preserve market integration. The risk of segmenting financial services along national borders should not be underestimated, and would have severe consequences for the functioning of the European internal market and its growth potential.

We very much welcome the Commission addressing this issue and are looking forward to concrete proposals that will allow the banking sector to operate under sound market conditions and which will maintain a level playing field at EU and global level. We remain at your disposal should you wish to discuss this subject further.

Yours sincerely, *Wolfgang*
Philippe de Buck

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