



Banca Carige SpA

European Commission
Internal market and Service DG

(markt-FCD-consultation@ec.european.eu)

Genova, 13th January 2010

Circulation: Financial Conglomerates Working Group

Subject: Banca Carige Spa Response to the Questions in the European Commission's
Consultation Document on the Review of the FDC

Interest Representative Register ID number: 03768302889-15

Dear Sirs,

You will find attached the Banca Carige Spa Response to the Questions in the European Commission's Consultation Document on the Review of the FDC.

Your faithfully,

Maurizio Vallino
(Head of FO Risk Management)

Sara Calzavara
(Chief Risk Officer)

Consultation Document
Review of Directive 2002/87/EC on the Supplementary Supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate (FCD)

INFORMATION ON THE RESPONDENT

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- B) The respondent is
A financial conglomerate
C) The respondent is a conglomerate with a bank at the top
D) No

Question 1

For which of the following a review with respect to the transparency of group structures would be justified? Please select all that apply and explain why:

Yes, for all conglomerates as the group structure itself could create distortion on competition across member states. As stated by EBF last 3 september 2009 in his comments on the JCFC Consultation Paper entitled *The Review of the Financial Conglomerates Directive* “cross-sectoral differences create distortions of competition across sectors, or render the underlying conceptual framework of the sectoral Directives incoherent. This is particularly essential as cross-sectoral differences may influence the way in which financial conglomerates opt to structure themselves. The current regulatory environment puts banks which are to acquire participations in insurance companies at a disadvantage compared to insurance companies investing in banks: this is due to the need for banks to deduct the full book value of these participations from their Own Funds unless art. 59 can be used. This distortive effect contravenes the principle of organisational neutrality of regulation. Financial conglomerates are subject to supplementary supervision which provides supplementary safeguard as well as increased transparency. In these circumstances, it would be appropriate for the CRD to be amended so that Member States, in line with the present widespread but not uniform practice within the EU, would no longer be allowed to require from banks which are included in the supplementary supervision to deduct participations.”

Question 2

Do you think that a more in-depth investigation is justified with respect to the supervisory scope of supplementary supervision, especially in relation to the non-regulated parts of financial conglomerates? Please explain why.

Yes, it is justified, in order to create a level playing field and to supervise the entire Group.

Question 3

In your opinion, would the debates on the definition of capital in the banking and insurance sector respectively, justify a more in-depth investigation of the cross-sectoral perspective? Please explain why.

Yes. As the differences between banking and insurance rules could create distortion on competition. As reported in question 1 the competitive disadvantage for financial conglomerates, with a bank on the top, may hampers a fair adoption of the FCD, regards the inconsistent transposition of article 59 and 60 of CRD across Member States. As the IWCFC recommended striving for consistency in the national transposition of the sectoral directives, not all the Member States implemented the national discretion that allows credit institutions subject to supplementary supervision not to deduct participations held in insurance undertakings, reinsurance undertaking and insurance holding companies included in the scope of supplementary supervision.

Question 4

With respect to the group wide remuneration policies in financial conglomerates, would you regard it as useful to consider the compatibility of these policies across the banking and insurance sectors within the conglomerate?

Yes. The two sectors are very similar so it is useful to put both under the same criteria.

Question 5

Are you identified as a financial conglomerate, either waived (Art 3(3) FCD) or not?

Yes, not waived.

Question 6

Please indicate the size of your banking and insurance businesses in terms of total assets and gross premiums, respectively, as of 30 June 2009.

Banking business total assets (BA, all authorized banking business types):

- €0 billion < BA < €100 billion

Insurance total gross premiums (IP, all authorized insurance types):

- IP < €5 billion

Question 7

Please indicate the number of authorized legal entities in your banking (incl investment) and insurance (life, non-life, re-insurance) businesses, your conglomerate held in Q2 of 2009.

Banking

- Less than 10

Insurance

- Less than 10

Question 8

Your (identified; waived or not) conglomerate level is:

- a regulated banking entity

Question 9

The level of your group, where capital for the group is attracted and where chief officers (CEO, CFO, CRO, COO, etc) are responsible for group-wide policies and strategic decisions, is organized at:

- the highest sectoral regulated entity level,

Question 10

The entity referred to in Question 9 is:

- in the same member state as the highest level regulated entity

Question 11

Do you want to share any other relevant information with the Services regarding the supervision problems at the top level?

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Question 12

Please indicate the relative importance of the AMCs in your group in terms of revenue

- <1% of total gross revenue

Question 13

Do these AMCs serve

- the banking business only

Question 14

If the AMCs are serving both the group itself (proprietary business, risk for the group) and external clients (non-proprietary business, risk for the client), do you separate the two types of business in separate legal entities?

No

Question 15

If you separate proprietary (risk for the group itself) from non-proprietary (risk for the client) business of your AMCs, could you indicate their relative importance in terms of revenue (choose the closest answer)?

- 10 prop / 90 non-prop (most risks of asset management born by clients)

Question 16

Would you like to share any other relevant information regarding the inclusion of AMCs? Could you, for example, illustrate how you make the distinction between proprietary and non-proprietary business in an operational and legal sense, such as how do you allocate resources to the two types of business?

For proprietary business AMC manages two dedicated institutional funds.

Question 17

Which of the following indicators could be used in addition to or instead of 10% of solvency and of total assets in the other sector to make the identification process of a financial conglomerate more risk-based? Select all that apply:

- (a) income structure: in addition / instead / not
- (b) off balance sheet activities: in addition / instead / not
- (c) relative size of respective businesses in their respective markets: in addition / instead / not
- (d) business structure, i.e., relations between the respective sectors within the conglomerate: in addition / instead / not
- (e) other, please specify:

Question 18

Do you think that bancassurance groups whose smallest sector is smaller than 6 billion euro *and* smaller than 10% of its solvency and of total assets would never be materially exposed to group risks?

Yes, they could. The small dimension impacts only on the intensity of exposure.

Question 19a

Would you like to share any other relevant information with respect to the identification process of financial conglomerates?

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Question 19b

Please indicate the absolute and relative size of the aggregate of minority participations (regulated and non-regulated) MP in your conglomerate in terms of total assets?

- MP < 1% - None

Question 20

Please indicate how much of these minority participations are holdings of more than 10% but less than 20%?

- < 20% - None

Question 21a

Please, if possible, estimate likely impacts in terms of incremental benefits (including capital and information provision-related costs) for your organisation. Please assess separately the most material impacts by referencing to the relevant articles of the FCD which matter to your organisation.

The benefits coming from FCD rules regard the governance's improvement at conglomerate level.

Question 21b

Please, if possible, estimate likely impacts in terms of incremental costs (including capital and information provision-related costs) for your organisation. Please assess separately the most material impacts by referencing to the relevant articles of the FCD which matter to your organisation.

Incremental costs refer to the implementation of a shared IT system between the banking and insurance entities of the conglomerate. The cost is less than 1 million of euro.

Question 22

What would be the implications, if any, for the competitiveness of your businesses in the EU and internationally?

Banca Carige, also with the mentioned review, continues to suffer from the distortion on competition coming from the inconsistent transposition of article 59 and 60 of the CRD across Member States as better exposed in questions 1 and 3.

In consideration of the target of FCD to provide for supplementary supervision on the top of CRD and Solvency 2 as well as solutions for regulatory loopholes between the two directives we envisages the removal of the national discretion on the application of art 59 and art 60 of CRD.

Question 23

What would be the impact for your clients?

If your conglomerate is currently subject to supplementary supervision under the FCD and it were excluded from such supervision,

Question 24a

What would be the likely impacts in terms of incremental cost savings (including capital and information provision-related cost savings) for your organisation?

Question 24b

What would be the likely impacts in terms of incremental costs (including risks) for your organisation?

Question 25

What would be the implications, if any, for the competitiveness of your businesses in the EU and internationally?

Question 26

What would be the impact for your clients?

If your conglomerate is currently not subject to supplementary supervision under the FCD, but would become subjected to it, were the financial conglomerate identification process modified,

Question 27a

Could you please, if possible, estimate likely impacts in terms of incremental benefits (including capital and information provision-related costs) for your organisation? Please assess separately the most material impacts by referencing to the relevant articles of the FCD which matter to your organisation.

Question 27b

Could you please, if possible, estimate likely impacts in terms of incremental costs (including capital and information provision-related costs) for your organisation? Please assess separately the most material impacts by referencing to the relevant articles of the FCD which matter to your organisation.

Question 28

What would be the implications, if any, for the competitiveness of your businesses in the EU and internationally?

Question 29

What would be the impact for your clients?

We thank you for your kind cooperation.