



**EUROPEAN CENTRAL BANK**  
BANKING SUPERVISION

**Danièle NOUY**

Chair of the Supervisory Board

Mr Ernest Urtasun  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 2 March 2018

**Re: Your letter (QZ004)**

Honourable Member of the European Parliament, dear Mr Urtasun,

Thank you for your letter regarding alleged interferences in the work of the inspectors of the Banco de España, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 29 January 2018.

In accordance with the Single Supervisory Mechanism (SSM) Framework Regulation, a Joint Supervisory Team (JST) is established for the supervision of each significant supervised entity or group. Each JST is composed of staff members from the European Central Bank (ECB) and from the national competent authorities (NCAs) and is coordinated by a designated ECB staff member (JST coordinator). While the ECB is responsible for the establishment and the composition of the JSTs, decisions on the appointment of NCA's staff members and related rotation practices are taken by the respective NCAs.

It is important to highlight in this specific case that, since the SSM was established, the Banco de España has provided an adequate number of highly qualified supervisors to the JSTs and those teams are performing well.

In addition, the ECB selects its staff members by means of a rigorous recruitment process and has implemented a number of measures aimed at fostering the independence of the JSTs:

- (i) The JST coordinator cannot be from the country where the supervised entity is established. This measure aims to foster the neutrality of the JST.
- (ii) A rotation principle is applied to the JSTs, whereby every JST member must change banks every three to five years. This measure aims to prevent teams from developing overly close relationships with the supervised entities.

(iii) All ECB staff members adhere to a clear ethics framework that obliges them to perform their duties conscientiously, honestly and without regard to self-interest or national interests; to avoid situations that give or may be perceived to give rise to conflicts of interest; and to adhere to the highest standards of professional ethics and act with loyalty to the Union and the ECB.

Moreover, Banco de España has mechanisms and procedures in place to ensure the independence of its supervisors and to manage internal differences in technical supervisory judgement.

Finally, the SSM's supervisory model builds on state-of-the-art supervisory practices and processes throughout Europe and incorporates the experiences and best practices of the different Member States' supervisory authorities. These include a comprehensive policy framework and a formalised decision-making process that require key issues to be escalated through the hierarchy and lastly to the Supervisory Board, as well as quality assurance and internal audit reviews that provide for additional layers of control and consistency. This supervisory model has been reviewed several times by third parties such as, for instance, the European Court of Auditors or the International Monetary Fund in the context of the FSAP exercises with very positive results. Moreover, discussions with Banco de España take place on a continuous basis. In fact, Banco de España's staff: (1) are a fundamental part of the JST; (2) are in charge of carrying out most of the on-site inspections in Spanish SIs; and (3) participate actively in the different networks where horizontal topics are discussed on an ongoing basis.

Yours sincerely,

[signed]

Danièle Nouy