



Banca Carige

EBA, EIOPA and ESMA Joint Consultation Paper on Draft Regulatory Technical Standards on the uniform conditions of application of the calculation methods under Article 6.2 of the Financial Conglomerates Directive

Overview of questions for Consultation

1. The consultation on the Financial Conglomerates provides for two different approaches to calculate the Conglomerate's solvency position. Method 1 (*'Accounting consolidation method'*) is tailored on the basis of the accounting standards about the consolidation rule; it is similar to the existing Italian treatment and so it is simpler to implement. On the contrary, the cost implications of Method 2 (*'Deduction and aggregation model'*) (and also Method 3) are quite big because in that case it is necessary to individuate the infra-group accounts.
2. We think that the implementation of the new rules will have no important impact on our conglomerate business model.

4-5-6. Some aspects of the new framework on the Financial Conglomerate aren't clear:

- ✓ Article 4 (and article 10.1) on 'transferability and availability of own funds' between a sector and the other of the Conglomerate: it's not clear if the capital excess on one of the sectors has to be deducted when calculating the solvency position of the Conglomerate; furthermore it is not clear on which levels you have to calculate the capital excess.
 - ✓ Article 14.9: different from the existing capital regulation on the subordinated debt, the new framework seems to ask for a recalculation of the sectoral threshold at the Conglomerate's level
8. As to the article 13 of the new framework, it is not clear how the sectoral rules have to be implemented in the transitional arrangements. Furthermore, as Basel III regulation will apply since 2013 and Solvency II since 2015, the Regulators will have to specify when and in which way the Conglomerate regulation will be modified.

To sum up, we think that Method 1 approach is better because it's more consistent with the accounting standards and shows less cost implications.