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Press release

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BANK STRUCTURAL REFORM

Will Europe entrust the funding of its economy solely to players in the City of London?

Is Europe finally going to give the keys to its financial markets only to the English and American banks in the City of London?

This is the very issue at the EU Finance Ministers meeting (Ecofin) tomorrow on June 19 which will discuss the draft regulations on bank structural reform, submitted by the Latvian presidency.

In its current state, this draft proposal further extends the scope of the British waiver, and from now on it seems clear that only French banks will be affected by the new regulations, except for two or three continental European banks.

The British exemption is now complete:

- The banks that apply the Vickers reform will be exempt from the entire European regulation;
- The Commission can decide to exempt these institutions from the large exposure rule (which requires an exposure limit between the parent company and the subsidiary), whilst French banks had requested that British banks comply with the said rule.
- A « de minimis » threshold (€35 billion of retail deposits or 3% of retail deposits in relation to total assets) has been implemented, exempting wholesale banks from any restrictions. Large American investment banks will in this way have no limit to their activities.

Such an exemption is not only **unacceptable** in terms of the most basic principles of competition, but also contradictory with the very objective of a European ruling, in other words ensuring a level playing field of European regulations.

In addition, French banks reserve the right, when appropriate, to challenge the legality before the competent courts.

At a time when capital markets represent 40% of funding for French companies and that this figure is set to increase in the light of prudential regulations, it seems contrary to the vital interests of the French and Europeans to stop trading activity on the European continent and hand the keys to English speaking institutions. French banks are asking for capital market activities to be preserved (excluding proprietary trading), and specifically market marking activity, **in the interests of issuers and investors.**

Marie-Anne Barbat-Layani, chief executive officer of the French Banking Federation (FBF) states: "*If the draft proposal is adopted in its current form, this would one of the most shocking financial scandals in European history. We have always fought against this proposal and today the masks have fallen. French banks are being removed from the market and the funding of French companies is being placed in the hands of other players".*

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