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From: Mr Frank ELDERSON, Member of the Executive Board, Vice-Chair of
the Supervisory Board

date of receipt: 2 June 2023

To: Ms Elisabeth SVANTESSON, President of the EU Council (ECOFIN)

Subject: SSM: Update to the rotation scheme of the Single Supervisory
Mechanism Mediation Panel

Delegations will find attached the document mentioned above.

Enc.

Frank Elderson
Member of the Executive Board
Vice-Chair of the Supervisory Board

Ms Elisabeth Svantesson
President of the EU Council (ECOFIN)
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ECB-UNRESTRICTED

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Update to the rotation scheme of the Single Supervisory Mechanism
Mediation Panel

02 June 2023

Dear Ms Svantesson,

I am writing to you to kindly ask the governments of the Member States participating in the Single Supervisory Mechanism (SSM) to consider a proposal from the European Central Bank (ECB) to update the rotation scheme on the Mediation Panel. The Panel was established at the start of the work of the SSM in line with Article 25(5) of the SSM Regulation¹, with a view to ensuring separation between the monetary policy and supervisory tasks of the ECB. It serves to resolve differences of views expressed by national competent authorities of Member States participating in the SSM regarding an objection by the ECB's Governing Council to a draft decision of the Supervisory Board.

Following an exchange of letters between the President of the ECOFIN Council and the Chair of the Mediation Panel in August and September 2014, a rotation scheme was established for the membership of the Panel. Under this scheme, each Member State participating in the SSM is allocated to one of two groups of as close to equal size as possible, based on the EU protocol order for the Member States. The governments of the Member States in the first group each appoint their ECB Governing Council member to the Panel for a term of one year. The governments of the Member States in the second group each appoint their ECB Supervisory Board voting member for the same period. The origin of the members of each group – Supervisory Board or Governing Council – alternates every year on 1 October.

¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

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Member States that participate in the SSM under close cooperation are allocated to a third group and each nominate their Supervisory Board voting member to the Panel.

This scheme needs to be updated following the introduction of the euro by Croatia on 1 January 2023 and to cater for any future occasions when Member States introduce the euro or join the SSM under close cooperation. The proposed update is purely technical and retains the principles outlined above.

Concretely, following the update, Croatia would be allocated to the first group. Each of the Member States in this group would appoint its Supervisory Board voting member for a term of one year from 1 October 2023. Each of the Member States in the second group would appoint its Governing Council member for the same period. The members would rotate each year.

In addition, it is proposed that the rotation system be automatically updated in line with the principles approved in 2014 each time a Member State introduces the euro. Member States that join the SSM by establishing close cooperation would be allocated to a third group and would each appoint one ECB Supervisory Board voting member. Any Member States that subsequently adopt the euro will be included in the system described above.

I would very much appreciate if the governments of the Member States could indicate whether they agree with the proposed update to the rotation scheme. If this is the case, I will invite the relevant Member States to appoint their respective members in order to have the updated system in place on 1 October 2023.

Thank you in advance for your assistance. Please do not hesitate to contact me if you wish to discuss the matter further.

Yours sincerely,



Encl.

Cc: Mr Paschal Donohoe, President of the Eurogroup

Annex:**Proposed rotation system of Governing Council and Supervisory Board* members on the Mediation Panel of the ECB to be applied as of 1 October 2023**

Group	Member State	1 October 2023 – 30 September 2024	1 October 2024 – 30 September 2025
1	BE	Supervisory Board member	Governing Council member
	DE		
	EE		
	IE		
	EL		
	ES		
	FR		
	HR		
	IT		
	CY		
2	LV	Governing Council member	Supervisory Board member
	LT		
	LU		
	MT		
	NL		
	AT		
	PT		
	SI		
	SK		
	FI		
3	BG	Each Member State in close cooperation appoints one voting member from the Supervisory Board.	Each Member State in close cooperation appoints one voting member from the Supervisory Board.

*As a rule, the member of the Supervisory Board on the Mediation Panel will be a voting member of the Supervisory Board.