Decision (EU) 2020/1015 of the European Central Bank of 24 June 2020 on the establishment of close cooperation between the European Central Bank and Българска народна банка (Bulgarian National Bank) (ECB/2020/30)

DECISION (EU) 2020/1015 OF THE EUROPEAN CENTRAL BANK

of 24 June 2020

on the establishment of close cooperation between the European Central Bank and Българска народна банка (Bulgarian National Bank) (ECB/2020/30)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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[(1)], and in particular Article 7 thereof,

Whereas:

(1) On 18 July 2018, the Republic of Bulgaria notified to the European Central Bank (ECB) a request to establish a close cooperation between the ECB and Българска народна банка (Bulgarian National Bank) (hereinafter 'BNB') pursuant to Article 7 of Regulation (EU) No 1024/2013.

(2) On 13 December 2018 and 6 February 2020, the Republic of Bulgaria adopted relevant national legislation to ensure that BNB will be obliged to adopt any measure in relation to supervised entities requested by the ECB and that legal acts adopted by the ECB pursuant to Regulation (EU) No 1024/2013 are binding and enforceable in the Republic of Bulgaria. The ECB assessed such legislation, taking also into account its practical implementation.

(3) On 25 July 2019, the ECB completed a comprehensive assessment of certain credit institutions established in the Republic of Bulgaria. On the same date, BNB, as competent authority, endorsed the results of the comprehensive assessment and followed up with the relevant credit institutions in order to address the shortfalls identified therein.

(4) On 16 June 2020, the ECB informed the Republic of Bulgaria of its preliminary assessment of the request to establish a close cooperation, giving the opportunity to the latter to provide its views. The Republic of Bulgaria replied on 18 June 2020, agreeing with the assessment, and did not provide comments.

(5) According to Article 5(1) of Decision ECB/2014/5[(2)], where the ECB concludes that the criteria set out in Article 7(2)(a) to (c) of Regulation (EU) No 1024/2013 are met, the ECB will adopt a decision addressed to the requesting Member State and establishing a close cooperation.

Changes to legislation: *There are currently no known outstanding effects for the Decision (EU) 2020/1015 of the European Central Bank. (See end of Document for details)*

(6) Article 5(2) of Decision ECB/2014/5 provides that a decision establishing a close cooperation should indicate the modalities for the transfer of the supervisory tasks to the ECB and the date of the start of the close cooperation,

HAS ADOPTED THIS DECISION:

Article 1

Establishment of a close cooperation between the ECB and BNB

1 On the basis of the information submitted by the Republic of Bulgaria, the ECB concludes that the criteria set out in Article 7(2)(a) to (c) of Regulation (EU) No 1024/2013 for establishing a close cooperation with BNB are met.

2 Pursuant to Article 7(2) of Regulation (EU) No 1024/2013, this Decision establishes a close cooperation between the ECB and BNB for the purpose of carrying out the tasks in the areas referred to in Article 4(1) and 4(2) and Article 5 of Regulation (EU) No 1024/2013 in relation to supervised entities established in the Republic of Bulgaria.

Article 2

Definitions

For the purposes of this Decision, the definitions contained in Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17)[3] shall apply.

Article 3

Duty of cooperation in good faith and exchange of information

From the date of application of this Decision, the ECB and BNB shall be subject to a duty of cooperation in good faith and an obligation to exchange information on the basis of Article 6(2) of Regulation (EU) No 1024/2013.

Article 4

Starting date of close cooperation between the ECB and BNB

1 The starting date of close cooperation between the ECB and BNB shall be 1 October 2020.

2 Notwithstanding paragraph 1, for the purpose of the identification of significant supervised entities established in the Republic of Bulgaria pursuant to Article 110 of Regulation (EU) No 468/2014 (ECB/2014/17), the starting date of close cooperation between the ECB and BNB shall be considered to be the date of application of this Decision.

***Changes to legislation:** There are currently no known outstanding effects for the Decision (EU) 2020/1015 of the European Central Bank. (See end of Document for details)*

Article 5

Modalities of transfer of supervisory tasks to the ECB

1 From 1 October 2020, the ECB shall carry out the tasks in the areas referred to in Article 4(1) and 4(2) and Article 5 of Regulation (EU) No 1024/2013 in relation to supervised entities established in the Republic of Bulgaria.

2 Accordingly, from that date:

a a representative of BNB shall participate and exercise voting rights in the Supervisory Board in accordance with Article 26 of Regulation (EU) No 1024/2013;

b a representative of BNB shall participate and, if applicable, exercise voting rights in the Steering Committee of the Supervisory Board in accordance with Articles 11 and 12 of the Rules of Procedure of the Supervisory Board of the European Central Bank[(4)];

c representatives of BNB shall participate, in respect of policy issues relating to prudential supervision, in other committees and sub-structures assisting in the work of the ECB regarding the tasks conferred on the ECB by Regulation (EU) No 1024/2013 in accordance with their internal rules.

3 By way of derogation from paragraph 2, from the date of application of this Decision, the BNB representative to the Supervisory Board shall participate and exercise voting rights in the deliberations for the adoption by the ECB of instructions with regard to the identification of significant supervised entities established in the Republic of Bulgaria pursuant to Article 110 of Regulation (EU) No 468/2014 (ECB/2014/17).

4 Upon notification of instructions addressed by the ECB to BNB with regard to the identification of significant supervised entities established in the Republic of Bulgaria pursuant to Article 110 of Regulation (EU) No 468/2014 (ECB/2014/17), BNB shall appoint sub-coordinators for the relevant joint supervisory teams pursuant to Article 115(3) of Regulation (EU) No 468/2014 (ECB/2014/17) and shall inform the ECB of those appointments without undue delay.

5 Upon notification of instructions addressed by the ECB to BNB with regard to the identification of significant supervised entities established in the Republic of Bulgaria pursuant to Article 110 of Regulation (EU) No 468/2014 (ECB/2014/17), BNB shall identify as pending procedures pursuant to Article 48 of Regulation (EU) No 468/2014 (ECB/2014/17) any supervisory procedure formally initiated which requires a decision but cannot be completed before 1 October 2020. Identification of pending procedures shall include procedures pertaining to the exercise of the tasks in the areas referred to in Article 4(1)(a) and 4(1)(c) of Regulation (EU) No 1024/2013.

Article 6

Entry into force

This Decision shall enter into force on the 14th day following that of its publication in the *Official Journal of the European Union.*