



EUROPEAN CENTRAL BANK

EUROSYSTEM

Mario DRAGHI

President

ECB-PUBLIC

Mr Matt Carthy
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 16 November 2015

L/MD/15/632

Re: Your letter (QZ-140)

Honourable Member of the European Parliament, dear Mr Carthy,

Thank you for your letter, 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 5 October 2015.

The possibility to recapitalise viable euro area financial institutions directly with European Stability Mechanism (ESM) resources is regarded as a useful tool to sever the feedback loop between banks and sovereign. The need to review the effectiveness of this instrument is discussed in the Five Presidents' Report in the chapter entitled "Towards Financial Union – Integrated Finance for an Integrated Economy"¹ and not in the context of the Regulation on a European fund for strategic investments.² In this regard, allow me to point out that the ESM should have the full range of tools available to it in order to be able to tailor the stability support it offers to the specific circumstances and needs of a country.

Yours sincerely,

[signed]

Mario Draghi

¹ The sentence you quote in your letter comes from page 11 of the report, which is can be viewed at: http://ec.europa.eu/priorities/economic-monetary-union/docs/5-presidents-report_en.pdf

² The text of Regulation (EU) 2015/1017 of the European Parliament and of the Council on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments can be viewed at http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2015.169.01.0001.01.ENG

Address
European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal Address
European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu