

Excerpts from Nicola Giammarioli's interview with Ansa (Italy)

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Interview with Nicola Giammarioli, ESM Secretary General for Ansa (Italy)

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Interviewer: Chiara de Felice

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On decision making at the ESM

“We are the institution most directly accountable to sovereigns in Europe because we depend on national authorities, i.e. ministers and parliaments, we are fully in the hands of our shareholders, who are the 19 member states and have the power of veto in every single important decision.”

“We execute the decisions of the Board of Governors (the 19 ministers of the Eurozone) and the Board of Directors (deputy ministers or directors of the Treasury), which meet regularly, often on the sidelines of the Eurogroup. All the programmes have been unanimously approved by all, each individual member can veto ESM

decisions".

"What we do at the ESM, the Managing Director and his closest collaborators, is to manage the fund, but we cannot make decisions, we can make proposals and technical analyses but it is the ministers who decide unanimously."

"The agendas of the meetings and the decisions regarding our financial assistance are public, they are not secret."

Italy "was fully involved in the negotiations like all the others."

"With several ministers: Padoan, Tria and now Gualtieri, and all have been very respected. There was nothing behind closed doors, it was a discussion in which Italy played like everyone else."

On the ESM Reform

The debate around the ESM in Italy "has more to do with the political aspect than with the real elements of the reform," but "it is good" that "politicians and parliaments discuss, it is the salt of democracy, it has happened in other countries in recent months, actually Italy comes late."

It is "imprecise" to start the debate "stating that the negotiations took place in secret: we publish everything."

"By strengthening the precautionary credit lines, there is a clear intention to prevent crises rather than solve them, because we have learned from crisis that we intervened too late, leading to very burdensome programmes with a great impact on the population."

"In Italy, the issue of debt restructuring as the main feature of future programmes is much debated, but this is not true, because all the procedures related to debt restructuring and the involvement of the private sector have not changed."

On the backstop to the Single Resolution Fund

The financial parachute (backstop) that introduces the reform will not be used "to

save the banks in the country X or Y but to give resources to the SRF, which is funded by banks, in an extreme case. The money that must be paid back to the ESM comes from the SRF fund, and indirectly from all the European banks, not the citizens.”

“When the Single Resolution Board has to resolve a bank, it has to find the means to make it survive, at least in part, and make it sustainable.”

Each resolution plan “usually includes a change in the ownership structure and also in the management.”

“The resolution seeks to preserve financial stability by ensuring that current account holders and investors do not lose too much, and that there is as little impact as possible on the banking system.”

“The taxpayers' money will not be used.” The resolution process “does not intend to favour bankers but citizens and taxpayers.”

“With the current Treaty it is possible to save a single bank, putting our money at risk,” with the 'direct recapitalisation' tool, which has never been used.

“With the reform it will no longer be possible, so for me the argument is exactly the opposite: we minimise the risk because we give the money to an institution already well financed” like the SRF.

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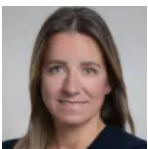


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