

New organisational structure for financial services committees

2003/0263(COD) - 05/11/2003 - Legislative proposal

PURPOSE : to amend directives relating to the banking, insurance and occupational pensions, and securities sector and financial conglomerates in order to establish a new financial services committee organisational structure. **PROPOSED ACT** : The Commission proposes a restructuring of the committee structures for these sectors for the following reasons: On the one hand: - financial markets and services are now developing at a much faster pace than ever before, as they exploit new technology and innovate; - the introduction of the Euro, and the Lisbon economic reform agenda have accelerated the pace of European integration in this area. For the first time, an integrated capital and financial services market is within sight. On the other hand: - European legislators and regulators in the banking, insurance and mutual fund industry are saddled with a legislative and "comitology" organisation that is ill-suited to an enlarged EU of 25 Member States. Even if this process were to be maintained, the present committee structure would still need to be adapted to new developments, with, for instance, the scope of the Insurance Committee extended to occupational pensions; - legislators and regulators in these areas need the ability to respond quickly and effectively to technological change and market developments, by adopting implementing rules on a much faster and more flexible basis; - there would be huge benefits to the EU in having an even more efficient, transparent and clear regulatory structure in this area; - above all, as European financial services and markets integrate, there will be a much greater need for effective supervisory co-operation and convergence. A four-level regulatory framework was established in the securities sector (see Decision 2001/527/EC and 2001/528/EC) in order to make the regulatory process for Community securities legislation more flexible, effective and transparent. The Stockholm European Council called for certain aspects of the four-level approach to be extended to the banking and insurance sectors subject to a clear commitment on the part of the Council to guarantee a proper institutional balance. The main provisions of the proposals are therefore the following: As regards the banking sector, the role of the Banking Advisory Committee (BAC) set up by Directive 2000/12/EC is adapted. The BAC is renamed "the European Banking Committee". Since the measures necessary for the implementation of Directive 2000/12/EC are measures of general scope within the meaning of Council Decision 1999/468/EC, they will be adopted by use of the comitology procedure. Furthermore, certain existing provisions for technical amendments to Directive 2000/12/EC need to be brought in line with Council Decision 1999/468/EC. References to the advisory functions of the BAC in Directive 2000/12/EC are deleted. With regard to the monitoring of observation ratios for the solvency and liquidity of credit institutions, the competencies of the BAC are no longer needed in view of the harmonisation of capital adequacy rules and of developments in the techniques used by credit institutions to measure and manage their liquidity risk. As regards the insurance sector, the role of the Insurance Committee is adapted, and this Committee is renamed "the European Insurance and Occupational Pensions Committee. Implementing measures will be adopted by use of the comitology procedure. References to the advisory functions of the IC in Directive 91/675/EEC are deleted. Similar changes are proposed for the UCITS Contact Committee. It may also act as a "comitology" Committee. The provisions setting up, under Article 53 of Directive 85/611/EEC, the organisation and functions of the present UCITS Contact Committee outside its "comitology" capacity are deleted. The competences of the ESC are extended beyond those already conferred upon it by Directive 2003/6/EC, to cover the functions currently laid down in Directive 85/611/EEC.