




Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)	
Subject 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.04 Banks and credit	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Legal Affairs, Citizens' Rights		
	Former committee responsible		
	 Legal Affairs, Citizens' Rights		04/06/1996
		PPE MOSIEK-URBAHN Marlies	
	Former committee for opinion		
Council of the European Union	 Economic and Monetary Affairs, Industrial Policy		21/10/1996
		PSE HARRISON Lyndon H.A.	
	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2095	19/05/1998
	Economic and Financial Affairs ECOFIN	2072	09/03/1998
	Economic and Financial Affairs ECOFIN	2044	17/11/1997

Key events			
29/04/1996	Legislative proposal published	COM(1996)0183	Summary
20/05/1996	Committee referral announced in Parliament, 1st reading		
25/02/1997	Vote in committee, 1st reading		Summary
25/02/1997	Committee report tabled for plenary, 1st reading	A4-0058/1997	
10/04/1997	Debate in Parliament		Summary
10/04/1997	Decision by Parliament, 1st reading	T4-0182/1997	Summary
27/06/1997	Modified legislative proposal published	COM(1997)0285	Summary

09/03/1998	Council position published	12508/1/1997	Summary
02/04/1998	Committee referral announced in Parliament, 2nd reading		
16/04/1998	Vote in committee, 2nd reading		Summary
30/04/1998	Decision by Parliament, 2nd reading	T4-0230/1998	Summary
19/05/1998	Act approved by Council, 2nd reading		
22/06/1998	Final act signed		
22/06/1998	End of procedure in Parliament		
21/07/1998	Final act published in Official Journal		

Technical information

Procedure reference	1996/0121(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Rules of Procedure EP 66_o-p4; EC before Amsterdam E 057-p2
Stage reached in procedure	Procedure completed
Committee dossier	JURI/4/09852

Documentation gateway

Legislative proposal		COM(1996)0183 OJ C 208 19.07.1996, p. 0008	29/04/1996	EC	Summary
Economic and Social Committee: opinion, report		CES1071/1996 OJ C 030 30.01.1997, p. 0013	25/09/1996	ESC	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0058/1997 OJ C 115 14.04.1997, p. 0004	25/02/1997	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0182/1997 OJ C 132 28.04.1997, p. 0133-0234	10/04/1997	EP	Summary
Modified legislative proposal		COM(1997)0285 OJ C 259 26.08.1997, p. 0011	27/06/1997	EC	Summary
Council position		12508/1/1997 OJ C 135 30.04.1998, p. 0032	09/03/1998	CSL	Summary
Commission communication on Council's position		SEC(1998)0510	26/03/1998	EC	Summary
Text adopted by Parliament, 2nd reading		T4-0230/1998 OJ C 152 18.05.1998, p. 0015-0032	30/04/1998	EP	Summary

Final act

[Directive 1998/33](#)
[OJ L 204 21.07.1998, p. 0029](#) Summary

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

OBJECTIVE: The proposal for a European Parliament and Council Directive seeks to amend Article 12 of Directive 77/780/EEC on the coordination of laws, regulations and administrative provisions relating to the business of credit institutions, Articles 2, 6, 7, 8 and Annexes II and III of Directive 89/647/EEC on a solvency ratio for credit institutions and Article 2 and Annex II of Directive 93/6/EEC on the capital adequacy of investment firms and credit institutions. SUBSTANCE: Following the most recent meetings of the Banking Advisory Committee, a proposal was made to introduce a number of amendments to the above directives, either to take account of recent developments (such as the creation of the European Investment Fund) or to remedy the shortcomings of those directives (for example, the impossibility of exchanging information with non-banking authorities of third countries, the weighting of no-risk assets in regularization accounts, etc.). Further amendments reflect refinements of the supervisory treatment of over-the-counter derivative instruments as regulated by another international forum of banking supervisors. ?

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

The ESC endorses the Commission's proposal and hopes it will be adopted as soon as possible, so as to prevent credit institutions in the EU being exposed to distortion of competition vis-à-vis their partners in third countries. ?

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

The Committee has adopted the report by Marlies MOSIEK-URBAHN (EPP, D), thereby endorsing the - essentially technical - amendments proposed by the Commission to three directives concerned.

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

By adopting the report by Mrs Marlies MOSIEK-URBAIN (EPP, All), the European Parliament approved the Commission proposal, while emphasizing the need to guarantee banking secrecy and establish equal conditions of competition among the various institutions. Parliament adopted only two amendments with a view to making technical clarifications and improving the quality of the text. ?

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

The rapporteur stressed the need to ensure banking secrecy and to create a level playing-field for the various institutions competing within the EU. Mrs Mosiek-Urbahn welcomed the fact that this proposal would allow the European Investment Fund to consolidate the single market and promote economic recovery. Commissioner Liikanen said that Amendments Nos 1 and 2 could be accepted as they improved the quality of the text. However, Amendments Nos 3 and 4 were difficult to accept as, by differentiating between credit institutions, they were in contradiction to the basic principle of equality in the treatment of credit institutions and investment firms.

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

The Commission's amended proposal incorporated the two amendments adopted by the European Parliament at first reading: - the first amendment merely rectified a shortcoming in the initial proposal, aligning Article 5(3) of Directive 89/647/EEC with the proposed text by stipulating that it applies to all the items listed in the new Annexe III; - the second had the aim of specifying that the Member States continue to have the option of applying a weighting of 20% to collateral in the form of securities issued by Zone A regional governments or local authorities. ?

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

The common position incorporates the two amendments proposed by Parliament and includes other changes, in particular: - a definition of the term 'recognized exchanges'; - introducing the same safeguards regarding exchange of information with third countries as apply within the Community; the information exchanged must be for the purpose of performing the supervisory task of the competent authorities and disclosure of this information is governed by professional secrecy; - enhancing prudential supervision by introducing certain restrictions concerning the weighting of assets items constituting claims on churches and religious communities; the reference to non-profit-making bodies and undertakings controlled by the churches and religious communities in question has been deleted, it has been made clear that churches and

religious communities must raise taxes in order to be covered by the 20% risk weighting and finally it has been stipulated that the option to apply a 0% risk weighting set out in Directive 89/647/EEC shall not apply to the churches and communities covered by the provision; - introducing a provision allowing the competent authorities until 31 December 2006 to exempt over the counter contracts cleared by a clearing house from the credit risk capital requirements set out in Annex II of the directive. Strict criteria are laid down in order to ensure that the overall level of protection against credit risk provided by the clearing mechanism justifies cleared OTC contracts being treated in the same way as contracts traded on recognized exchanges. ?

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

The Commission considers the common position fully acceptable. ?

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

The committee has approved the proposal without any amendments.?

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

The European Parliament approved the common position. ?

Credit institutions, investment firms: solvency ratio (amend. Directives 77/780/EEC, 89/647/EEC, 93/6/EEC)

OBJECTIVE: to amend Directive 77/780/EEC (business of credit institutions), Directive 89/647/EEC (solvency ratio for credit institutions) and Directive 93/6/EEC on the capital adequacy of investment firms and credit institutions. COMMUNITY MEASURE: Directive 98/33/EEC of the European Parliament and the Council. SUBSTANCE: The Directive makes certain changes to the above directives. It widens the possibilities for exchanging information between the banking supervision authorities in the European Union and non-banking supervision authorities in third countries. It introduces more detailed rules on prudential supervision with regard to the risk capital of loans made by credit institutions, in the light of the experience gained from application of the present rules. It takes account of recent developments in prudential regulations at the wider international level, by supplementing the existing rules on capital requirements of credit institutions with regard to credit risks linked to over-the-counter derivative instruments. ENTRY INTO FORCE: 21/07/1998 DEADLINE FOR TRANSPOSITION: 21/07/2000 ?