


# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2000/2207(INI)</a>	Procedure completed
Assessment of the directive 89/299/EEC on the own funds of credit institutions		
Subject 2.50.04 Banks and credit		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs		03/04/2000
		PPE-DE <a href="#">VILLIERS Theresa</a>	

Key events			
08/09/2000	Committee referral announced in Parliament		
11/10/2000	Vote in committee		Summary
11/10/2000	Committee report tabled for plenary	<a href="#">A5-0282/2000</a>	
16/11/2000	Debate in Parliament		
17/11/2000	Decision by Parliament	<a href="#">T5-0523/2000</a>	Summary
17/11/2000	End of procedure in Parliament		
08/08/2001	Final act published in Official Journal		

Technical information	
Procedure reference	2000/2207(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Implementation
Legal basis	Rules of Procedure EP 54; Rules of Procedure EP 142-p2
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/13630

Documentation gateway					
Document attached to the procedure		COM(2000)0074	18/02/2000	EC	Summary

Committee report tabled for plenary, single reading	<a href="#">A5-0282/2000</a> <a href="#">OJ C 197 12.07.2001, p. 0007</a>	11/10/2000	EP	
Text adopted by Parliament, single reading	<a href="#">T5-0523/2000</a> <a href="#">OJ C 223 08.08.2001, p. 0351-0361</a>	17/11/2000	EP	Summary

## Assessment of the directive 89/299/EEC on the own funds of credit institutions

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**PURPOSE** : to communicate the first Commission report to the Council and the European Parliament on the implementation of the Own Funds Directive 89/299/EEC. **CONTENT** : This report describes the ways in which the provisions of the Directive have been implemented by the Member States. The report is partially based on a study, which has been prepared for the Commission by an external consultant. While the consultant's study focuses, in particular, on the implementation of the many optional provisions of the Directive, this report also sheds some light on the impact of the Directive in practice and on potential areas for improvement. This report also tries to highlight the differences which exists between the Own Funds Directive and the definition of capital set out in the Basle Capital Accord (the capital framework designed for internationally active banks in the G10 countries). The conclusions of this document propose lines for possible action to be taken in order to achieve a more harmonised definition of own funds. The document proposes a new examination of the Own Funds Directive to be taken by the Banking Advisory Committee and its groups. This examination should include ways to limit distortions of competition and strengthening of the European banking system. The Commission and the EU Member States concerned are also continuing to play an active role in the Basle Committee on Banking Supervision and its groups in order to assure a similar definition of own funds world-wide and a homogenous application of regulatory capital requirements. This will help to preserve the international competitiveness of European credit institutions. The works in the Basle Committee are likely to offer useful reflections and suggestions for a future review of the Own Funds Directive. ?

## Assessment of the directive 89/299/EEC on the own funds of credit institutions

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The committee adopted the report by Theresa VILLIERS (EPP-ED, UK) on the evaluation of the directive on the own funds of banks. The committee felt that the implementation of the directive had been broadly satisfactory, and that Parliament should at this stage focus on the amount of capital to be held by credit institutions, in the light of the ongoing discussions in the Basel Committee on Banking Supervision to revise the 1988 Basel Capital Accord, which would have implications for own funds. The report therefore concentrated on the Commission's consultation document on the revision of the regulatory capital framework applying to credit institutions and investment firms, published in the context of the Basel discussions. In the light of the results of the Basel review, the committee wanted the Commission to update existing EU legislation so as to ensure consistency between the definitions of own funds used in the EU and internationally. There was a need to revise current EU legislation relating to the amount of capital required to be held by banks and credit institutions (the 'capital adequacy rules') so that capital charges should be matched more closely with risk. The committee pointed out that, while the Basel proposals were designed only for large, internationally active banks, the EU had a diverse banking and investment sector and the new rules should reflect this. It therefore called for a more extensive role for internal ratings, which should form the centrepiece of the new regulatory capital framework. The Commission should ensure that the relevant minimum criteria for recognition of an internal rating could also be met by smaller institutions, so that large sophisticated banks did not enjoy an unfair advantage. The committee was also anxious to ensure that the new rules did not make it more difficult for SMEs to obtain loan finance. Lastly, it called for the legislation implementing the revised Capital Accord under the Basel procedure to be implemented according to a fast-track procedure and emphasised the importance of maintaining competitive equality between the US and EU banking and investment firms. Implementation of the revised Accord should therefore be subject to a moratorium so that the Accord could enter into force on the same day in all countries.?

## Assessment of the directive 89/299/EEC on the own funds of credit institutions

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The European Parliament voted to endorse the resolution drafted by Mrs Theresa VILLIERS (EPP/ED, UK) which recommends a revision of existing EU rules relating to the amount of capital to be held by banks and other credit institutions to match demand. ?