

Capital adequacy of investment firms and credit institutions: implementing powers conferred on the Commission

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The Committee on Economic and Monetary Affairs adopted the report by Pervenche **BERES** (PES, FR) approving with amendments – at 1st reading of the codecision procedure – the proposal for a directive of the European Parliament and of the Council amending Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions, as regards the implementing powers conferred on the Commission.

Directive 2006/49/EC establishes a capital adequacy regime for investment firms and complements that for credit institutions (banks). Comitology provisions have been foreseen for adjustments of the calculations concerning position risk, settlement and counterparty risk, foreign exchange risk, commodities risk, large exposure risk and provisions relating to trading activity, as well as for adjustments of definitions and monetary thresholds in line with the economic developments.

In general, the committee supports the introduction of the new regulatory procedure with scrutiny for this Directive (2004/49/EC). It feels however that the recitals and articles referring to the so called "sunset clause" should be kept, since there are still some remaining questions to be solved between the EU institutions as to the new procedure.

More specifically, the report calls for the Commission to evaluate, at regular intervals, the functioning of the provisions concerning the implementing powers conferred on it in order to allow the European Parliament and the Council to determine whether the extent of those powers and the procedural requirements imposed on the Commission are appropriate and ensure both efficiency and democratic accountability.

It also notes that by 31 December 2009, and, thereafter, at least every 3 years, the Commission shall review the provisions concerning its implementing powers and present a report to the European Parliament and to the Council on the functioning of those provisions and on the need for any modifications thereto. The Commission shall examine, in particular, the need for any modifications in order to ensure an appropriate delimitation of the implementing powers conferred on it and full respect for all conditions applicable to the exercise of those powers. The report shall be accompanied by a legislative proposal to modify those provisions. Should the report conclude that there is no need for any modification to existing provisions, it shall set out a detailed statement of reasons explaining why none is deemed to be necessary.