Supplementary supervision of credit institutions, insurance or reinsurance undertakings, investment firms, asset management companies and alternative investment fund managers in a financial conglomerate (codification)

2026/0045(COD) - 17/02/2026 - Legislative proposal

PURPOSE: codification of Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms belonging to a financial conglomerate.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Directive 2002/87/EC of the European Parliament and of the Council has been substantially amended several times. In the interests of clarity and rationality, that Directive should be codified.

The purpose of this proposal is to undertake a codification of Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council. The new Directive will supersede the various acts incorporated in it; this proposal fully preserves the content of the acts being codified and hence does no more than bring them together with only such formal adaptations as are required by the codification exercise itself.

CONTENT: the proposed directive lays down rules for the **supplementary supervision of regulated entities which are part of a financial conglomerate**. The main elements of the codified directive are as follows:

Supplementary monitoring of regulated entities

In order to be effective, the supplementary supervision of credit institutions, insurance or reinsurance undertakings, investment firms, asset management companies and alternative investment fund managers (regulated entities) in a financial conglomerate should be applied to all such conglomerates, the cross-sectoral financial activities of which are significant, which is the case when certain thresholds are reached, no matter how they are structured. Supplementary supervision should cover all financial activities identified by the sectoral financial legislation and all entities principally engaged in such activities should be included within the scope of the supplementary supervision.

Financial conglomerates are exposed to risks which include: the risks of contagion, where risks spread from one end of the group to another. They should therefore be subject to supervision supplementary to supervision on a stand alone, consolidated or group basis, without duplicating or affecting the group and regardless of the legal structure of the group.

Identification of financial conglomerates

Financial conglomerates should be identified across the Union based on their level of exposure to group risks, based on common guidelines issued by the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Securities and Markets Authority (ESMA), through the Joint Committee of the European Supervisory Authorities. The requirements regarding the waiving of the application of supplementary supervision are applied in a risk-based manner in accordance with those guidelines. This is of particular importance in the case of the larger, internationally operating financial conglomerates.

Financial situation assessment

The competent authorities should be able to assess at a group-wide level the financial situation of regulated entities which are part of a financial conglomerate, in particular as regards solvency. Supplementary supervision of the capital adequacy of the regulated entities in a financial conglomerate should be exercised in accordance with the rules laid down in the Directive. Member States should require regulated entities to have in place, at the level of the financial conglomerate, adequate risk management processes and internal control mechanisms, including sound administrative and accounting procedures.

Coordinator

All financial conglomerates subject to supplementary supervision should have a coordinator appointed from among the competent authorities involved.

The coordinator’s mission aim to:

- coordinate the gathering and dissemination of relevant or essential information in going concern and emergency situations; (ii) supervise overview and assessment of the financial situation of a financial conglomerate; (iii) asses the financial conglomerate's structure, organisation and internal control system and (iv) plan and coordinate supervisory activities.

The competent authorities involved, and especially the coordinator, should have the means of obtaining from the regulated entities within a financial conglomerate, or from other competent authorities, the information necessary for the performance of their supplementary supervision.

Member States may require that the coordinator ensure appropriate and regular stress testing of financial conglomerates. They shall require the relevant competent authorities to cooperate fully with the coordinator.

Cooperation

The directive would strengthen collaboration between the authorities responsible for supervising regulated entities, including the development of ad hoc cooperation arrangements between the authorities involved in the supervision of entities belonging to the same financial conglomerate.

Financial conglomerates whose head offices are located in a third country

Regulated entities which have their head office in the Union can be part of a financial conglomerate, the head of which is outside the Union. The competent authorities should verify whether the regulated entities the parent undertaking of which has its head office in a third country are subject to supervision by that third country's competent authority, which is equivalent to that provided for by this Directive on the supplementary supervision of regulated entities.