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

1996/0121(COD) - 09/03/1998 - Council position

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.