

Supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate

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The Council took note of an interim report from the Economic and Financial Committee (EFC) on EU arrangements for financial regulation, supervision and stability. On the basis of an EFC note, the Council had a preliminary exchange of views on certain key issues such as comitology arrangements for financial regulation, political accountability, supervisory as well as financial stability arrangements, and adopted the following conclusions : - the Council welcomes the interim report of the Economic and Financial Committee (EFC) and invites the EFC, according to the principles agreed by the Council on 7 May 2002, and on the basis of the Resolution adopted by the Stockholm European Council and of Council Decision 1999/468/EC on comitology arrangements, and with the support of the Commission, to elaborate the new approach for all financial sectors based on the 'four-level Lamfalussy framework' for securities. The new approach should: - enhance cross-sectoral consistency, including facilitating consideration of issues related to financial conglomerates in the 'level 2' regulatory committee or committees, while taking into account the specificities of the insurance sector; and - take into account synergies between banking supervision and central banking. The Council considers it appropriate for the Financial Services Policy Group to be reconfigured under Member State chairmanship to give political advice and oversight on financial market issues to the ECOFIN Council. The Council is of the view that insurance sector legislation should be dealt with by the ECOFIN Council. The Council : - invites the EFC to pursue reflection on the proposal to bring together representatives of all EU parties with an interest in maintaining financial stability in a new forum. - invites the EFC to produce its report on implementation modalities by the end of September. In particular, this should: - indicate reporting mechanisms with respect to the Council and the European Parliament; - identify chairmanship and secretariat arrangements; - make proposals for allocating membership, including observer status, of the committees; and propose an indicative timetable for implementation and evaluation of the possible new arrangements. The Council invites COREPER to assess the institutional aspects with a view to providing timely guidance for its future work and paving the way for the necessary discussions with the European Parliament.