

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

2001/0095(COD) - 13/09/2001 - Document attached to the procedure

The European Central Bank (ECB) broadly welcomes and supports this proposal. From its perspective, changes in financial markets prompted by the introduction of the euro call for a substantial enhancement of the mechanisms for cooperation between national authorities and also with the Eurosystem. In general, the ECB would see scope for the proposal to go further in clarifying certain issues than presently envisaged. 1) the definition and identification of a financial conglomerate: - there should be a procedure for identifying financial conglomerate. The initiative for reporting the existence of one could, in principle, be the responsibility of the entities comprising such a conglomerate; - the provision of collective asset management services should be included in the definition of financial sector; - management companies could be included in the definition of a regulated entity, thus subjecting them to supplementary supervision; - the threshold could include off-balance sheet items for the purposes of the calculation of the relevance of the banking and investment sectors within a group; - the proposal does not address the issue of partially-owned entities, where the calculation of thresholds using total balance sheet figures may be misleading. The proposal could allow for threshold calculation using figures on a pro-rata basis; - the ECB expresses some reservations relating to uniformity of application on the definition of "group". 2) the exercise of supplementary supervision and the role of the coordinator: - clarify whether the competent authority responsible for supplementary supervision is in fact the coordinator; - the identification of coordinator should be communicated to the entities comprising the financial conglomerate; - the appointment of coordinator should be fixed for a specified minimum period of time; - the tasks of the coordinator should be expanded to include communicating to the public decisions which are relevant for the financial conglomerate; 3) crisis management: - the role of central banks would warrant the communication by the competent authorities and the coordinator to central banks, also in a crisis at the financial conglomerate level; 4) the cooperation and exchange of information between competent authorities: - there should not be any constraints upon this. 5) the reference in the proposal to central banks and the Eurosystem: - the wording should include the European System of Central Banks and the European Central Bank.