Assessment of the directive 89/299/EEC on the own funds of credit institutions

2000/2207(INI) - 18/02/2000 - Document attached to the procedure

PURPOSE : to communicate the first Commission report to the Council and the European Parliament on the implementation of the Own Funds Directive 89/299/EEC. CONTENT : This report describes the ways in which the provisions of the Directive have been implemented by the Member States. The report is partially based on a study, which has been prepared for the Commission by an external consultant. While the consultant's study focuses, in particular, on the implementation of the many optional provisions of the Directive, this report also sheds some light on the impact of the Directive in practice and on potential areas for improvement. This report also tries to highlight the differences which exists between the Own Funds Directive and the definition of capital set out in the Basle Capital Accord (the capital framework designed for internationally active banks in the G10 countries). The conclusions of this document propose lines for possible action to be taken in order to achieve a more harmonised definition of own funds. The document proposes a new examination of the Own Funds Directive to be taken by the Banking Advisory Committee and its groups. This examination should include ways to limit distortions of competition and strengthening of the European banking system. The Commission and the EU Member States concerned are also continuing to play an active role in the Basle Committee on Banking Supervision and its groups in order to assure a similar definition of own funds world-wide and a homogenous application of regulatory capital requirements. This will help to preserve the international competitiveness of European credit institutions. The works in the Basle Committee are likely to offer useful reflections and suggestions for a future review of the Own Funds Directive.