Credit institutions: solvency ratio (amend. Directive 89/647/EEC)

1996/0003(COD) - 22/06/1998 - Final act

OBJECTIVE: to amend certain provisions of Directive 89/647/EEC concerning the risk weighting of assets when calculating the solvency ratio of a credit institution. COMMUNITY MEASURE: Directive 98 /32/EC of the European Parliament and the Council amending, as regards in particular mortgages, Council Directive 89/647/EEC on a solvency ratio for credit institutions. SUBSTANCE: the Directive makes it possible to treat mortgage-backed securities as cash loans, if the competent authorities consider that they are equivalent in the light of the credit risk. It also introduces certain optional provisions, which, until 31 December 2006: - give all Member States the option of applying, by two alternative methods, a 50% risk weighting to loans secured by mortgages on offices, under certain conditions; - allows the Member States' competent authorities to authorise their credit institutions to apply a 50% risk weighting to the part of loans guaranteed by mortgages on commercial premises which is secured by shares in Finnish housing companies; - gives Member States the option of maintaining a permanent derogation allowing them to apply a 50% risk weighting to certain property leasing transactions. ENTRY INTO FORCE: 21/07/1998 DEADLINE FOR TRANSPOSITION: 21/07/2000