

# EUROPEAN PARLIAMENT

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**A5-0367/2002**

5 November 2002

**\*\*\*II**

## **RECOMMENDATION FOR SECOND READING**

on the Council common position for adopting a European Parliament and Council with a view to the adoption of a Directive of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (9754/3/2002 – C5-0424/2002 – 2001/0095(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Alain Lipietz

***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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## PROCEDURAL PAGE

At the sitting of 14 March 2002 Parliament adopted its position at first reading on the proposal for a European Parliament and Council directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (COM(2001) 213 - 2001/0095 (COD)).

At the sitting of 24 September 2002 the President of Parliament announced that the common position had been received and referred to the Committee on Economic and Monetary Affairs (9754/3/2002 - C5-0424/2002).

The committee had appointed Alain Lipietz rapporteur at its meeting of 6 November 2000.

It considered the common position and draft recommendation for second reading at its meetings of 1 October 2002, 8 October and 5 November 2002.

At the last meeting it adopted the draft legislative resolution by 34 votes to 1.

The following were present for the vote: Christa Randzio-Plath, chairman; Philippe A.R. Herzog and John Purvis, vice-chairmen; Generoso Andria, Luis Berenguer Fuster (for a full member to be nominated), Pervenche Berès, Roberto Felice Bigliardo, Hans Blokland, Hans Udo Bullmann, Harald Ettl (for Bernhard Rapkay), Carles-Alfred Gasòliba i Böhm, Robert Goebbels, Lisbeth Grönfeldt Bergman, Mary Honeyball, Christopher Huhne, Othmar Karas, Giorgos Katiforis, Piia-Noora Kauppi, Christoph Werner Konrad, Werner Langen (for Ingo Friedrich), Astrid Lulling, Hans-Peter Mayer, Peter Michael Mombaur (for Renato Brunetta), Marcelino Oreja Arburúa (for José Manuel García-Margallo y Marfil), Karla M.H. Peijs (for Ioannis Marinos), Fernando Pérez Royo, Alexander Radwan, Mónica Ridruejo, Olle Schmidt, Peter William Skinner, Charles Tannock (for Jonathan Evans), Helena Torres Marques, Bruno Trentin, Ieke van den Burg (for David W. Martin), Theresa Villiers.

The recommendation for second reading was tabled on 5 November 2002.

## DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the Council common position for adopting a European Parliament and Council directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (9754/3/2002 – C5-0424/2002 – 2001/0095(COD))**

**(Codecision procedure: second reading)**

*The European Parliament,*

- having regard to the Council common position (9754/3/2002 – C5-0424/2002),
  - having regard to its position at first reading<sup>1</sup> on the Commission proposal to Parliament and the Council (COM(2001) 213<sup>2</sup>),
  - having regard to Article 251(2) of the EC Treaty,
  - having regard to Rule 78 of its Rules of Procedure,
  - having regard to the recommendation for second reading of the Committee on Economic and Monetary Affairs (A5-0367/2002),
1. Approves the common position;
  2. Notes that the act is adopted in accordance with the common position;
  3. Instructs its President to sign the act with the President of the Council pursuant to Article 254(1) of the EC Treaty;
  4. Instructs its Secretary-General duly to sign the act and, in agreement with the Secretary-General of the Council, to have it published in the Official Journal of the European Communities;
  5. Instructs its President to forward its position to the Council and Commission.

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<sup>1</sup> OJ C not yet published.

<sup>2</sup> OJ C 213, 31.7.2001, p. 227.

## EXPLANATORY STATEMENT

Events in recent year, the collapse of the dot.com economy, the numerous accounting scandals, as well as the increased pressures on the insurance industry following the tragic events of September 11 have time and time again demonstrated the need for improved regulation in, and supervision of the financial services sector.

During the first reading at the end last year, financial market news were dominated by the collapse of Enron. As this year is drawing to a close, we see again the dark clouds piling up on the world financial economy. One central reason behind this crash is a breakdown of confidence in prudential and accounting rules, and improved supervision and enforcement will certainly be a key issue in order to defuse that crisis.

The rationale behind the current proposal is, on the basis of discussions in international fora, to introduce supplementary capital and supervisory requirements for financial conglomerates, ie. diversified financial services groups combining banks, investment firms and insurance undertakings.

The proposal received the strong backing of the European Parliament earlier this year, and also the Council made rapid progress on this dossier arriving at a Common Position soon thereafter. The outcome of the deliberations in Council is also extremely encouraging: Your rapporteur strongly welcomes the fact that the Council of Ministers has taken on board almost all the points contained in the amendments adopted by the European Parliament at first reading, and that all the main points raised by the Parliament are sufficiently covered by the Common Position.

Although there are a small number of points where, arguably, the Common Position still could be improved, your rapporteur's overriding concern is to have this new, reinforced regulatory framework in place as soon as possible.

He is therefore proposing that the Common Position should be approved without amendment, and that the European Parliament shall finalise this matter as soon as possible so that work on implementation can begin without delay in order to ensure that European conglomerates are subject to the most modern, efficient and effective regulation and supervision possible.