

ORAL QUESTION H-0577/03

for Question Time at the part-session in October 2003

pursuant to Rule 43 of the Rules of Procedure

by Othmar Karas

to the Commission

Subject: Parliament's requirements for the forthcoming Commission proposal for a directive on the capital adequacy of banks (Basel II)

The Basel Committee will reach a decision on the new 'Basel II' own-capital provisions before the end of this year. Independently of the outcome of the Basel negotiations, I wish to ask which of the European Parliament's 8 requirements the Commission will incorporate into the proposal for a directive, and how soon the proposal for a directive can be expected. The requirements laid down in the own-initiative report are: (1) annual adjustments to the 1-million euro retail ceiling for inflation; (2) deletion of the 0.2% granularity criterion; (3) recognition of the specific financial situation of firms on start-up or in the event of takeover; (4) incorporation of the results of the impact study on SMEs; (5) monitoring of trends in costs and administrative expenditure incurred, in particular by smaller banks, as a result of Basel II; (6) recognition of physical collateral under the standardised approach and reduced risk weightings for mortgage bonds; (7) clear transparency of rating criteria; (8) positive assessment of research activities and investment expenditure in the fixing of ratings.

Tabled: 29.09.2003

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