

FEDERATION BANCAIRE DE L'UNION EUROPEENNE
BANKING FEDERATION OF THE EUROPEAN UNION

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***Latest developments in EU
legislation concerning the
financial services are***

11th edition

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Istanbul, 19th of May 2006

15 most recent issues

- Adopted measures (-3-)
- Recent proposals (-4-)
- Consultations (-8-)

Adopted measures

- Directive to simplify the formation, maintenance and alteration of companies' capital (March 2006)
- Regulation No 108/2006 regarding the adoption of International Accounting Standards (IAS) Nr. 1, 14, 17, 32, 33 and 39 (January 2006)
- Communication on policy on credit rating agencies (January 2006)

1. Directive to simplify the formation, maintenance and alteration of companies' capital

The European Parliament's agreement at first reading reached on 14 March 2006.

- ✓ To make it easier to take certain measures affecting the size, structure and ownership of the capital.
- ✓ Amends the parts of the 1976 Second Company Law Directive.

2. Regulation No 108/2006 regarding the adoption of some International Accounting Standards (IAS)

The Regulation was adopted by the European Commission on 11 January 2006.

- ✓ Amends Regulations Nr. 1725/2003 and 1606/2002 on the application of the IAS.
- ✓ Concerns the IASs 1, 14, 17, 32, 33 and 39 and IFRS 1, 4, 6 and 7.

3. Communication on policy on credit rating agencies

The Communication was adopted by the European Commission on 9 January 2006.

- ✓ Sets out EC approach to credit rating agencies.
- ✓ Commission will NOT present any new legislative proposals in this area.
- ✓ Existing financial services Directives applicable to Agencies combined with self-regulatory measures (IOSCO Code) should allow to tackle the existing issues.

Recent proposals

- Clearing and settlement (March 2006)
- Proposal for a Directive to facilitate the cross-border exercise of shareholders' rights in listed companies (January 2006)
- White Paper on Financial Services Policy (December 2005)
- Proposal for a Directive on New Legal Framework for payments market (December 2005)

4. Clearing and settlement

“Competition and Internal Market commissioners will act unless there is further action from industry”.

- Call to market participants to come forward with effective and realistic changes;
- Need to improve the clearing and settlement of securities in the EU;
- Current fragmented national monopolies in trading infrastructures create high costs for the EU economy, reduces efficiency of cross-border trading.

5. Corporate governance

The proposal for a Directive was presented by the European Commission on 10 January 2006.

- It should facilitate the cross-border exercise of shareholders' rights in listed companies;
- Introduction of minimum standards;
- It should ensure that shareholders have timely access to complete information and simple means to exercise voting rights – at a distance.

6. White Paper on EU Financial Services Policy

The White Paper was presented by the European Commission on 5 December 2005.

- Less new legislation for the next 5 years;
- Focus on retail financial services;
- Initiating debate on hedge funds, asset management, mortgages and rating agencies;
- Setting clear goals for supervisors.

7. New Legal Framework

The proposal for a Directive was presented by the European Commission on 1 December 2005.

New Directive once adopted should:

- make cross-border payments as easy, cheap and secure as domestic payments;
- guarantee fair and open access to payments markets;
- increase and standardise consumer protection.

Consultations

- How can the Internal Market best respond to new and future challenges? (April 2006)
- Consultation on the Interim Report on Payment Cards and Payment Systems (April 2006)
- Amendment of Prospectus Regulation: Complex Financial Histories (March 2006)

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Consultations

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- The Review of the Rules on Supervisory Assessments of Transactions in Shareholdings in the Banking, Insurance and Securities Sectors (March 2006)
- Single Euro Payments Area (SEPA) Incentives (February 2006)

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Consultations

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- Evaluation of the implementation of the Directive on Financial Collateral Arrangements (January 2006)
- Future Priorities of the Company Law Action Plan (December 2005)
- Call for technical advice from Committee of European Banks' Supervisors (CEBS) on Large exposure review (December 2005)

8. How can the Internal Market best respond to new and future challenges?

The consultation was launched by the European Commission on 20 April 2006.

Part of a wide-ranging review of Internal Market policy:

- ❖ Are EU policies on the Internal Market the right ones?
- ❖ Are the right rules in place and being reinforced?
- ❖ How could they be improved?

Deadline for contributions is set to 15 June 2006.

9. The Interim Report on Payment Cards and Payment Systems

The consultation on the findings of the report was launched by the European Commission on 12 April 2006.

Preliminary report on EC sector inquiry into the payments cards industry:

- ❖ Businesses and consumers do not yet benefit from a fully competitive Internal Market in payment cards;
- ❖ Reveals several potential barriers to entry into payment cards market.

Deadline for contributions is set to 21 June 2006.

10. Amendment of Prospectus Regulation: Complex Financial Histories

The working document was published by the European Commission on 22 March 2006.

Includes specific provision in respect of issuers with a complex financial history:

- ❖ Introduces the element of flexibility for competent authorities;
- ❖ Such cases are too complex and diverse to be subject to the format used in the Regulation generally.

Deadline for contributions is set to 19 May 2006.

11. Supervisory Assessments of Transactions in Shareholdings

The survey was published by the European Commission on 16 March 2006.

Asked for stakeholders views on the existing rules in supervisory assessment of transactions in shareholdings in the banking, insurance and securities sectors:

- ❖ Article 16 of the Banking Directive;
- ❖ Article 10 of the MiFiD Directive.

Deadline for contributions was set to 19 April 2006.

12. SEPA Incentives

The consultative paper was published by the European Commission on 13 February 2006.

- ❖ SEPA was always seen as a market process;
- ❖ This paper explores the ways to support, underpin and enhance the self-regulatory activities of the industry;
- ❖ SEPA requires removal of legal, commercial and technical barriers;
- ❖ Focus of this paper is on the current self-regulatory initiatives of industry towards SEPA.

Deadline for contributions was set to 21 March 2006.

13. Directive on Financial Collateral Arrangements

Two questionnaires were published by the European Commission on 26 January 2006.

- ❖ EC is preparing to present the report on the application of this Directive by 27 December 2006;
- ❖ Aim of this consultation:
 - receiving full information on Directive's application;
 - finding possible weaknesses in its wording or transposition in the Member States.

Deadline for contributions was set to 31 March 2006.

14. Future Priorities of the Company Law Action Plan

The consultation was launched by the European Commission on 20 December 2005.

Objectives of the consultation are to evaluate and clarify:

- ❖ The overall aim and context of the future priorities;
- ❖ Continued relevance of the medium and long term measures;
- ❖ The added value of modernising and simplifying European Company law.

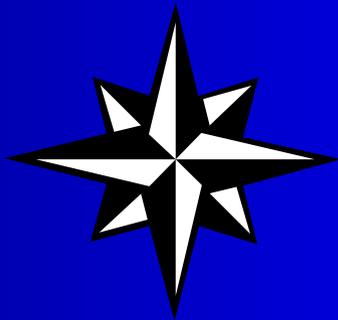
Deadline for contributions was set to 31 March 2006.

15. Large exposure review

The European Commission has called for technical advice from the CEBS on 8 December 2005.

The main principles underlying the review:

- ❖ Suitability and proportionality;
- ❖ Flexibility;
- ❖ Recognition of market practices;
- ❖ Avoidance of excessive burden.



Thank you for your attention!

