

LIBA

LONDON INVESTMENT BANKING
ASSOCIATION

6 Frederick's Place

London, EC2R 8BT

Telephone: 44 (20) 7796 3606

Facsimile: 44 (20) 7796 4345

e-mail: liba@liba.org.uk

website: www.liba.org.uk



Fédération Bancaire Européenne
European Banking Federation

ISDA

International Swaps
and Derivatives
Association, Inc



Institute of
International
Finance, Inc.



Brussels, 11 July 2005

JOINT ASSOCIATIONS STATEMENT ON THE NEED FOR COMITOLGY IN THE CAPITAL REQUIREMENTS DIRECTIVE (CRD)

The European Banking Federation (FBE), the International Swaps and Derivatives Association (ISDA), the London Investment Banking Association (LIBA), the Futures and Options Association (FOA), the European Mortgage Federation (EMF), the Institute of International Finance, Inc. (IIF), Leaseurope and Eurofinas, hereby referred to as “the Associations” support the efforts of the institutions to reach agreement on the Capital Requirements Directive (CRD) in a Single Reading. However, we have serious reservations about the possible deletion of the existing comitology provisions from the Directive. While the Associations appreciate the European Parliament’s concern about ensuring democratic accountability in the process, without the existing comitology provisions, industry would be subject to a rigid framework which would not be able to keep pace with global developments. Such a lack of flexibility would jeopardise the success of the Lisbon Agenda in financial services.

Since the publication of the CRD proposal in July 2004, it has been the understanding of the Associations that the Annexes of the Directive would be subject to comitology after adoption. A flexible Directive, with an appropriate split between

the principles and the technical details, is essential if the CRD is to deliver a practicable framework. Given the technicality of this Directive, the Associations believe that it is in the public interest to delegate some responsibility for the details to an expert committee, subject to oversight by the co-legislators.

The European financial services industry has repeatedly stressed the importance of flexibility in the Directive. It is necessary to ensure that the capital requirements framework is able to keep pace with developments in industry practices, markets and supervisory needs. This will contribute to protecting the interests of depositors and borrowers and ensuring that the EU maintains its reputation as a best practices market. It is also essential for the delivery of a global level playing field in financial services.

The Associations encourage the European Parliament, the UK Presidency, the Member States and the European Commission to find a pragmatic solution which does not hardcode technical details in the CRD.

Contacts:

The European Banking Federation (FBE)
Caitríona O'Kelly
c.okelly@fbe.be

The International Swaps and Derivatives Association (ISDA)
Emmanuelle Sebtou
esebtou@isda.org

The London Investment Banking Association (LIBA)
Diane Hilleard
Dianne.hilleard@liba.org.uk

The Futures and Options Association (FOA)
Jane Green
greenj@foa.co.uk

The European Mortgage Federation
Simon Walley
swalley@hypo.org

Leaseurope and Eurofinas
Jacqueline Mills
j.mills@leaseurope.org

Institute of International Finance, Inc.
David Schraa

dschraa@iif.com