

CEBS PUBLISHES SURVEYS ON SUPERVISORY RULES ON OWN FUNDS AND ON RECENT MARKET TRENDS IN NEW CAPITAL INSTRUMENTS

The Committee of European Banking Supervisors (CEBS) today publishes a survey of the national implementation of the current rules on own funds based on information provided by Member States. CEBS also publishes in parallel an analysis of recent market trends in, and the main characteristics of, new capital instruments. This analysis is based on replies from market participants to CEBS' online questionnaire in early 2006.

The two surveys have been sent to the European Commission in response to its call for advice in relation to its review of the own funds rules in the EU.

The survey on supervisory rules highlights the main commonalities and differences in national regimes across Europe. In general, CEBS found that member states share a lot of commonalities with regard to the core objectives of own funds. Variations in own funds rules arise either from the flexibility granted by the CRD, or as a result of local market specificities, differences in national tax and company laws or in prudential approaches.

There is some variation in how competent authorities treat hybrid capital instruments that have similar characteristics to, but do not have the same quality as, core original own funds. This divergence is not addressed in the present EU legislation.

CEBS notes that working in parallel with the Basel Committee on Banking Supervision is crucial to ensure consistency and a level playing field at international level.

With regard to recent market trends, CEBS notes that the volume and diversity of hybrid instruments are developing fast. This is mainly due to return-on-equity considerations, low interest rates and a widening of the investor base.

Please use the following link for more information:
<http://www.c-eps.org/Advice/advice.htm>

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