



**Press Release  
8 July 2005**

## **CEBS STARTS CONSULTATION ON SUPERVISORY COOPERATION FOR CROSS-BORDER BANKING AND INVESTMENT FIRM GROUPS**

The Committee of European Banking Supervisors (CEBS) today issues for public consultation its guidelines for greater supervisory cooperation for EU banking and investment firm groups under the Capital Requirements Directive (CRD). Through enhanced co-operation between supervisors, these guidelines aim to avoid any excessive supervisory burden on groups that operate across several EU jurisdictions. The guidelines are primarily aimed at supervisory authorities but they will equally be of interest to groups operating on cross-border basis in the EU. The consultation period will last four months.

These guidelines are a response primarily to the requirements of the CRD, but also reflect other factors such as the trend towards centralisation of risk management and other functions within groups, integration of EU financial markets, and the increasing significance of certain subsidiaries and branches. In general these developments call for a more integrated, coordinated and risk based supervisory approach between the supervisors responsible for a group, if their supervision is to be both effective and efficient.

The paper is also designed to contribute to CEBS' aims of creating operational networks and promoting convergence of standards and practices between EU supervisors. CEBS' main objectives are to streamline the supervisory process, to minimize risks of overlaps and to avoid gaps in supervision.

The paper proposes both high level guidelines and practical steps for supervisors to follow. The guidelines stress the need for the supervisors to adopt a risk based, proportionate and transparent process. The practical steps are built around the common Supervisory Review and Evaluation Process. The paper also provides specific guidance for home and host supervisory cooperation in relation to (i) groups operating on a cross-border basis, both on a subsidiary and branch basis; (ii) model validation; and (iii) information exchange<sup>1</sup>.

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<sup>1</sup> The paper should be read in conjunction with CEBS' consultation papers on Supervisory Review Process (CP03 revised) and model validation (CP10).

In drafting the guidelines, CEBS has assessed their application through a number of case studies. The guidelines will need to be revisited to reflect the final version of the CRD, responses to the consultation and the findings from further case studies.

CEBS believes that a formal consultation of the Guidelines at this stage will be of benefit to both the market participants and the supervisors.

For more information, please visit CEBS website at:

[http://www.c-eps.org/Consultation\\_papers/consultationpapers.htm](http://www.c-eps.org/Consultation_papers/consultationpapers.htm)

CEBS will also hold a public hearing on these proposals in October 2005 at its offices in London. More information on this and a registration form will be published on the CEBS website.

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*The Committee of European Banking Supervisors (CEBS) is composed of high level representatives from the banking supervisory authorities and central banks of the European Union. The CEBS's main tasks are to provide advice to the Commission in the field of banking activities, to contribute to the consistent implementation of Community Directives, to promote the convergence of supervisory practices and to enhance supervisory cooperation. The Committee is chaired by Mr José María Roldán. The CEBS Secretariat is based in London. The Secretary General of the Committee is Mr Andrea Enria.*