COMMISSION DIRECTIVE 95/15/EC

of 31 May 1995

adapting Council Directive 89/647/EEC on a solvency ratio for credit institutions, as regards the technical definition of 'Zone A' and in respect of the weighting of asset items constituting claims carrying the explicit guarantee of the European Communities

(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Directive 89/647/EEC of 18 December 1989 on a solvency ratio for credit institutions [1], as amended by Directive 92/30/EEC [2], and in particular Article 9 thereof,

Whereas the second indent of Article 2 (1) of Directive 89/647/EEC defines 'Zone A' as comprising 'all the Member States and all other countries which are full members of the Organization for Economic Cooperation and Development (OECD) as well as those countries having concluded special lending arrangements with the International Monetary Fund (IMF) associated with the Fund's General Arrangements to Borrow (GAB)';

Whereas the full membership of the OECD has been considered for the time being as the most appropriate criterion to distinguish the credit risk between countries with regard to the weighting of asset items constituting claims on or carrying the explicit guarantee of these countries;

Whereas an enlargement of the number of full members of the OECD is taking place as a consequence of a higher level of development reached by other countries together with democratic and economic freedom in line with the general principles for membership of the OECD;

Whereas it is important from a prudential supervisory point of view to maintain the creditworthiness of all countries in the 'Zone A' category; whereas for this reason an additional criterion should be included in the definition of 'Zone A'; whereas this criterion should imply that any country which reschedules its external sovereign debt should be precluded from the 'Zone A' category for a period of five years; whereas the same additional criterion has been introduced in the Basle Capital Accord and consistency with this Accord is desirable;

Whereas the second indent of Article 9 (1) of Directive 89/647/EEC provides that technical adaptations as regards amendment of the definition of 'Zone A' in Article 2 are to be adopted in accordance with the procedure laid down in Article 9 (2);

Whereas, when Directive 89/647/EEC was adopted, the possibility that loans might carry the explicit guarantee of the European Communities was not foreseen; whereas, for that reason, the Directive did not expressly provide for a reduced weighting and, as a result, such assets guaranteed by the European Communities are currently assigned a weighting of 100 %;

Whereas, however, points 3 and 7 of Article 6 (1) (a) of Directive 89/647/EEC apply a zero weighting to asset items constituting claims on the European Communities and to asset items secured to the satisfaction of the competent authorities by collateral in the form of securities issued by the European Communities;

Whereas it is appropriate to apply a 100 % weighting to asset items carrying the explicit guarantee of the European Communities and whereas a zero weighting should be applied in order to ensure consistency with points 3 and 7 of Article 6 (1) (a);

Whereas the fourth indent of Article 9 (1) of Directive 89/647/EEC provides that technical adaptations as regards amendment of the definitions of the assets listed in Article 6 in order to take account of developments on financial markets are to be adopted in accordance with the procedure laid down in Article 9 (2);

Whereas this Directive is relevant for the European Economic Area (EEA) and the procedure laid down in Article 99 of the Agreement on the European Economic Area has been followed;

Whereas the measures provided for in this Directive are in accordance with the opinion of the Banking Advisory Committee,

HAS ADOPTED THIS DIRECTIVE:

Article 1

In Article 2 (1) of Directive 89/647/EEC, the following sentence is added to the second indent:

'Any country which reschedules its external sovereign debt is, however, precluded from Zone A for a period of 5 years.'

Article 2

In point (a) of Article 6 (1) of Directive 89/647/EEC, point 4 is replaced by the following:

'4. asset items constituting claims carrying the explicit guarantees of Zone A central governments and central banks or of the European Communities;'.

[1] OJ No L 386, 30. 12. 1989, p. 14.
[2] OJ No L 110, 28. 4. 1992, p. 52.