# COUNCIL DIRECTIVE

## of 13 June 1983

## on the supervision of credit institutions on a consolidated basis

(83/350/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 57 (2) thereof,

Having regard to the proposal from the Commission (1),

Having regard to the opinion of the European Parliament (2),

Having regard to the opinion of the Economic and Social Committee (3),

Whereas First Council Directive 77/780/EEC of 12 December 1977 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions (4) states that, in order to make it easier to take up and pursue such business, it is necessary to eliminate the most obstructive differences between the laws of the Member States as regards the rules to which these institutions are subject;

Whereas the eventual aim is to provide for overall supervision of a credit institution operating in several Member States by the competent authorities in the Member State where it has its head office, in consultation, where appropriate, with the competent authorities of the other Member States concerned, so that distortion of competition between such credit institutions and the domestic credit institutions of their host countries is avoided; whereas, to that end, controls and supervisory practices applicable to credit institutions operating within the Community must be broadly similar from one Member State to another;

Whereas this objective can only be attained by stages; whereas establishment of the principle of supervision on a consolidated basis is one such stage;

Whereas, however, this Directive will not preclude supervision of individual credit institutions by the competent authorities of the host Member State;

Whereas supervision on a consolidated basis should enable the authorities supervising a parent credit institution to make a more soundly based judgment about the financial situation of that credit institution;

Whereas this Directive is concerned solely with cases where one credit or financial institution is owned wholly or in part by another credit institution;

Whereas the principle of supervision on a consolidated basis is broadly accepted; whereas Member States will therefore seek to conclude bilateral agreements with non-member countries designed to ensure that credit institutions in such countries with participations in the Community are subject to equivalent supervision and that credit institutions from the Community with holdings in non-member countries are able to apply the principles laid down in this Directive;

Whereas, pending coordination of consolidated accounts and prudential returns, it is not possible to implement consolidated supervision on a consistent basis in all Member States; whereas this Directive represents a first stage designed to establish the principle of supervision on a consolidated basis and to eliminate the obstacles which have hitherto prevented Member States from applying the principle on a unilateral basis for transactions throughout the Community;

Whereas, pending further coordination, the process of consolidation will be undertaken by Member States according to their national procedures;

Whereas this Directive is without prejudice to the possibility of a Member State introducing a more stringent system of supervision for credit institutions, in particular one making consolidation compulsory in other cases;

Whereas, although financial institutions as defined hereinafter are not covered by either Directive 77/780/EEC or this Directive, their inclusion in the consolidation procedure is necessary in order to ensure complete consolidation of all the credit activities within a group,

HAS ADOPTED THIS DIRECTIVE:

*Article 1*

**Definitions**

For the purposes of this Directive:

— 'credit institution' means, in accordance with the first indent of Article 1 of Directive 77/780/EEC, an

(1) OJ No C 40, 11. 2. 1983, p. 6.
(2) OJ No C 13, 17. 1. 1983, p. 237.
(3) OJ No C 178, 15. 7. 1982, p. 15.
(4) OJ No L 322, 17. 12. 1977, p. 30.