

## **ESAs consult on the application of the capital calculation methods for financial conglomerates**

The Joint Committee of the European Supervisory Authorities (EBA, EIOPA and ESMA) launches today a public consultation on Draft Regulatory Technical Standards (RTS) for the calculation methods under Article 6.2 of the Financial Conglomerates Directive (FICOD). These RTS will be part of the Single rulebook aimed at enhancing regulatory harmonisation in the European Union. The consultation runs until 5 October 2012.

The proposed draft RTS set out specifications for institutions in a financial conglomerate to ensure uniform conditions of application of the calculation methods for determining the amount of capital required at the level of the financial conglomerate.

The draft RTS are based on the following general principles and technical calculation methods:

### **General Principles**

- Elimination of multiple gearing;
- elimination of intra-group creation of own funds;
- transferability and availability of own funds; and
- coverage of deficit at financial conglomerate level having regard to definition of cross-sector capital.

### **Technical calculation methods**

- Method 1: Accounting consolidation method;
- Method 2: Deduction and aggregation method; and
- Method 3: Combination of methods 1 and 2.

The consultation paper is based on the draft Capital Requirements Regulation (CRR)/Capital Requirements Directive (CRD IV) as proposed by the European Commission on 20 July 2011.

This proposal might be subject to further changes, following this consultation and also the final adoption of CRR/CRDIV. The RTS shall be submitted to the EU Commission by 1 January 2013.

The consultation paper is available on the websites of the three ESAs: <http://www.esma.europa.eu/consultations/overview/10>. Please send your comments by **5 October 2012 COB** to the EBA, EIOPA and ESMA, by e-mail to [joint-committee@eba.europa.eu](mailto:joint-committee@eba.europa.eu), [jointcommittee@eiopa.europa.eu](mailto:jointcommittee@eiopa.europa.eu) and [joint.committee@esma.europa.eu](mailto:joint.committee@esma.europa.eu) indicating the reference '**JC/CP/2012/02**' in the subject field.

All contributions received will be made public, unless otherwise requested, following the close of the consultation.

## **Note to Editors**

The Joint Committee is a forum for cooperation that was established on 1 January 2011, with the goal of strengthening cooperation between the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and European Securities and Markets Authority (ESMA), collectively known as the three European Supervisory Authorities (ESAs). Through the Joint Committee, the three ESAs cooperate regularly and closely and ensure consistency in their practices. In particular, the Joint Committee works in the areas of supervision of financial conglomerates, accounting and auditing, micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability, retail investment products and measures combating money laundering. In addition to being a forum for cooperation, the Joint Committee also plays an important role in the exchange of information with the European Systemic Risk Board (ESRB) and in developing the relationship between the ESRB and the ESAs.

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