

## CITIZENS' SUMMARY OF PROPOSED CHANGES TO THE CAPITAL REQUIREMENTS DIRECTIVE

### THE PROBLEM

Current [EU rules for banks](#) need to work better as regards:

- **controlling banks' exposure to risks**  
namely the rules on maximum amount of exposure to the same party and the reporting requirements for this.
- **hybrid capital**  
i.e. securities that contain characteristics of both equity and debt. There are no clear EU-wide criteria for assessing their quality and eligibility to be counted as banks' capital (the amount of which determines how much a bank can lend).
- **cross-border supervision and crisis management**  
the responsibilities of supervisory authorities in different EU countries, during both 'normal' and 'crisis' periods, must be clearer. They also need to cooperate more and inform each other of developments in their country.
- **exempting banks organised in networks from certain prudential requirements**  
to help the continued growth of these banks - mainly cooperatives - which primarily serve small businesses and private individuals.
- **methods for assessing banks' exposure to investment funds**  
(which affects the capital they are required to hold) are too cumbersome and need to be made simpler and more practicable and effective.
- **risk management for securitised products**  
the current market turmoil shows the need to tighten up the rules on debt securities, the repayment of which depends on the performance of a dedicated pool of loans (securitisations).

### WHY IS THE EU PROPOSING THIS MEASURE?

To:

- ensure the rules keep pace with market developments
- help the EU banking market become more integrated
- make the existing rules more effective.

### HOW WILL THE PROPOSAL HELP?

- the financial system will be more stable
- risks will be managed better
- the capital held by banks will be sound
- banks organised in networks (cooperatives) will be more competitive

- national supervisory authorities will have a better overview of the activities of banks operating in more than one EU country.

#### **WHO WILL IT HELP?**

- banks
- lenders to banks
- borrowers from banks (customers)
- investors
- consumers and taxpayers in general

#### **WHEN WOULD IT COME INTO EFFECT?**

During **2010/11**.