

Patrick Brady, Chairman of the Joint Committee on Financial Conglomerates

Speaking points for the HL Conference "Towards a new supervisory architecture in Europe" – 7 May 2009

- Mr Brady welcomed the de Larosiere report and its analysis, specifically in relation to large complex groups (paragraphs 233 to 235 inclusive) but noted that no firm proposals for dealing with such groups were put forward.
- He emphasised that the role of colleges of supervisors cannot be underestimated and must be built on and that, for the JCFC, developing supervisory colleges for Conglomerates was one of our challenges for 2009.
- He pointed to the importance of conglomerates in Europe. Of the 36 main banking groups notified to the EFC, 22 are conglomerates and of the 30 largest insurance groups notified, 10 are conglomerates (with 5 in common). These large, groups represent approximately 70% of banking and insurance business.
- Notwithstanding these large groups, there are thousands of banks and insurance companies, as well as numerous funds, UCITS, investment firms, asset managers etc, throughout the union, operating in many different markets. This argues strongly for the maintenance of the three sectoral committees.
- Nevertheless, he did point to the need for either an overarching committee or a fourth committee (conglomerates). He suggested that a statutory structure be put in place to ensure, at a minimum, there is:
 - Formal Level 3 oversight of conglomerates/bancassurers;
 - Cross-sectoral consistency, for example in relation to capital, governance, internal controls and risk management etc;
 - Robust colleges are in place;
 - A vehicle for international co-operation at a supervisory level;
 - A legal structure for the delegation of powers and responsibilities between supervisors while ensuring appropriate accountability;

- He was confident that the Commission would bring forward proposals that would adequately address these issues.
- In closing, he pointed to the need not to get caught up in constant discussions and negotiations across a range of international institutions to the detriment of having appropriate systems in place in the EU.