



European Commission
Internal Market DG
Director J. C. Thébault

Via e-mail: Markt-C3@cec.eu.int
1049 Brussels

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Ze/Ull

Financial industry consultation on reporting requirements

Dear Mr. Thébault,

Further to the consultation of the industry federations on Wednesday 30 October 2002 on the results of the forum group on financial reporting we would like to make the following comments.

The European Federation of Building Societies (EFBS) supports the general view expressed both in the meeting and the findings paper, i. e. there is a need to streamline reporting requirements as the current fragmentation of reporting can be considered as the main source of inefficiency. Moreover, EFBS feels that, generally spoken, reporting requirements should reflect the diversity within Europe's financial services industry. The risk profile of product driven institutions differs without doubt from that of cross-sectoral financial conglomerates. Besides, institutions that are limited in their reach to the Euro-zone are facing different risks compared to the so-called global players. EU-legislation should consequently provide adequate options to take account of this diversity.

Concerning the recommendations given in the findings paper EFBS therefore should like to set the priorities as follows:

- Bearing in mind that the implementation of new or altered reporting requirements represents the main burden for the industry (not the running costs once these systems are implemented) coordination of the implementation of IAS, Basle II and financial conglomerates directive should start imminently in order to avoid conflicts between supervisory and accounting reporting requirements.
- Concerning the question which reporting requirements can be harmonised at EU-level EFBS supports the idea first to harmonize the "formal aspects" of reporting, i.e. criteria, definitions, classifications as well as timetables, periods, technical formats etc. Ideally these definitions should also be coherent with the notions used within internal risk control systems of the financial institutions.

- Against this call for harmonisation, however, it is important that reporting requirements afford possibilities to respond to risks in a flexible way. Where risk profiles are low or even not existing reporting requirements should foresee adequate facilitations.
- In order to enhance cross sectoral and cross border convergence EFBS advocates to develop the "lead supervisor/co-ordinator" concept outlined in the financial conglomerates directive. With respect to the new architecture within an extended Lamfalussy-procedure, however, EFBS is of the opinion that the sectoral approach should be chosen both on the regulatory and on the supervisory level.

Finally, EFBS would like to thank the Commission and especially the forum group's facilitators, Mrs. Monteyne and Mrs. Wolfbrandt, for this opportunity to contribute to the current debate. We would be obliged to you for taking our aspects into consideration in your further deliberations and are at your disposal at any time for any questions you may have.

Yours sincerely,



Andreas J. Zehnder
- Managing Director -
European Federation of Building Societies