



MARKT/2525/04-EN
November 2004

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1. CAD

This update sets out the progress of negotiations on the proposal for a Capital Requirements Directive ('CRD'), summarises the key political issues outstanding at this point, and sets out the expected next steps.

Strong progress in the Council

Under the Dutch Presidency, the Council Working Group has met eight times since July in expanded format, and twice in financial attachés format, with one paper submitted to Coreper in mid-October for guidance and approval of the process.

Coreper is discussing the proposal on the 24th November with a view to the reaching of agreement on a 'general approach' by the early December ECOFIN.

Much progress has been made in identifying important issues for Member States and moving towards a package of foreseen amendments which can be agreed in Council.

Political issues outstanding

In moving towards agreement on a "general approach" a range of issues have been discussed. As well as a number of other matters identified as being of political significance for Member States and brought towards resolution, these include the implementation date of the new framework; the role of the consolidating supervisor, in particular in relation to the determination of applications for approval of institutions' rating systems and models; appropriate circumstances in which to permit modulation of the principle that the new framework should apply to every individual institution within a group; and the treatment of "non-own-account-dealing" 730k investment firms.

Next steps

(a) In the Council

The Council is entering into the end-phase of negotiations on the CRD proposal. The Dutch Presidency intends to reach a 'general approach' following the Coreper on 24 November and the Ecofin on 7 December.

(b) In the European Parliament

The EP's Economic and Monetary Affairs Committee ('ECON') will hold its first substantive hearing on the CRD proposal on 22 November. A number of representatives of industry, trade associations, supervisors, etc., will appear at the hearing. A further hearing is planned for January, where the attendees will include Jaime Caruana, Governor of the Banco de Espana and Chairman of the Basel Committee. It is tentatively indicated that voting in Committee is scheduled for May 2005 and in Plenary for June 2005.

2. Motor insurance

The Council Common Position on the proposal for a Fifth Motor Insurance Directive, formally adopted on 26th April 2004, was submitted to the enlarged European Parliament for a second reading by mid-September. As stated in the Commission Communication to the EP [COM(2004)351 final of 30th April 2004], the Council common position retains the essence of the Commission's proposal. It contains indeed some improvements in certain aspects. First, it incorporates, fully or in their spirit, all the EP amendments which were accepted by the Commission at the Plenary. Second, it meets in some important cases the concern expressed in other EP's amendments and contains solutions in the same direction, even if they do not fully coincide with such amendments. Finally, the common position also deals with some technical issues which were not raised by the EP. It is scheduled that the EP might adopt its resolution closing the Second Reading on 12th January 2005.

3. Solvency II

The IC Solvency II Sub-committee met on 29th October 2004 to discuss the Commission staff document MARKT/2515/04, which, together with the result of public consultation, enabled the Services to propose a second wave of Calls for Advice from CEIOPS to the IC on 1st December (Annex 2 to MARKT/2506/04). This wave concentrated mainly, but not solely, on quantitative Pillar I issues. A third wave will address the remaining six issues in early 2005 to conclude this phase of the project. Then the main focus of the Services will be on the preparation of the Framework Directive. Effective management of the project and co-operation will be the key issue for the Services, the IC and CEIOPS.

CEIOPS is addressing comprehensively all areas of Solvency II through its working groups. Moreover CEIOPS gave its first interim report on the first wave of Calls for Advice at the end of October (see CEIOPS website www.ceiops.org).

4. Reinsurance supervision

After the last meeting of the IC Reinsurance Subcommittee on 31st October 2003, the Commission presented on 21st April 2004 its proposal for a Directive of the European Parliament and of the Council on reinsurance¹.

¹ COM(2004) 273 final ; 21.April 2004. The proposal as well as an extended impact assessment are available at http://www.europa.eu.int/comm/internal_market/insu

The proposal provides for a regulatory framework based on the existing regime introduced by the Third Insurance Directives. The proposal extends to reinsurance companies the system for the authorisation and financial supervision of an insurance undertaking by the Member State in which it has its head office ('home country control'). It will enable reinsurance undertakings to pursue their business anywhere in the European Union, by means of branches or under the freedom to provide services. The proposal is a "fast track" solution for reinsurance pending proposals covering the insurance industry as whole under the long-term "Solvency II" project. It will now go forward, under the co-decision procedure, for discussion and adoption by the European Parliament and Council.

Council has started the first reading of the proposal, within the ad hoc working group, on 7th June, under the Irish Presidency. The Dutch Presidency has pursued discussions in order to focus on the major issues and find an overall agreement on the text of the proposal. Compromise texts have been prepared by the Presidency. Major issues are the requirements for solvency margins in life and non-life, investment rules, suppression of collateral or the treatment of finite reinsurance and special vehicle purposes (SPV).

The European Parliament (Economic Committee – ECON) has appointed Mr. Skinner (UK-SP) draftsman. A first general discussion in ECON took place on 5th October. A hearing with representatives of the industry and supervisory authorities has also been organised by ECON for 30th October 2004.

On 27th October, the European Economic and Social Committee (EESC) issued its opinion on the proposal for a Directive. The EESC approves the Commission's proposal and suggests aligning the solvency margin requirements for life reinsurance with the non-life requirements.

5. Guarantee schemes

At the last meeting of the IC on 30th June 2004 the Commission's Services reported on the progress achieved by the working group on insurance guarantees and presented the conclusions of the last working group meeting held on 30th March 2004.

With regard to the future work on this file, the opinion of the members of the IC was divided. The majority of the members taking the floor were in favour of continuing the work on insurance guarantee schemes in the way suggested by the working group, while a significant number of

[rance/docs/reinsurance/directive/com-2004_273-final-en.pdf](#).

members were opposed. The Chairman of the Committee concluded that the arguments for and against an EU initiative had already been well-rehearsed but that the work on this file should progress.

Following the approach suggested by the working group, the Commission services prepared a first "issues paper" (Markt/2513/04-EN), which presented a number of key draft provisions in order to facilitate the discussion. ..

The paper focused on some of the core elements of any future harmonisation : (a) obligation to create a scheme; (b) home Member State principle (territorial scope); (c) tasks which should be carried out by the scheme and (d) claims to be covered.

At the meeting of the working group on 4th October 2004, most delegations agreed with the lines of the provisions presented, in particular with regards to the obligation to create a scheme and the home Member State principle. They supported the flexible approach suggested by the Commission's Services as regards the tasks that a guarantee scheme should carry out. Indeed an insurance guarantee scheme should either provide cover for insurance claims or secure the continuity of the insurance portfolio. Most delegations agreed that a future guarantee scheme system should cover life and non-life insurance claims, although two delegations were critical regarding the coverage of life insurance and another two criticised the inclusion of non-life. The exact amount of claims to be covered will need further discussion. Most delegations agreed that the guarantee scheme should provide a less than total coverage. Caps and limits were proposed. A first discussion about the concept of insurance claims that should be covered also took place in the working group meeting. The Commission Services suggested that the scope of coverage may be defined by using the split between large risks (Art. 5, d) of Directive 73/239/EC as amended by Art. 5 of Directive 88/357/EC) and mass risks as well as by excluding certain categories of consumers.

The next meeting is envisaged for January 2005.

6. Accounting

The endorsement process

The Accounting Regulatory Committee (ARC) and the Commission Services are currently finalising the work on the endorsement of the package of IAS and interpretations that should be applicable from 1 January 2005. The next meeting of the ARC is planned for 30th November 2004, and it is foreseen that all (or most) unendorsed standards and interpretations will be endorsed at this occasion. If needed, a further meeting of the ARC could take place on 20th December 2004.

After long discussions, the ARC endorsed **IAS 39** for mandatory use in the EU at its meeting on 1st October 2004. It was not possible for the Commission to propose a full endorsement due to financial stability concerns expressed by the European Central Bank as well as technical problems in applying the proposed hedging rules. Therefore certain provisions related to hedging as well as the so-called “fair value option” were “carved-out” and hence not endorsed for mandatory use.

It is foreseen that **IFRS 4** will be included in the package of IAS and IFRS standards (as well as interpretations) that will be proposed for endorsement on 30th November 2004. The Services’ best assessment is that a majority for a positive endorsement decision is likely to be achieved.

Consequential changes to Insurance Directives

CEIOPS Accounting/Pillar III Group has written a report on “Implications of IAS/IFRS introduction for the prudential supervision of Insurance Undertakings”. This report is currently out for public consultation and can be downloaded from www.ceiops.org. The Group has particularly studied the need for supervisory adjustments resulting from the introduction of IAS/IFRS in 2005.

The general conclusion of the CEIOPS paper is that most supervisory adjustments, or “prudential filters”, can and should be applied at Member State level. The amount of amendments needed in a jurisdiction depends on different aspects, such as accounting tradition, use of options in the directive and the extent to which the same set of accounts are used for financial reporting and supervisory purposes.

The Group consequently concludes that there is only limited need for changes to the Insurance Directives. In fact, only the reclassification of “equalisation provisions” to “equalisation reserves” in IFRS 4 may call for amendments. The Commission Services agree with CEIOPS’ analysis, and detailed proposals for amendments will be presented to the IC.

7. Insurance Mediation

In its communication of 11th December 2002 on better monitoring of the application of Community law [COM(2002) 725], the Commission recalls that prime responsibility for implementing Community law, both the Treaty and secondary legislation, lies with Member States, while stressing that cooperation between the Commission and Member States, notably when directives are being transposed, is a crucial element in the effective monitoring of Community law.

In accordance with the communication, the Commission is increasing cooperation before expiry

of the transposition deadline for the Directives. In this framework, DG MARKT/F has considered the possibility of holding a working group meeting with Member States’ experts to examine and analyse possible questions and difficulties encountered by Member States during their process of preparation of the national measures required to transpose the Insurance Mediation Directive (IMD) into their domestic law. A first meeting of a Commission working party on the implementation of the IMD took place on 17th June.

The working party examined first the current state of the Member States’ progress with the transposition of the IMD for which the deadline is 15th January 2005. The Commission services reported on the consequences of non-transposition or asymmetric transposition. In addition the working group considered questions tabled by the delegations with regard to the major difficulties encountered in the process of transposition. Member States considered this a very useful meeting and requested a second meeting in order to complete the analysis of the text of the IMD.

A second meeting of the working party took place on 8th October 2004. The working party considered questions relating to acquired rights of insurance intermediaries carrying on business before 1st September 2000, freedom of provision of services’ procedures, competent authorities, exchange of information between Member States, complaints/out of court redress and information), the consequences for insurance intermediaries arising out of a late transposition by Member States, as well as the different treatment given by Member States to specific activities of insurance carried out by some professionals in the framework of their professional activity (freight forwarders).

CEIOPS has also set up a working group which will deal with issues relating to the cooperation between competent authorities. A first meeting is scheduled on 2nd and 3rd December 2004.

8. New Committee Architecture- Package to improve regulation of banking, insurance, and investment funds.

The proposal to amend the existing committee structure was adopted at First Reading by the European Parliament on 31st March, and subsequently agreed by Ecofin on 11th May. The Directive (and four accompanying Commission Decisions) will come into effect twenty days after publication in the Official Journal. It is now hoped that this will take place early in 2005.

9. Enlargement

- **Adoption of the Regular Reports**

The COM adopted on 6th October 2004 the Regular Reports for Bulgaria, Romania and Turkey, as well as an opinion on the opening of accession negotiations with Turkey. The Regular Reports identify in detail outstanding issues. In the case of Bulgaria and Romania, this will be useful in order to monitor the commitments that these States have made during the accession negotiations. The timetable for Bulgaria and Romania to join the EU is to sign a Treaty of Accession in the spring of 2005 so that both countries would become members by January 2007.

- **Bulgaria**

All chapters regarding internal market areas have been closed and the accession negotiations with Bulgaria are to be finalised by the end of this year. The EU-Bulgaria Association Committee took place in June 2004, where the COM underlined the importance for Bulgaria to continue its efforts in transposing the insurance *acquis*. The Regular Report also pointed out within the field of financial services, that the progress recorded in the alignment with the *acquis* on insurance should continue, as significant parts of the *acquis* remain to be transposed. The EU-Bulgaria Association Council is to take place on 14th December 2004, where the necessity of full alignment of the Bulgarian legislation with the *acquis* related to financial services, notably insurance, will be recalled. A technical meeting organised by DG MARKT has recently taken place to discuss and clarify a number of outstanding issues as regards transposition.

- **Romania**

As far as Romania is concerned, the COM intends to finalise the negotiations by the end of this year. The Regular Report underlined that the new law on insurance companies and insurance supervision has strengthened the regulatory framework. However, additional changes are necessary to reach full alignment such as the adoption of implementing legislation and further strengthening of insurance supervision. A team of experts from the Member States' supervisory authorities visited Romania during the period 21st to 23rd July 2004. The visit funded by TAIEX was part of the process of strengthening the supervisory capacity of Romania in the financial services sector prior to accession. The Insurance Commission seems to be the institution which has the most catching up to do. A Phare project is to provide support in that respect.

- **Croatia**

On 18th June 2004, the European Council agreed to award to Croatia the status of candidate country for EU membership. Accession negotiations with Croatia are thus expected to start in early 2005, but

the negotiation methodology will change insofar as more attention will be paid to the situation on the ground (transposition of the *acquis*, administrative capacity and enforcement record). The next Internal Market sub-committee with Croatia is to take place in Zagreb in December 2004, where issues related to financial services will be discussed.

- **FYROM (Former Yugoslav Republic of Macedonia)**

Following the submission of an application for EU membership by FYROM in March 2004, a questionnaire was handed over by President Prodi to the FYROM Government on 1st October 2004. The reply is expected in February 2005. The Opinion of the Commission on FYROM's application is then to be prepared during spring 2005.

- **Turkey**

The recommendation adopted by the COM as well as the Regular Report will form the basis for the European Council of 17th December 2004 to decide whether negotiations could start with Turkey. If negotiations are opened, the negotiation methodology will change insofar as more attention will be paid to the situation on the ground (transposition of the *acquis*, administrative capacity and enforcement record). The recommendation was adopted on 6th October 2004 and was accompanied by a Paper on issues arising from Turkey's membership perspective.

10. Gender Equality

On 4th October 2004, the Council for Employment and Social Affairs reached a political agreement on the proposal for a Council Directive implementing the principle of equal treatment between women and men in the access to and supply of goods and services. Germany abstained [[COM\(2003\)657 final](#)]. The compromise provides for a transposition period of three years after the formal adoption of the Directive by the Council.

Under the compromise reached, gender equality treatment will apply to financial services, including insurance. However article 4 provides for exceptions and transitional regimes in respect of the application of this principle to insurance. Member States may allow during five years, after the date of transposition, the use of proportionate differences in individuals' premiums and contributions based on actuarial and statistical data using gender as a determining factor. Those Member States shall inform the Commission and ensure that accurate data relevant to the use of gender as a determining actuarial factor be made public and regularly updated. This exception shall be reviewed after five years. In any event, costs related to pregnancy and

maternity shall not result in differences in premiums and benefits. Given the structure of the insurance market in certain Member States, a two-year transitional period is provided for in this connection. The compromise also provides that the Commission shall examine current practices of Member States with regard to the use of gender as an actuarial factor and present a report three years after the date of transposition to the Council and the Parliament. On the basis of this report the Commission will present, if appropriate, proposals to amend the directive with the aim of establishing a common legal framework in all Member States with regard to the use of gender as an actuarial factor. The Commission declared that, in order to prepare this review, it will set up a working group, including representatives of Member States, insurance and financial services, consumers and other bodies.

11. Infringements

The Court of Justice has delivered on 18th November 2004 its judgement in case C-164/04, *Commission v/ United Kingdom*, stating that, by not adopting the laws, regulations and administrative measures necessary to comply with Directive 2001/17/EC (the “*winding-up*” directive), the **UK** has failed to fulfil its obligations under that directive.

The Commission has decided to bring **Greece** to the Court with regard to the failure to transpose into the Greek domestic law Directives 2002/12/EC and 2002/13/EC on solvency margins for life assurance and non-life insurance undertakings respectively. These were to have been transposed by 20th September 2003 at the latest.

A reasoned opinion has also been sent to **Greece** with regard to the compatibility with EC law of the national legislation imposing on companies providing third-party motor insurance the requirement (which does not appear in the non-life insurance Directives) of belonging to the Greek association of insurance companies. The Commission considers that as a result of this requirement there may be a risk of preventing or discouraging insurance companies from other Member States from entering the Greek market, and thus a risk of restricting competition on price and on the access of policyholders to a wider selection of companies. Policyholders in Greece thus run the risk of having to pay more for their motor insurance policies. The Commission feels that the violating measure, which provides for the involvement of a body comprising competing companies already operating in the country, represents a hindrance to the right of establishment and the freedom to provide services. Also, for foreign companies these measures would have the effect of preventing the freedom to market

insurance products: an insurer from another Member State wishing to be established or to provide services in Greece has no freedom of choice on whether or not to become a member of the Greek association of insurers. Consequently, this rule encroaches on the sole powers of the Member State of origin. Lastly, with regard to insurance undertakings whose registered office is located in Greece and who are therefore subject to monitoring by the relevant Greek authorities, this requirement is also a hindrance to the proper operation of the internal market in insurance and incompatible with the Community Directives on the matter. The fact is that there is nothing in the Community Directives to indicate that such a requirement is necessary in order to obtain the single authorisation which is essential to exercise the activity of motor insurance in the EU.

The Commission has also decided to bring **Spain** before the Court of Justice in connection with its legislation on the transfer of insurance portfolios between operators, which the Commission regards as discriminatory against non-Spanish insurers. Under the third Directives on life and non-life insurance (92/96/EEC and 92/49/EEC), Member States may give policy-holders the option of cancelling contracts after a transfer of portfolios. If, however, a Member State allows this option, it may not, when doing so, distinguish between the elements involved in the operation that are within the country in question and those (the economic operators, or the operations forming the subject of the transfer) that have a cross-border dimension. Spanish law does not provide for the option of cancelling contracts following a total portfolio transfer between two Spanish insurers. This option is, however, explicitly provided for policy-holders in the event of total or partial transfer to a company from another Member State operating in Spain under the freedom of establishment or the freedom to provide services. This right of cancellation also applies if a company established in another Member State transfers its portfolio of risks or commitments in Spain to a Spanish insurance company. Moreover, in the latter two cases, the companies in question must inform policy-holders individually of their right to cancel their contracts and to have an appropriate part of the premium refunded.

Another reasoned opinion was sent to **Luxembourg** requesting it to stop imposing a compulsory system of excesses in third party motor insurance. In the Commission's view, a system whereby the maximum amounts of excesses are laid down by law for all insurance policies covering third party liability in respect of vehicles habitually used in a Member State must be considered contrary to the freedom to market insurance products introduced by the third non-life insurance Directive. Such a system has the effect of restricting free competition between insurance undertakings and of limiting the choice of products available to prospective policyholders.

Finally, it should also be recalled that, in its judgement delivered on 7th September 2004, in Cases C-346/02 and C-347/02, the Court of Justice has not declared unlawful the *bonus-malus* systems established in **France** and **Luxembourg** for motor-vehicle insurance contracts. While the Court confirmed the principle of tariff freedom in the non-life insurance sector, including the area of compulsory insurance such as insurance covering third-party liability arising from the use of motor vehicles, as stated in its previous judgement in case C-59/01 (*Commission v/ Italy*), the ECJ has pointed out that the harmonisation is not full. According to the Court, as long as the basic premium can be set with complete freedom, there would not be a breach of the freedom of tariffs.

12. Financial Services Action Plan

Financial Services Action Plan: Commission's stock taking on state of financial integration

The European Commission has published on 6th May for open consultation reports by four independent groups of experts on the state of financial integration in the banking, insurance, securities and asset management sectors.

The reports were the basis for a wider public consultation open until September. The Commission has received 64 contributions from a wide range of stakeholders, including insurance industry, consumer organisations etc. Currently, the Commission is finalising an extensive analysis of all contributions to be able to draw some first policy conclusions in the coming month.

A preliminary quick scan of the contributions shows there is much support for the vision of a single capital market of which the legal foundations have been laid by the FSAP. However, it is too early to fully assess the real impact of the FSAP. Much of its success in EU's financial environment will depend on the correct and timely implementation and enforcement of all its measures. Other future priorities identified by the consultation include targeted legislative action in response to specific market failures or regulatory gaps, in areas like asset management, clearing and settlement, and retail financial services. Furthermore, there is a need for more practical arrangements on supervisory cooperation.

Based on the expert group reports and the reactions to them, the Commission will be in a position to consider, early in its mandate, how to ensure the effective implementation and enforcement of the measures agreed under the FSAP and how best to build on those measures to complete the integration of EU financial markets.

13. Work of CEIOPS

An the Members' Meeting on 29th June 2004 the Insurance Mediation Working Group was established to work out measures for the

implementation of Directive 2002/92/EC on insurance mediation. The Committee will be chaired by Victor Rod (Luxembourg). The first meeting is scheduled for 2nd and 3rd December 2004.

A Report of the Financial Stability Committee on Financial Conditions and Financial Stability in the Insurance Sector 2003 was adopted at the Members' Meeting on 21st October 2004 and will be published shortly on the CEIOPS Website.

The Pillar III and Accounting Working Group has finished its Report on Supervisory Filters, which will be published soon on the Website for public consultation.

Work for answering the questions posed in the first wave of calls for advice under the Solvency II project is under way and will be submitted to the European Commission soon.

The Occupational Pensions Committee is progressing in its work on a Protocol relating to the cooperation of the supervisory authorities in particular in the application of directive 2003/41/EC on occupational retirement provision. A first discussion paper is expected for the Members' Meeting on 24th February 2005.

The period for public consultation on the first two documents of CEIOPS (Public Statement of Consultation Practices, Guidelines for Co-ordination Committees) has ended. The comments received are currently under consideration. The final documents will be published shortly.

Regular meetings between the three Level 3 Committees (3L3) continue on a range of issues of cross-sectoral interest.

Further, CEIOPS is working on a plan on convergence of supervisory practices to be submitted to the FSC Stability Table next spring.

Annexes:

BAC – Banking Advisory Committee

Annex 1: Draft agenda of the 77th meeting of the Banking Advisory Committee (BAC) on 24 November 2004

ESC – European Securities Committee

5 July, 22 September and 18 October summary records available at: http://europa.eu.int/comm/internal_market/securities/esc/index_en.htm#meetings

ARC – Accounting Regulatory Committee

Summary records available at:

http://europa.eu.int/comm/internal_market/accounting/committees_en.htm

30 November draft agenda enclosed (*Annex 2*)



MARKT/1070/04-EN

DRAFT AGENDA

77th meeting of the Banking Advisory Committee (BAC), Brussels, 24 November 2004

1. **ADOPTION: AGENDA (MARKT/1070/04-EN) AND MINUTES OF THE 76TH MEETING (MARKT/1071/04-EN)**
2. **MERGERS & ACQUISITIONS (MARKT/1072/04)**
The informal ECOFIN Council has identified supervisory restrictions on the acquisition of capital as a potential obstacle to cross-border integration in the banking sector. The Commission has undertaken to review the Codified banking directive 2000/12/ EC. The BAC is invited to discuss possible options.
3. **DEPOSIT GUARANTEE SCHEMES (MARKT/1073/04/)**
Increased cross-border integration has highlighted the need to upgrade the EU framework for deposit guarantee. BAC views will be sought on the main areas that require review and/or further harmonisation.
4. **DEFINITION OF OWN FUNDS (MARKT/1074/04)**
The emergence of new capital instruments and the upcoming shift to new accounting and prudential standards call for a revision of the definition of own funds. The Commission will seek the views of BAC on the roadmap for this review.
5. **E-MONEY (MARKT/1075/04-EN)**
The public consultation on the application of the E-money Directive to mobile operators brought back 60 responses. The Commission services intend to make its position public in a working document in early 2005. BAC will be consulted on the main lines of the Commission's policy and on future steps.
6. **LIQUIDITY RULES (MARKT/1076/04-EN)**
The BAC will be invited to discuss an outline of future work on liquidity.

INFORMATION ITEMS

7. **POST FSAP:** the Commission will provide feedback from the public consultation and outline the future steps (MARKT/1077/04-EN)
8. **CAPITAL REVIEW**
 - Recast of Directives 2000/12/EC and 93/6/EEC (capital review): the Commission will inform about the state-of-play of negotiations in Council and Parliament (MARKT/1078/04).
 - Report from CEBS on national discretions, prudential filters, and convergence work in the field of the capital review.
9. **CEBS:** The Chairman of CEBS will be invited to report on recent activities and on cooperation with CESR and CEIOPS.
10. **ANY OTHER BUSINESS**
Cooperation with US: Extension of framework agreement for cooperation to the Office of Thrift Supervision; **Committee architecture:** Timetable to formal adoption and publication.

ELEVENTH MEETING OF THE ACCOUNTING REGULATORY COMMITTEE (ARC)²**BRUSSELS, 1 OCTOBER 2004 (9.30 AM – 5 PM)****ALBERT BORSCHETTE CENTRE (ROOM 2B)– 36 RUE FROISSART, BRUSSELS****REVISED DRAFT ANNOTATED AGENDA³****I – Approval of the draft minutes of the ARC meeting of 08.09.2004 9.30 to 9.35****II – Discussions and formal vote on IAS 39 9.35 to 15:30**

Proposal for a Commission Regulation adopting international accounting standard IAS 39 *Financial Instruments: Recognition and Measurement* (with the exception of the provisions on the use of the fair value option and certain provisions relating to hedge accounting) in accordance with Regulation (EC) N° 1606/2002 of the European Parliament and of the Council

The members of the Committee are expected to give their opinion on this implementing measure in accordance with the regulatory procedure provided for in Article 6 of Regulation (EC) N° 1606/2002.

III. – First draft of a Proposal for a Directive amending the Accounting Directives 15:30 to 16:30

First draft of a Proposal for a Directive of the European Parliament and of the Council amending Directives 78/660/EEC and 83/349/EEC on the annual accounts and consolidated accounts of certain types of companies.

The members of the Committee will be informed about the objectives and the contents of this first draft. This draft does not reflect the final position of the Commission or of the Commission services.

IV – Miscellaneous 16:30 to 17:00

² Interpretation from DE-EN-FR into DE-EN-FR will be provided

³ The Committee will be asked to vote on the “Improvement Project» (Revision of existing IAS) and on IFRS2 to 5, including the amendments to IAS 36 and 38 on 30 November. The change to the agenda follows-up a request from one delegation which asked for respecting the 60-days period under the Rules of Procedure. In addition, the Commission considers that sufficient time should be devoted to a final discussion on IAS 39 at the meeting of 1 October.