



MARKT/2529/05
December 2005

NEWSLETTER

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- 2) ARC – link to summary records (draft agenda of 30 November attached as Annex 2)**

1. Capital Requirements Directive

Following a vote in the EP plenary on 28 September, on 11 October, the ECOFIN ministers reached agreement on the European Parliament's legislative resolution on the Capital Requirements Directive for credit institutions and investment firms. The Directive, generally known as the Capital Requirements Directive but technically recasting two existing Directives (2000/12/EC and 1993/6/EEC), will introduce a supervisory framework in the European Union which reflects the Basel II rules on capital measurement and capital standards agreed at the G-10 level, with appropriate adjustments to reflect EU-specificities. The Commission's proposal of 14 July 2004 has thus been agreed in a single reading. The formal adoption will follow early next year, after scrutiny by the jurists' linguists.

The final compromise comprises 564 amendments, some 200 of them reflecting the decision to incorporate the new rules for trading activities and double default treatment. The text includes a compromise on "Comitology" which allows Comitology powers to be used by the Commission to update the CRD until, as scheduled, April 1 2008 at the latest. After that date the powers can only be renewed with the agreement of the three institutions. The Commission will work hard to ensure that such an agreement can be found in the recently re-established "friends of the presidency" group that is considering a revision of the 1999 Comitology decision.

Member States must transpose and banks should apply the Directive from the start of 2007. The most sophisticated approaches (Advanced IRB approach and AMA approach for operational risk) will be available from 2008. In the US it has been decided to postpone the implementation by one year (and to add new "floors") for internal reasons. This will not affect the European timetable.

2. Motor insurance

The Commission is currently finalising the report on Article 6 of the 4th Motor Insurance Directive (compensation bodies) and on trailers after having consulted the Member States, the industry (CEA) and after having launched a public consultation.

The results of the public consultation have been published on 21.11.2005 on the webpage of DG MARKT:

http://europa.eu.int/comm/internal_market/insurance/motor_en.htm

The report is expected to be released by the end of 2005.

The Commission is also planning to launch further consultation in early 2006 in order to prepare the report on legal expenses and on Article 4 of the 4th Motor Insurance Directive (sanctions), which has been scheduled for 2006.

3. Solvency II

The Commission Services have continued to follow actively the Solvency II work of the CEIOPS' working groups. In addition, the Services have been working on the codification and recasting of the Insurance Directives and on the Impact Assessment that accompanies the proposal for a Directive on Solvency II.

As agreed in EIOPC on 29 June 2006, the Commission Services have codified the texts of 13 Life and Non-life Directives (the recasting exercise does not concern the Motor Insurance Directives) into one Directive. Moreover, the Services have consolidated the Insurance Groups Directive (as amended by the Financial Conglomerates Directive, the Lamfalussy Directive and, most of all, by the Reinsurance Directive), which will be added as a separate chapter in the new Directive. These documents will be presented to EIOPC on 2 December 2005. At the meeting of the Solvency Working Group on 14 December 2005, the new Directive including also the Reinsurance Directive, the Insurance Groups Directive and the Winding-up Directive will be presented to Member States and discussed. The structure of the current Directives is kept, but certain provisions will change substantially once the Solvency II related elements have been introduced. A first discussion on those elements will take place in February 2006.

The Solvency II Directive will be accompanied by an impact assessment report. The purpose of this report is to explain the critical choices made in the new Directive. An impact assessment comes in an early phase of the process of adopting an EU Directive, and significant changes can follow during the negotiations in Council and Parliament. In the case of a Lamfalussy directive, there will be additional complexities to perform an impact assessment as all details needed for the analysis may not be finally decided upon at the time of the presentation of the Commission Level 1 Directive proposal. An impact assessment contains quantitative as well as qualitative parts.

The Quantitative Impact Studies that CEIOPS is conducting will allow the Commission Services to have a good picture of the quantitative impact.

For the qualitative impact, the Commission Services will work with stakeholders. The European Central Bank will contribute by measuring the impact on financial stability. A public hearing will be held in June 2006 to foment discussions and gather the opinions of stakeholders on the overall picture of Solvency II.

4. Reinsurance supervision

As foreseen, the ECOFIN Council adopted the proposal in October 2005. Due to excellent cooperation between the European institutions, the Directive was therefore adopted at first reading. It will soon be published in the Official Journal and, once published, Member States will have two years to transpose it.

5. Guarantee schemes

At the last meeting of the Commission Experts Group on 01.06.2005 the Working Paper on Insurance Guarantee Schemes, Markt/2512/05-EN, was discussed. In this paper the Commission Services presented an up-date of the Articles which had already been presented in Markt/2529/05-EN.

There was broad support to differentiate the coverage between life and non-life in order to clarify that there might be different levels of protection needed and to differentiate between life and non-life claims in a more appropriate way. The inclusion of small businesses in the cover of IGS was discussed as well as the inclusion of an absolute limitation per claim. Further discussions are needed. New Articles on third country branches, Cooperation between insurance guarantee schemes, good governance and disclosure, Information requirements, advertising and triggering of intervention were also presented. These Articles found in general broad support. Details remain to be discussed. The treatment of third country branches might need further consideration.

The powers of the insurance guarantee scheme to exclude an insurance undertaking, the time-frame for compensation, compulsory insurance and third party liability insurance and the exclusion from coverage still need to be discussed.

The next meeting is envisaged for 12 December 2005. The time has come to decide about the way forward on this file. After that meeting the Commission will evaluate the work being done up to now in order to decide whether or not to come forward with a formal proposal.

6. Pension Funds

Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision (IORP Directive) had to be implemented before 23 September 2005. So far, only 13 Member States have notified the Commission of the main provisions of national law which they have adopted in the field governed by this Directive. Seven notifications are complete (Austria, Denmark, Estonia, Germany, Luxembourg,

Ireland and Poland). Five notifications are considered to be partial (Malta, Slovakia, Slovenia, Spain and the UK) and one notification is still under examination (Greece). Nonetheless, the Commission is confident that before the year's end around 20 Member States will have implemented this Directive.

Since the adoption of the Directive two meetings have been held with Member States to help them implement the Directive. To that end the discussions focused on issues identified by Member States and other stakeholders as a potential source of difficulty for transposition and that may give rise to a diverging interpretation by the Member States. In 2006, when all Member States will hopefully have implemented the Directive, a first meeting will be organised to further discuss some of the issues which have been identified as problematic and essential during the examination of the national implementing measures.

The main conclusions of the transposition meeting on 22 October 2004 have been made available. These were updated after the transposition meeting on 19 April 2005. It is the Commission's intention to further update this document when new information becomes available. This will help opinions to converge and facilitate implementation and interpretation. The Commission recognises that the document does not necessarily reflect individual Member States' opinions.

7. Insurance Mediation

The deadline for the transposition of the Insurance Mediation Directive 2002/92/EC expired on 15th January 2005. To date nine Member States have not transposed it (Belgium, Netherlands, Spain, Germany, Luxembourg, France, Portugal, Malta and Greece). Reasoned opinions, the second step in the infringement proceedings, were sent to these Member States in October 2005.

The CEIOPS Insurance Intermediaries Working Group has held four meetings, last time in Frankfurt on 17 November 2005 to prepare a Cooperation Protocol among Supervisory Authorities of the EU/EEA Member States. The Cooperation Protocol deals with the coordination, regular exchange of information and notification procedures between competent authorities. The last meeting of the CEIOPS working group was devoted to analysis of the comments received from the interested parties on the draft Protocol posted on CEIOPS website for public consultation. The working group finished the work and the Chairman of the Group will present the Protocol to CEIOPS for its approval.

The Protocol is based on the current "Siena Protocol" which lays down cooperation provisions with regard to non-life and life insurance directives. The Protocol focuses in particular on the registration

process of insurance intermediaries, the data that should be included in the public register of insurance intermediaries in their Home Member State and the document to be used for the notification procedure for cross-border activities. The document also contains general provisions relating to the cooperation between competent authorities in order to ensure the application of the Directive.

8. Enlargement

Bulgaria & Romania

The Commission issued its Comprehensive Monitoring Report on Bulgaria and Romania on 25 October 2005 (see http://europa.eu.int/comm/enlargement/report_2005/index.htm#comprehensive). This report aims at assessing the progress made by these 2 Acceding Countries and at identifying issues where improvements are still needed before their accession to the EU. Uninsured driving was mentioned in this report as a serious issue which needs to be tackled urgently by Bulgaria and Romania in order to allow them to sign prior to accession the Multilateral Agreement with the Members of the Council of Bureaux. Should the Multilateral Agreement not be signed prior to accession, border checks of insurance certificates will have to be maintained after accession for Bulgarian and Romanian vehicles until those countries are ready to sign this agreement. A Peer Review dedicated to uninsured driving will take place on the 3rd week of January 2006 with experts from Member States in order better to understand the situation on the ground and to give recommendations to Bulgaria and Romania to solve this issue as soon as possible.

Croatia

EU Member States decided in Luxemburg on 3 October 2005 to launch accession negotiations with Croatia. The opening of the accession negotiations was made possible by the assessment of the Council of Ministers that Croatia was fully cooperating with the International War Crimes Tribunal for the former Yugoslavia (ICTY). The "screening exercise" is now about to start, which means that the Commission will examine with the Croatian authorities the EU acquis so as to see where the Croatian legal framework and administrative capacity need to be adapted so that Croatia can apply EU law as a Member State.

Turkey

EU Member States decided also on 3 October 2005 to launch accession negotiations with Turkey. A screening exercise has also been planned where the Commission will explain the acquis to Turkey and around one month later Turkey will have to explain

its own legislation to the Commission. This new exercise will allow the Commission to determine 'benchmarks' to open and to close a negotiation chapter. The screening of the acquis on Financial Services has been scheduled for March 2006.

The former Yugoslav Republic of Macedonia (FYROM)

The Commission adopted its Opinion during autumn 2005 on the application for EU membership of the FYROM and recommended that the Council of Ministers should grant the status of candidate country to this country. Moreover, the Commission indicated that negotiations for accession to the European Union should be opened with the FYROM once it has reached a sufficient degree of compliance with the membership criteria.

9. EU-US insurance regulatory dialogue

Representatives of the Commission and CEIOPS met with the NAIC in Vienna on 22nd October for the latest EU-US Regulatory Dialogue meeting. CEIOPS gave a presentation on the work they are doing as part of the Solvency II project. A draft memorandum of understanding which could serve as a template for a bilateral agreement on exchange of information was distributed. This document is the result of a number of meetings between CEIOPS and NAIC. It was agreed to allow for a last round of written comments with a view to both sides formally approving the document by the end of the year. The NAIC presented their US Reinsurance Collateral White Paper and asked us to provide comments by the end of November. The Commission and CEIOPS presented a draft roadmap outlining steps towards solving the US reinsurance collateral problem, which the US side welcomed. The White Paper will be presented to the meeting of NAIC Commissioners on 6 February 2006. The next EU/US regulatory dialogue meeting is scheduled for 3 March 2006 in Orlando.

10. EU-CHINA regulatory dialogue

The first EU-China round table on financial services and regulation took place at the end of October and was attended by Alexander Schaub, Director General. The roundtable was very successful. A joint communiqué was agreed which identified a number of issues for future joint work. Commissioner McCreevy is due to visit China in March next year, where he will chair the second regulatory dialogue on financial issues.

11. Infringements

The Services note that all infringement cases in the insurance field related to non-communication of national measures with regard to directives that should have been implemented by the day of accession (1 May 2004) have been closed or will be closed in the very next future. However, the significant number of pending infringements proceedings regarding recently adopted Directives is regrettable.

As mentioned above, the deadline for transposition of the Insurance Mediation Directive 2002/92/EC expired on 15 January 2005. Infringement proceedings are currently pending against nine Member States. The next step will be a referral to the Court of Justice.

With regard to the IORP-Directive 2003/41/EC, the implementation deadline expired on 23 September 2005. Letters of formal notice have been sent to BE, CZ, FI, FR, IT, NL, CY, LT, LV, HU, PT, SE (non-communication) and to ES, MT, SI, SK, UK (partial communication).

In July, Greece received an additional reasoned opinion concerning the mandatory membership in the Greek Association of Insurance Undertakings, which the Commission considers incompatible with, in particular, Articles 43 and 49 EC. At the same time, a reasoned opinion was sent to Ireland. The Irish case concerns the exclusion of compensation to injured drivers in case all vehicles involved in the accident were uninsured. In the Commission's view, this is in breach of the Second Motor Insurance Directive 84/5/EEC. In October, a reasoned opinion was sent to Italy with regard to the obligation in Italian law, requiring insurers providing third party motor liability insurance to enter into contracts with all customers in all regions of Italy. In the Commission's opinion, this is a restriction of the free provision of services and freedom of establishment, as laid down in Articles 43 and 49 EC. Sweden has received a reasoned opinion regarding its failure to implement correctly certain provisions of the Legal Expenses Insurance Directive 87/344/EEC, in particular Article 6 stating that the insurance contract must mention the right of recourse to an alternative dispute settlement procedure.

12. Financial Services Strategy

On 5 December, the European Commission will present its new financial services strategy for the next five years.

Although huge progress has been made through the successful completion of the Financial Services Action Plan, the Commission believes that the EU

financial services industry still has strong untapped economic and employment growth potential.

Although there is no appetite for many new regulatory initiatives, there is broad support for the Commission's suggestion to consolidate progress and complete unfinished business in a practical, ambitious way. The Commission's new strategy explores the best ways to effectively deliver the benefits of further integration to industry and consumers alike.

The Commission's key priorities have received broad support from all stakeholders. One of the main overarching principles will be the better regulation agenda. Any initiative will have to follow the "better regulation principle", should be evidence based and comply with the subsidiarity principle.

Furthermore, the new strategy will have a strong focus on implementation, enforcement and evaluation. To make life easier for companies, the Commission will read across Community legislation; per sector and cross-sector and get rid of inconsistencies, incoherencies and ambiguities.

The Commission will strive for maximisation of the current regulatory and supervisory structures in all financial services sectors. Supervisory structures can be further deepened; duplicative reporting requirements must be prevented. A real European supervisory culture should develop though more common decision-making and enforcement practices.

Also the external dimension needs to be deepened, as standards and best practices are set and defined at the global level. The European Union needs to be represented more strongly in international bodies.

Only a few new possible legislative initiatives will be taken: in the area of investment funds, clearing and settlement and parts of retail financial services.

13. Work of CEIOPS

CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors)

In the framework of the Solvency II project, following the public consultation (Consultation Paper 7) the final *Answers to the European Commission on the Second Wave of Calls for Advice* were approved at the Members' Meeting on 27 October 2005. The final document (CEIOPS-DOC-07/05) is available on the CEIOPS website.

The *Draft Answers to the European Commission on the Third Wave of Calls for Advice* are expected to be approved for public consultation at the next Members' Meeting on 6 December 2005. The agenda for this meeting also comprises the fourth

Progress Report to the Commission on CEIOPS' work regarding Solvency II, *Advice on deeply subordinated debts*, a *Recommendation on CEIOPS' own initiative on independency and accountability* as well as a revised road map concerning the CEIOPS future work on the project. Indeed, after finalizing the answers to the three waves of Calls for advice, CEIOPS will continue to work on integrating and developing the advice already given, also in the light of the QIS results.

A first round of QIS started in October 2005. It is mainly focused on calculation of technical provisions. A further round, including capital requirements, is expected to start in May 2006.

A Recommendation to the European Commission on *Possible Need for Amendments to the Insurance Groups Directive* was approved at the last Members' Meeting. It is available on the CEIOPS website (CEIOPS-DOC-04/05).

Following a consultation on a first draft Protocol for the Cooperation of Supervisory Authorities (*Occupational Pensions Protocol*) containing the main elements of the text, a revised draft was published for public consultation (deadline ended 28 Nov. 2005). The comments received will be processed during the coming weeks. Final approval is envisaged for the Members' Meeting in February 2006.

CEIOPS continued to maintain relations with non EU supervisors, in particular in the framework of the US-EU Dialogue. Initiatives are under preparation in order to improve the exchange of information with US and Swiss supervisors, in particular with regard to the supervision of insurance groups.

On 16 December 2005, CEIOPS hosted its first conference in Frankfurt. Topics were the CEIOPS medium term work programme (Consultation Paper no.10), which included a debate on CEIOPS' role and future development, Solvency II and CEIOPS' work regarding occupational pensions. The speeches are available on the CEIOPS website.

In addition to the work mentioned regarding the sector of insurance and occupational pensions, a number of projects are under way on a cross-sector basis. So-called *3L3 initiatives* have been started to coordinate the work in the three financial sectors on issues of common interest. A specific joint work has been initiated recently in the field of supervision of financial conglomerates.

In order to better structure their cooperation, the level 3 Committees concluded a MoU regulating the way to exchange information and carry out joint work. Under this MoU, a joint work programme will be agreed and published annually.

IAIS latest developments

The IAIS held its General Meeting on 21 October 2005, back to back with its Annual Conference and Committee meetings.

Several key initiatives have been taken in the past year by the International Association of Insurance Supervisors (IAIS) in the development and harmonisation of insurance standards concomitant with the changing financial landscape – the priority areas being accounting, capital adequacy and solvency, reinsurance and insurance fraud.

1. The paper *Issues arising as a result of the IASB's Insurance Contracts Project – Phase II: Initial IAIS observations* adopted in May 2005 provides initial observations on identified measurement themes common to both financial and regulatory reporting that the IAIS believes the IASB should address in its consideration of Phase II of its Insurance Contracts Project, notably regarding the valuation of insurance liabilities. The IAIS feels that it is important that differences between prudential reporting requirements and general purpose public reporting is reconcilable and that these differences are publicly explained.

2. At the conclusion of its General Meeting in October 2005 the IAIS issued *A new framework for insurance supervision (Framework paper)*, underpinning the IAIS' standard setting activities and other crucial new standards for the supervision of insurers. The new standards are a major step towards improving insurance supervision regulation and practices on a worldwide basis, and an innovative supervisory response in light of the fast changing insurance sector.

3. The paper entitled *Towards a common structure and common standards for the assessment of insurer solvency: cornerstones for the formulation of regulatory financial requirements (Cornerstones paper)*, builds upon the paper *A new framework for insurance supervision (Framework paper)*. The Cornerstones paper lays the foundation for the development of a common structure for the assessment of insurer solvency."

This common structure will serve to enhance transparency and comparability of insurers' solvency situations and of solvency regimes worldwide, to the benefit of consumers, the industry, investors and other interested parties. Such comparability is expected to engender convergence of regulatory regimes and solvency assessment. Its main role is to act as conceptual guide rails for the further work to be undertaken by the IAIS on the regulatory financial requirements of insurers, including the valuation of technical provisions and assets, and the regulatory requirements for dealing with the risks of insurers. The Cornerstones paper also sketches the wider contours of a solvency regime based upon a

coherent view of the total balance sheet of insurers and flags a number of items that will need to be addressed in the further work including governance, market conduct issues and the role of disclosure.

The IAIS has also circulated a "Roadmap paper" containing a reasonably detailed work plan and time path for the completion of the common structure and common standards for solvency assessment, together with an outline of a "Structure paper" to be developed in 2006.

4. Another paper entitled Guidance paper on risk transfer, disclosure and analysis of finite reinsurance outlines the key areas that supervisors should focus on, key sections of the paper including a background on the development and uses of finite reinsurance, key characteristics of finite reinsurance, evaluation of risk transfer, accounting and disclosure, issues supervisors should be aware of and recommended supervisory approaches. Supervisors should find the paper a useful tool to inform supervisors about the issues in finite reinsurance, including risk transfer and accounting.

Finite reinsurance, or financial reinsurance, is a contract between an insurer and a reinsurer where limited risks are transferred to the reinsurer. In some cases, these contracts may be financing arrangements (where funds are effectively loaned by the reinsurer to the insurer), in which case they should be accounted for as loans and not reinsurance. Recent regulatory developments have highlighted the concern that this form of reinsurance has sometimes been used improperly. From a supervisory perspective, the primary issues in finite reinsurance revolve around whether there is adequate risk transfer and there is appropriate accounting and disclosure. In some instances, misuse of finite reinsurance has resulted in misrepresentation of the insurer's financial position to supervisors, policyholders, investors and other stakeholders and brought into question the adequacy of corporate governance and management accountability.

5. The Guidance paper on combating the misuse of insurers for illicit purposes, provides supervisors with indicators of higher risk situations and assessment elements for combating the misuse of insurers for illicit purposes.

6. The Supervisory standard on fit and proper requirements and assessment for insurers is a revision and upgrade of an existing guidance paper to take account of experience, and consider its practical application to supervisory practice.

7. The Standard on disclosures concerning investment risks and performance for insurers and reinsurers is the second of three standards which

the IAIS has issued regarding public disclosure requirements on insurers and reinsurers.

8. Further work is in progress to identify obstacles, if any, for exchange of information amongst insurance supervisors and then to take initiatives to remove them.

9. The Report on Insurance Laws, Regulations and Practices in IAIS Member Jurisdictions 2005 was also issued.

10. A self-assessment exercise on the Insurance Core Principles was initiated in 2004 to help insurance supervisors determine the level of their observance with the IAIS Insurance Core Principles, revised and expanded in 2003. The preliminary results of this exercise indicate that attention needs to be paid in areas like market conduct and corporate governance; their non-observance might also lead to overlooking certain risks which could have an adverse impact.

11. The IAIS is committed to operate in an open and transparent manner. Consistent with this commitment, it has developed a Policy statement on the scope of Observers' participation in its activities. This statement outlines a principles-based consultation process with Observers that better reflects market realities that are relevant to the standard-setting process.

12. A Pension Coordination Group comprising of common representatives from IAIS and OECD/IOPS has been formed. The main aim of the Group shall be to prepare a cooperation framework in order to facilitate the contacts between both organisations and notably check the consistency of standard setting activities as relevant.

13. The IAIS also held its 12th Annual Conference in Vienna, Austria, on 16-21 October 2005. The aim of the Conference was to promote dialogue between high-level representatives of regulatory bodies and the insurance industry on an international basis. Critical questions on the further development of the insurance business and its supervision were discussed. The topics included: - creating a global solvency regime for insurance companies; valuation of insurance liabilities; establishment of effective insurance supervision in emerging markets; policy-holder protection; outsourcing; private pensions, and; natural and man-made catastrophe.

14. The next IAIS Committee meetings will be held on:

- 13-18 February 2006 in Basel
- 29 May- 1 June 2006 in Ottawa
- 16- 21 October 2006 in Beijing.

Further information and all the documents issued are available on www.iaisweb.org.

ANNEXES:

EBC - European Banking Committee

Annex 1: Draft agenda of the second meeting on 8 November 2005 enclosed.

ARC – Accounting Regulatory Committee

Summary records of the meeting on 8 July 2005 available at:

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

Annex 2: Draft agenda of the meeting on 30 November 2005 enclosed.



EUROPEAN COMMISSION
Internal Market and Services DG

FINANCIAL INSTITUTIONS

EBC/018/05-EN
07.10.2005

REVISED DRAFT AGENDA

*Second meeting of the European Banking Committee (EBC), Brussels, 8 November 2005
9:30 to 17:00*

PART A - POLICY DISCUSSION ISSUES

1. CROSS BORDER CONSOLIDATION

The EBC will be consulted on the revision of Article 16 of Directive 2000/12/EC (EBC/019/05)

2. SUPERVISORY ARRANGEMENTS

Further to the roundtable discussion on home host issues at the last EBC meeting, EBC members will be invited to discuss how supervisory arrangements should evolve over the next five years in order to keep pace with increasing pan-EU integration. (EBC/020/EBC)

3. DEPOSIT GUARANTEE SCHEMES

- EBC Members' will be asked for their views on the review process (Document EBC/021/05).
- Technical advice from CEBS
- Results of the study on the minimum guarantee level

4. SPECIAL SESSION ON CEBS ACTIVITIES

- General overview of CEBS work
- Home/host and validation issues
- The supervisory review process under Pillar II
- Reporting requirements
- Accounting and auditing

PART B - INFORMATION ITEMS

5. LARGE EXPOSURES

The EBC will be informed about the results of written consultations subsequent to the last EBC meeting. (EBC/022/05).

6. CAPITAL REVIEW/"BASEL2"

The EBC will be informed about further steps in light of the agreement of the CRD on 11th October 2005. (Document EBC/025/05)

7. E-MONEY:

- Feedback from meeting on 4th November

PART C - COMITOLOGY

8. COMITOLOGY: vote on the draft proposed Directive amending Article 2(3) of Directive 2000/12/EC (EBC/023/05 + EBC/024/05)

9. ANY OTHER BUSINESS: Meeting dates in 2006

EIGHTEENTH MEETING OF THE ACCOUNTING REGULATORY COMMITTEE (ARC)

BRUSSELS, 30 NOVEMBER 2005 (9.30 TO 17.00)

ALBERT BORSCHETTE CONFERENCE CENTRE (ROOM AB-2D) – 36 RUE FROISSART

DRAFT AGENDA

I	Approval of the minutes of the ARC meeting of 08.11.2005 (Document ARC/24/2005)	9.30 to 9.35
II	Formal vote on Proposal for a Commission Regulation adopting International Financial Reporting Standard (IFRS) 7 Financial instruments: Disclosure, Amendments to IFRS 1 First-time Adoption of IFRSs and the Basis for Conclusions of IFRS 6 Exploration for and evaluation of mineral resources, an Amendment to IAS 1 Presentation of Financial Statements—Capital Disclosures, Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 4 Insurance Contracts—Financial Guarantee Contracts and International Financial Reporting Interpretations Committee’s (IFRIC) Interpretation 6 Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (Document ARC/25/2005)	9.35 to 10.35

The proposal covers the following Standards and Interpretations:

- On 30 June 2005, the International Accounting Standards Board (IASB) issued Amendments to IFRS 1 First-time Adoption of IFRSs and the Basis for Conclusions of IFRS 6 Exploration for and evaluation of mineral resources, to clarify the wording of an exception provided to first-time adopters of IFRSs who choose to adopt IFRS 6 before 1 January 2006.
- On 18 August 2005 the IASB published IFRS 7 Financial instruments: Disclosure. It introduces new requirements to improve the information on
 - financial instruments that is given in entities’ financial statements. It replaces IAS 30. Adoption before the year end would enable those banks which are first-time adopters of IFRS in 2005 to apply IFRS 7 from the outset.
- On 18 August 2005 the IASB also issued an Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures which introduces requirements for disclosures about an entity’s capital.
- On 18 August 2005 the IASB issued Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 4 Insurance Contracts – Financial Guarantee Contracts. The amendments are intended to ensure that issuers of financial guarantee contracts include the resulting liabilities in their balance sheet.
- On 1 September 2005 the International Financial Reporting Interpretations Committee (IFRIC) published IFRIC Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment, hereinafter ‘IFRIC 6’. IFRIC 6 clarifies the accounting for liabilities for waste management costs.

The members of the ARC 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. A draft Regulation in the English language version is being sent to ARC-members. All language versions will be available before the meeting.

The members of the ARC 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 Consistent application - Roundtable (Document ARC/26/2005) 10.35 to 11.35

The Commission will present its paper on the Roundtable which takes account of the comments made at the previous meeting.

Delegations will then be invited to provide their views.

IV Convergence and equivalence between IFRS and third country GAAP, in particular US GAAP 11.35 to 12.00

The Commission will update delegations on developments related to the upcoming equivalence discussions.

V Future relationship with EFRAG 12.00 to 12.30

The Commission will update delegations on developments regarding the future relationship with EFRAG.

VI Keynote speech: Mr Paul Volker 12.30 to 13.30

Mr Paul A Volcker, Chairman of the IASC Foundation will address the ARC on the IASB work programme and IFRS-US GAAP convergence.

The floor will then be opened for questions.

VII Towards a standard reference for IFRS compliance in the EU (Document ARC/27/2005). Endorsement procedure continuing into the following year 15.00 to 16.30

The Commission will present a paper on the adoption of a standard formulation for compliance with IFRS in the EU which it has prepared taking account of the comments raised at the previous meeting. The Commission will also discuss the situation where the procedure for endorsing a given IFRS runs into the following year.

Delegations will be invited to provide their views.

VIII Update on technical activities, particularly business combinations 16.30 to 16.50

EFRAG will give an overview of current technical work in the IASB and EFRAG, in particular on business combinations.

Delegations will then be invited to provide their views.

IX Miscellaneous 16.50 to 17.00