



12th November 2008

Interim Working Committee on Financial Conglomerates

Invitation to

Industry Round Table on the Review of the Financial Conglomerates Directive

16th December 2008

Time: 13:00-15:30

**Venue: Committee of European Banking Supervisors, Floor 18, Tower
42, 25 Old Broad Street, London EC2N**

1. In April 2008, the European Commission (EC) sent a formal Call for technical advice to the Interim Working Committee on Financial Conglomerates (IWCFC) asking the IWCFC to undertake a stocktake of existing national implementation practices of the Financial Conglomerates Directive (FCD) in the context of the review of this Directive.
2. Accordingly the IWCFC has the pleasure of inviting industry stakeholders to an industry hearing at CEBS' office in London on 16th December 2008 so as to enable industry stakeholders to have an opportunity to comment on the progress made by the IWCFC, further to the European Financial Conglomerates Committee's convened industry roundtable, which was held in Brussels on 8th September 2008.
3. The IWCFC will use this hearing in December to assist it in making an oral update to the Commission in January 2009, as requested in its Call for Advice.
4. In its Call for Advice to the IWCFC, the EC requested that the IWCFC undertake a stocktake to focus on language, scope and internal controls requirements, and how these areas and implementation may impact on the fulfilment of the objectives of the FCD. This stocktake has been carried out by the IWCFC's Financial Conglomerates Directive Review Working Group (FRWG).
5. The FRWG circulated questionnaires in the early summer, one to supervisors and a separate one to industry stakeholders. The FRWG has now analysed the responses to these questionnaires and also previous

work completed by the Mixed Technical Group (MTG) and also by the IWCFC.

6. As a result of the FRWG's findings to date, the following four issues have been identified, presented to and agreed by the IWCFC members:
 - a) Interaction between the definitions in FCD and the application of sectoral group supervision under sectoral directives;
 - b) The definition of "financial sector" (Article 2.8 FCD) and the application of the threshold conditions in Article 3 FCD;
 - c) The definition of "participation" (Article 2.11 FCD) and its implications for the scope of supplementary supervision of groups identified as financial conglomerates; and
 - d) The treatment of 'participations' in respect of risk concentrations (RC) and intra-group transactions (IGT) supervision and internal control mechanisms (respectively, Articles 7, 8 and 9 FCD).
7. The FRWG is producing a report summarising its findings to date, which it would like to discuss in its current draft form at this industry hearing on 16th December 2008. The FRWG intends to finalise its report and to submit it to public consultation in spring 2009.
8. The IWCFC supports this proposal and has agreed that issues raised by previous work streams of the IWCFC and their conclusions, including the Joint Task Force on Capital and the IWCFC's work on the definition of Relevant Competent Authorities, will not be considered further by the FRWG.
9. We attach a registration form for this industry hearing and look forward to seeing you at CEBS' office in London on 16th December 2008 and to hearing your views.

Yours sincerely



Patrick Brady (Chair of IWCFC)
Patrick.brady@ifsra.ie

Telephone: +353 (1) 4104 022



Nick Kitching (Chair of FRWG)
Nick.kitching@fsa.gov.uk

+44 (0) 20 7066 9554