New rules for supervision of financial conglomerates

New rules concerning financial conglomerates will soon take effect. The new rules aim to improve cooperation between the various supervisors involved in a financial conglomerate.

New rules concerning financial conglomerates have been published and are expected to take effect shortly. The new rules aim to improve cooperation between the various supervisors involved in a financial conglomerate. This amendment implements the European Directive on financial conglomerates. The Directive contains prudential rules for banks, insurers and investment companies forming part of a financial conglomerate, and is aimed at ensuring consistency between the different forms of group supervision.

The main changes are:

- new rules for the cooperation between the various supervisors involved in a financial conglomerate
- European supervisors may adopt common guidelines
- member states may require the coordinating supervisor to carry out stress tests at financial conglomerates
- financial conglomerates have to give more insight into the legal structure, management and organisational structure of the group, and must publish annual information on this
- managers of alternative investment funds receive the same treatment as managers of UCITs
- one of the four calculation methods for adequacy at the group level is abolished

The deadline for implementation by member states was 10 June 2013.