

OPINION OF THE EUROPEAN MONETARY INSTITUTE

on a consultation from the Netherlands Ministry of Finance under Article 109f (6) of the Treaty establishing the European Community (the "Treaty") and Article 5.3 of the Statute of the EMI as elaborated in the Council Decision of 22 November 1993 (93/717/EC) (the "Decision") on a draft law amending the Act on the supervision of the credit system of 1992 (the "draft law").

CON/97/07

1. The above consultation was initiated by the Netherlands Ministry of Finance on 8 April 1997 which submitted the draft law together with an Explanatory Memorandum to the EMI.
2. The EMI's competence to deliver an opinion is based on Article 1.1, fifth indent, of the Decision, as the draft law contains provisions with an impact on the stability of financial institutions and markets.
3. The EMI notes that the main purpose of the draft law is to incorporate recommendations from the Basle Committee in the Act on the supervision of the credit system 1992. These recommendations provide for minimum standards for the prudential supervision of internationally operating banks. These standards address issues such as consolidated supervision, permissions for cross-border establishment and the exchange of information between supervisory authorities.
4. The EMI also notes that the draft law intends to provide, apart from the implementation of the Basle Committee's recommendations, additional rules in the following three areas:
 - harmonisation of the legal regime applicable to authorisations to pursue the business of a credit institution in the Netherlands for domestic as well as foreign credit institutions;
 - the possibility for De Nederlandsche Bank to obtain track records from foreign head offices wishing to establish branches in the Netherlands in order to obtain a satisfactory level of comfort with regard to the soundness of such branches;
 - the creation of a ministerial power to issue instructions to De Nederlandsche Bank on the implementation of EU Directives on prudential supervision.
5. In the EMI's opinion, the draft law supports the stability of the financial institutions and markets and contributes to the effectiveness of internationally agreed supervisory standards. The EMI would therefore welcome its adoption.
6. The EMI has no objection to this opinion being made public.