

Council Directive 93/6/EEC of 15 March 1993 on the capital adequacy of investments firms and credit institutions (repealed)

Article 1 (1) Member States shall apply the requirements of this Directive...

DEFINITIONS

Article 2 For the purposes of this Directive: credit institutions shall mean...

INITIAL CAPITAL

Article 3 (1) Investment firms which hold clients' money and/or securities and...

PROVISIONS AGAINST RISKS

Article 4 (1) The competent authorities shall require institutions to provide own...

MONITORING AND CONTROL OF LARGE EXPOSURES

Article 5 (1) Institutions shall monitor and control their large exposures in...

VALUATION OF POSITIONS FOR REPORTING PURPOSES

Article 6 (1) Institutions shall mark to market their trading books on...

SUPERVISION ON A CONSOLIDATED BASIS

Article 7 General principles (1) The capital requirements imposed in Articles 4...

REPORTING REQUIREMENTS

Article 8 (1) Member States shall require that investment firms and credit...

COMPETENT AUTHORITIES

Article 9 (1) Member States shall designate the authorities which are to...
Article 10 Pending adoption of a further Directive laying down provisions for...

TRANSITIONAL PROVISIONS

Article 11 (1) Member States may authorize investment firms subject to Article...
Article 11a Until 31 December 2006 , Member States may authorise their...

FINAL PROVISIONS

Article 12 (1) Member States shall bring into force the laws, regulations...
Article 13 The Commission shall as soon as possible submit to the...

REVIEW CLAUSE

- Article 14 Within three years of the date referred to in Article...
- Article 15 This Directive is addressed to the Member States.

ANNEX I

POSITION RISK

INTRODUCTION

Netting

1. The excess of an institution's long (short) positions over its...
2. No netting shall be allowed between a convertible and an...
3. All net positions, irrespective of their signs, must be converted...

Particular instruments

4. Interest-rate futures, forward-rate agreements (FRAs) and forward commitments to...
 4. Interest-rate futures, forward-rate agreements (FRAs) and forward commitments to buy...
 5. Options on interest rates, debt instruments, equities, equity indices, financial...
 6. Warrants relating to debt instruments and equities shall be treated...
 7. Swaps shall be treated for interest-rate risk purposes on the...
 8. However, institutions which mark to market and manage the interest-rate...
 9. Institutions which do not use models under paragraph 8 may...
 10. The transfer of securities or guaranteed rights relating to title...
 11. Positions in units of collective-investment undertakings shall be subject to...

Specific and general risks

 12. The position risk on a traded debt instrument or equity...

TRADED DEBT INSTRUMENTS

13. The institution shall classify its net positions according to the...

Specific risk

 14. The institution shall assign its net positions, as calculated in...

General risk

 - (a) Maturity-based
 15. The procedure for calculating capital requirements against general risk involves...
 16. The institution shall assign its net positions to the appropriate...
 17. It shall then work out the sum of the weighted...
 18. The institution shall compute the totals of the unmatched weighted...
 19. The amount of the unmatched weighted long (short) position in...
 20. The institution may, if it wishes, reverse the order in...
 21. The remainder of the unmatched weighted position in zone one...
 22. Residual positions, following the three separate matching calculations in paragraphs...
 23. The institution's capital requirement shall be calculated as the sum...

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- (b) Duration-based
 - 24. The competent authorities in a Member State may allow institutions...
 - 25. Under such a system the institution shall take the market...
 - 26. The institution shall then calculate the modified duration of each...
 - 27. The institution shall then allocate each debt instrument to the...
 - 28. The institution shall then calculate the duration-weighted position for each...
 - 29. The institution shall work out its duration-weighted long and its...
 - 30. The institution's capital requirement shall then be calculated as the...

EQUITIES

- 31. The institution shall sum all its net long positions and...
 - Specific risk
 - 32. It shall multiply its overall gross position by 4 % in...
 - 33. Notwithstanding paragraph 32, the competent authorities may allow the capital...
 - General risk
 - 34. Its capital requirement against general risk shall be its overall...
 - Stock-index futures
 - 35. Stock-index futures, the delta-weighted equivalents of options in stock-index futures...
 - 36. The competent authorities shall ensure that any institution which has...
 - 37. Notwithstanding paragraphs 35 and 36, stock-index futures which are exchange...
 - 38. If a stock-index future is not broken down into its...

UNDERWRITING

- 39. In the case of the underwriting of debt and equity...

ANNEX II

SETTLEMENT AND COUNTER-PARTY RISK

SETTLEMENT/DELIVERY RISK

- 1. In the case of transactions in which debt instruments, equities...
- 2. Notwithstanding paragraph 1, an institution may, at the discretion of...

COUNTER-PARTY RISK

- Free deliveries
 - 3.1. An institution shall be required to hold capital against counterparty...
 - 3.2. The capital requirement shall be 8 % of the value of...
- Repurchase and reverse repurchase agreements, securities or commodities lending and...
 - 4.1. In the case of repurchase agreements and securities or commodities...
 - 4.2. The capital requirement shall be 8 % of the figure produced...
- OTC derivative instruments
 - 5. In order to calculate the capital requirement on their OTC...

OTHER

6. The capital requirements of Directive 89/647/EEC shall apply to those...

ANNEX III

FOREIGN-EXCHANGE RISK

1. If the sum of an institution's overall net foreign-exchange position...
2. A two-stage calculation shall be used.
 - 3.1. Firstly, the institution's net open position in each currency (including...
 - 3.2. The competent authorities shall have the discretion to allow institutions...
4. Secondly, net short and long positions in each currency other...
5. Notwithstanding paragraphs 1 to 4 and pending further coordination, the...
6. Firstly, the competent authorities may allow institutions to provide lower...
7. Secondly, until 31 December 2004 , the competent authorities may...
8. Thirdly, the competent authorities may allow institutions to remove positions...
9. The competent authorities shall notify the Council and Commission of...
10. The Commission shall report to the Council on the methods...
11. Net positions in composite currencies may be broken down into...

ANNEX IV

OTHER RISKS

Investment firms shall be required to hold own funds equivalent...

ANNEX V

OWN FUNDS

1. The own funds of investment firms and credit institutions shall...
2. Notwithstanding paragraph 1, the competent authorities may permit those institutions...
3. The subordinated loan capital referred to in paragraph 2 (c)...
4. The subordinated loan capital referred to in paragraph 2(c) may...
5. The competent authorities may permit institutions to replace the subordinated...

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6. The competent authorities may permit investment firms to exceed the...
7. The competent authorities may permit the ceiling for subordinated loan...
8. Illiquid assets include:
9. Those investment firms included in a group subject to the...

ANNEX VI LARGE EXPOSURES

1. Institutions referred to in Article 5 (2) shall monitor and...
2. The exposures to individual clients which arise on the trading...
3. Thereafter, the exposures to groups of connected clients on the...
4. The overall exposures to individual clients or groups of connected...
5. Institutions' overall exposures to individual clients and groups of connected...
6. That sum of the exposures to an individual client or...
7. Notwithstanding paragraph 6 the competent authorities may allow assets constituting...
8. The competent authorities may authorize the limits laid down in...
9. The competent authorities shall establish procedures, of which they shall...
10. The competent authorities may permit those institutions which are allowed...

ANNEX VII COMMODITIES RISK

1. Each position in commodities or commodity derivatives shall be expressed...
2. Positions in gold or gold derivatives shall be considered as...
3. For the purposes of this Annex, positions which are purely...
4. The interest-rate and foreign-exchange risks not covered by other provisions...
5. When the short position falls due before the long position,...
6. For the purpose of paragraph 19, the excess of an...
7. The competent authorities may regard the following positions as positions...

Particular instruments

8. Commodity futures and forward commitments to buy or sell individual...
9. Commodity swaps where one side of the transaction is a...
10. Options on commodities or on commodity derivatives shall be treated...
11. Warrants relating to commodities shall be treated in the same...
12. The transferor of commodities or guaranteed rights relating to title...
- (a) Maturity ladder approach
 13. The institution shall use a separate maturity ladder in line...
 14. Competent authorities may allow positions which are, or are regarded...
 15. The institution shall then work out the sum of the...
 16. That part of the unmatched long (short) position for a...
 17. The institution's capital requirement for each commodity shall be calculated...
 18. The institution's overall capital requirement for commodities risk shall be...
- (b) Simplified approach
 19. The institution's capital requirement for each commodity shall be calculated...
 20. The institution's overall capital requirement for commodities risk shall be...

ANNEX VIII

INTERNAL MODELS

1. The competent authorities may, subject to the conditions laid down...
2. Recognition shall only be given if the competent authority is...
3. The institution shall monitor the accuracy and performance of its...
4. For the purpose of calculating capital requirements for specific risk...
5. Institutions using internal models which are not recognised in accordance...
6. For the purpose of paragraph 10(ii) the results of the...
7. The multiplication factor shall be increased by a plus-factor of...
8. If the institution's model is recognised by the competent authorities...
9. The competent authorities may waive the requirement pursuant to paragraph...
10. Each institution must meet a capital requirement expressed as the...
11. The calculation of value-at-risk shall be subject to the following...
12. The competent authorities shall require that the model captures accurately...

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13. The competent authorities shall require that the risk-measurement model captures...
14. The competent authorities may allow institutions to use empirical correlations...

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- (1) OJ No C 152, 21. 6. 1990, p. 6; and
OJ No C 50, 25. 2. 1992, p. 5.
- (2) OJ No C 326, 16. 12. 1991, p. 89; and
OJ No C 337, 21. 12. 1992, p. 114.
- (3) OJ No C 69, 18. 3. 1991, p. 1.
- (4) See page 27 of this Official Journal.
- (5) OJ No L 386, 30. 12. 1989, p. 14. Directive as amended by Directive 92/30/EEC (OJ No L 110, 28. 4. 1992, p. 52).
- (6) OJ No L 29, 5. 2. 1993, p. 1.
- (7) OJ No L 124, 5. 5. 1989, p. 16. Directive as last amended by Directive 92/30/EEC (OJ No L 110, 24. 9. 1992, p. 52).
- (8) OJ No L 110, 28. 4. 1992, p. 52.
- (9) OJ No L 197, 18. 7. 1987, p. 33.