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## I

*(Acts whose publication is obligatory)*

**COMMISSION REGULATION (EEC) No 335/87**

**of 3 February 1987**

**fixing the import levies on cereals and on wheat or rye flour, groats and meal**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of Accession of Spain and Portugal,

Having regard to Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organization of the market in cereals <sup>(1)</sup>, as last amended by Regulation (EEC) No 1579/86 <sup>(2)</sup>, and in particular Article 13 (5) thereof,

Having regard to Council Regulation (EEC) No 1676/85 of 11 June 1985 on the value of the unit of account and the exchange rates to be applied for the purposes of the common agricultural policy <sup>(3)</sup>, and in particular Article 3 thereof,

Having regard to the opinion of the Monetary Committee,

Whereas the import levies on cereals, wheat and rye flour, and wheat groats and meal were fixed by Commission Regulation (EEC) No 135/87 <sup>(4)</sup> and subsequent amending Regulations ;

Whereas, if the levy system is to operate normally, levies should be calculated on the following basis :

— in the case of currencies which are maintained in relation to each other at any given moment within a band

of 2,25 %, a rate of exchange based on their central rate, multiplied by the corrective factor provided for in the last paragraph of Article 3 (1) of Regulation (EEC) No 1676/85,

— for other currencies, an exchange rate based on the arithmetic mean of the spot market rates of each of these currencies recorded for a given period in relation to the Community currencies referred to in the previous indent, and the aforesaid coefficient ;

Whereas these exchange rates being those recorded on 2 February 1987 ;

Whereas the aforesaid corrective factor affects the entire calculation basis for the levies, including the equivalence coefficients ;

Whereas it follows from applying the detailed rules contained in Regulation (EEC) No 135/87 to today's offer prices and quotations known to the Commission that the levies at present in force should be altered to the amounts set out in the Annex hereto,

HAS ADOPTED THIS REGULATION :

*Article 1*

The import levies to be charged on products listed in Article 1 (a), (b) and (c) of Regulation (EEC) No 2727/75 shall be as set out in the Annex hereto.

*Article 2*

This Regulation shall enter into force on 4 February 1987.

<sup>(1)</sup> OJ No L 281, 1. 11. 1975, p. 1.

<sup>(2)</sup> OJ No L 139, 24. 5. 1986, p. 29.

<sup>(3)</sup> OJ No L 164, 24. 6. 1985, p. 1.

<sup>(4)</sup> OJ No L 17, 20. 1. 1987, p. 1.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 February 1987.

*For the Commission*

Frans ANDRIESEN

*Vice-President*

ANNEX

to the Commission Regulation of 3 February 1987 fixing the import levies on cereals and on wheat or rye flour, groats and meal

CCT heading No	Description	Levies	
		Portugal	Third country
10.01 B I	Common wheat, and meslin	9,23	198,28
10.01 B II	Durum wheat	43,91	252,52 <sup>(1)</sup> <sup>(2)</sup>
10.02	Rye	38,30	175,83 <sup>(2)</sup>
10.03	Barley	36,57	189,40
10.04	Oats	94,86	159,16
10.05 B	Maize, other than hybrid maize for sowing	—	183,46 <sup>(2)</sup> <sup>(3)</sup> <sup>(4)</sup>
10.07 A	Buckwheat	36,57	130,13
10.07 B	Millet	36,57	155,72 <sup>(4)</sup>
10.07 C II	Grain sorghum, other than hybrid sorghum for sowing	22,48	182,90 <sup>(4)</sup> <sup>(5)</sup>
10.07 D I	Triticale	<sup>(7)</sup>	<sup>(7)</sup>
10.07 D II	Canary seed; other cereals	36,57	65,78 <sup>(2)</sup>
11.01 A	Wheat or meslin flour	27,81	292,48
11.01 B	Rye flour	68,51	261,36
11.02 A I a)	Durum wheat groats and meal	81,64	404,99
11.02 A I b)	Common wheat groats and meal	27,96	313,81

<sup>(1)</sup> Where durum wheat originating in Morocco is transported directly from that country to the Community, the levy is reduced by 0,60 ECU/tonne.

<sup>(2)</sup> In accordance with Regulation (EEC) No 486/85 the levies are not applied to imports into the French overseas departments of products originating in the African, Caribbean and Pacific States or in the 'overseas countries and territories'.

<sup>(3)</sup> Where maize originating in the ACP or OCT is imported into the Community the levy is reduced by 1,81 ECU/tonne.

<sup>(4)</sup> Where millet and sorghum originating in the ACP or OCT is imported into the Community the levy is reduced by 50 %.

<sup>(5)</sup> Where durum wheat and canary seed produced in Turkey are transported directly from that country to the Community, the levy is reduced by 0,60 ECU/tonne.

<sup>(6)</sup> The import levy charged on rye produced in Turkey and transported directly from that country to the Community is laid down in Council Regulation (EEC) No 1180/77 and Commission Regulation (EEC) No 2622/71.

<sup>(7)</sup> The levy applicable to rye shall be charged on imports of the product falling within subheading 10.07 D I (triticale).

<sup>(8)</sup> The levy referred to in Article 1 of Council Regulation (EEC) No 2913/86 shall be fixed on the basis of an invitation to tender in accordance with Commission Regulation (EEC) No 3140/86.

## COMMISSION REGULATION (EEC) No 336/87

of 3 February 1987

fixing the premiums to be added to the import levies on cereals, flour and malt

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of Accession of Spain and Portugal,

Having regard to Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organization of the market in cereals <sup>(1)</sup>, as last amended by Regulation (EEC) No 1579/86 <sup>(2)</sup>, and in particular Article 15 (6) thereof,

Having regard to Council Regulation (EEC) No 1676/85 of 11 June 1985 on the value of the unit of account and the exchange rates to be applied for the purposes of the common agricultural policy <sup>(3)</sup>, and in particular Article 3 thereof,

Having regard to the opinion of the Monetary Committee,

Whereas the premiums to be added to the levies on cereals and malt were fixed by Commission Regulation (EEC) No 2011/86 <sup>(4)</sup> and subsequent amending Regulations;

Whereas, if the levy system is to operate normally, levies should be calculated on the following basis:

- in the case of currencies which are maintained in relation to each other at any given moment within a band of 2,25 %, a rate of exchange based on their central rate, multiplied by the corrective factor provided for in the last paragraph of Article 3 (1) of Regulation (EEC) No 1676/85,

- for other currencies, an exchange rate based on the arithmetic mean of the spot market rates of each of these currencies recorded for a given period in relation to the Community currencies referred to in the previous indent, and the aforesaid coefficient;

Whereas these exchange rates being those recorded on 2 February 1987;

Whereas, on the basis of today's cif prices and cif forward delivery prices, the premiums at present in force, which are to be added to the levies, should be altered to the amounts set out in the Annex hereto,

HAS ADOPTED THIS REGULATION:

*Article 1*

1. The premiums referred to in Article 15 of Regulation (EEC) No 2727/75 to be added to the import levies fixed in advance in respect of cereals and malt originating in Portugal shall be zero.
2. The premiums referred to in Article 15 of Regulation (EEC) No 2727/75 to be added to the import levies fixed in advance in respect of cereals and malt originating in third countries shall be as set out in the Annex hereto.

*Article 2*

This Regulation shall enter into force on 4 February 1987.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 February 1987.

*For the Commission*

Frans ANDRIESEN

*Vice-President*

<sup>(1)</sup> OJ No L 281, 1. 11. 1975, p. 1.

<sup>(2)</sup> OJ No L 139, 24. 5. 1986, p. 29.

<sup>(3)</sup> OJ No L 164, 24. 6. 1985, p. 1.

<sup>(4)</sup> OJ No L 173, 1. 7. 1986, p. 4.

## ANNEX

to the Commission Regulation of 3 February 1987 fixing the premiums to be added to the import levies on cereals, flour and malt from third countries

## A. Cereals and flour

CCT heading No	Description	<i>(ECU/tonne)</i>			
		Current 2	1st period 3	2nd period 4	3rd period 5
10.01 B I	Common wheat, and meslin	0	0	0	0
10.01 B II	Durum wheat	0	0	0	0
10.02	Rye	0	0	0	0
10.03	Barley	0	3,83	3,83	3,85
10.04	Oats	0	0	0	0
10.05 B	Maize, other than hybrid maize for sowing	0	0	0	0
10.07 A	Buckwheat	0	0	0	0
10.07 B	Millet	0	0	0	0
10.07 C II	Grain sorghum, other than hybrid sorghum for sowing	0	0	0	0
10.07 D	Other cereals	0	0	0	0
11.01 A	Wheat or meslin flour	0	0	0	0

## B. Malt

CCT heading No	Description	<i>(ECU/tonne)</i>				
		Current 2	1st period 3	2nd period 4	3rd period 5	4th period 6
11.07 A I a)	Unroasted malt, obtained from wheat, in the form of flour	0	0	0	0	0
11.07 A I b)	Unroasted malt, obtained from wheat, other than in the form of flour	0	0	0	0	0
11.07 A II a)	Unroasted malt, other than that obtained from wheat, in the form of flour	0	6,82	6,82	6,85	6,85
11.07 A II b)	Unroasted malt, other than that obtained from wheat, other than in the form of flour	0	5,09	5,09	5,12	5,12
11.07 B	Roasted malt	0	5,94	5,94	5,97	5,97

## COMMISSION REGULATION (EEC) No 337/87

of 3 February 1987

fixing, for February 1987 the levy applicable in Spain to products subject to the price control system

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of Accession of Spain and Portugal,

Having regard to Commission Regulation (EEC) No 1183/86 of 21 April 1986 laying down detailed rules for the system for controlling the prices and the quantities of certain products in the oils and fats sector released for consumption in Spain <sup>(1)</sup>, as last amended by Regulation (EEC) No 279/87 <sup>(2)</sup>, and in particular Article 14 thereof,

Whereas Article 14 of Regulation (EEC) No 1183/86 provides that, for the period from 1 March to 31 December 1986, a levy is to be applied to imports into Spain of products subject to the price control system and to soya oil produced from imported beans and released for consumption; whereas that levy is to be fixed on the basis of the difference between, on the one hand, the average price of soya oil in Spain during the 1984/85 marketing year and, on the other hand, the price of that oil on the world market, plus the duty charged in Spain on imports from third countries;

Whereas the Spanish system of compensation for vegetable oil prices applied prior to accession was supervised by a state organization; whereas therefore, the system providing for the said levy will make any further intervention by the state superfluous and thus preclude certain potential obstacles to trade, particularly in soya oil;

Whereas that levy should be as fixed hereinafter,

HAS ADOPTED THIS REGULATION:

*Article 1*

The levy referred to in Article 14 of Regulation (EEC) No 1183/86 shall be 445,25 ECU per tonne of oil for February 1987.

*Article 2*

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 February 1987.

*For the Commission*

Frans ANDRIESEN

*Vice-President*

<sup>(1)</sup> OJ No L 107, 24. 4. 1986, p. 17.

<sup>(2)</sup> OJ No L 28, 30. 1. 1987, p. 10.

**COMMISSION REGULATION (EEC) No 338/87**  
**of 3 February 1987**  
**suspending the issuing of STM certificates for seed potatoes**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,  
Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of Accession of Spain and of Portugal, and in particular Article 85 (3) thereof,

Whereas Commission Regulation (EEC) No 650/86 of 28 February 1986 on the application of the supplementary trade mechanism to imports into Spain of certain seed potatoes (1) set the indicative ceiling for the marketing year 1 October 1986 to 30 September 1987;

Whereas Article 85 of the Act of Accession stipulates that should the trend of intra-Community trade show that a significant increase in imports has occurred or is likely to occur to leading the indicative ceiling for imports of the product in question for the marketing year in progress being reached or exceeded suitable action may be decided on;

Whereas the indicative ceiling for seed potatoes falling under subheading ex 07.01 A I of the Common Customs Tariff has already been substantially exceeded; whereas in view of this situation importation into Spain of the

products in question should be restricted; whereas the issuing of STM certificates for these products should therefore be suspended; whereas this will involve the rejection of applications already lodged;

Whereas the measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Seeds,

HAS ADOPTED THIS REGULATION:

*Article 1*

The issuing of STM licences for certified seed potatoes falling under subheading ex 07.01 A I of the Common Customs Tariff in response to applications made from 29 January 1987 onwards is suspended.

*Article 2*

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 February 1987.

*For the Commission*

Frans ANDRIESEN

*Vice-President*

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(1) OJ No L 60, 1. 3. 1986, p. 58.



## COMMISSION DECISION No 339/87/ECSC

of 3 February 1987

fixing the amended rates of abatement for the first quarter of 1987 in accordance with Decision No 3485/85/ECSC on the extensions of the system of monitoring and production quotas for certain products of undertakings in the steel industry

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community,

Having regard to Commission Decision No 3485/85/ECSC of 27 November 1985 the extension of the system of monitoring and production quotas for certain products of undertakings in the steel industry<sup>(1)</sup>,

Whereas rates of abatement in respect of certain products were fixed for the first quarter of 1987 by Commission Decision No 3673/86/ECSC<sup>(2)</sup>;

Whereas Article 8 (1) of Decision No 3485/85/ECSC provides that such rates of abatement may be modified, not later than the first week of the second month of the quarter in question, in the light of the development of the market situation ;

Whereas the market situation requires that the rates of abatement for the first quarter of 1987 be so modified on the studies carried out with undertakings and associations of undertakings,

HAS ADOPTED THIS DECISION :

*Article 1*

1. The rates of abatement for the establishment of production quotas for the first quarter of 1987 established in Commission Decision No 3673/86/ECSC for the following categories of products shall be modified as follows :

'category I a :	- 52 %,
category I b :	- 48 %.'

2. These rates of abatement replace the corresponding rates fixed in Commission Decision No 3673/86/ECSC.

*Article 2*

This Decision shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

This Decision shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 February 1987.

*For the Commission*

Karl-Heinz NARJES

*Vice-President*

<sup>(1)</sup> OJ No L 340, 18. 12. 1985, p. 5.

<sup>(2)</sup> OJ No L 339, 2. 12. 1986, p. 20.

**COMMISSION REGULATION (EEC) No 340/87**  
**of 3 February 1987**  
**abolishing the countervailing charge on oranges originating in Algeria**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,  
Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of Accession of Spain and Portugal,

Having regard to Council Regulation (EEC) No 1035/72 of 18 May 1972 on the common organization of the market in fruit and vegetables<sup>(1)</sup>, as last amended by Regulation (EEC) No 1351/86<sup>(2)</sup>, and in particular the second subparagraph of Article 27 (2) thereof,

Whereas Commission Regulation (EEC) No 210/87<sup>(3)</sup> introduced a countervailing charge on oranges originating in Algeria;

Whereas for oranges originating in Algeria there were no prices for six consecutive working days; whereas the

conditions specified in Article 26 (1) of Regulation (EEC) No 1035/72 are therefore fulfilled and the countervailing charge on imports of oranges originating in Algeria can be abolished,

HAS ADOPTED THIS REGULATION:

*Article 1*

Regulation (EEC) No 210/87 is hereby repealed.

*Article 2*

This Regulation shall enter into force on 4 February 1987.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 February 1987.

*For the Commission*  
Frans ANDRIESEN  
*Vice-President*

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<sup>(1)</sup> OJ No L 118, 20. 5. 1972, p. 1.  
<sup>(2)</sup> OJ No L 119, 8. 5. 1986, p. 46.  
<sup>(3)</sup> OJ No L 22, 24. 1. 1987, p. 29.

**COMMISSION REGULATION (EEC) No 341/87**  
**of 3 February 1987**  
**fixing the import levies on white sugar and raw sugar**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of Accession of Spain and Portugal,

Having regard to Council Regulation (EEC) No 1785/81 of 30 June 1981 on the common organization of the markets in the sugar sector <sup>(1)</sup>, as last amended by Regulation (EEC) No 229/87 <sup>(2)</sup>, and in particular Article 16 (8) thereof,

Whereas the import levies on white sugar and raw sugar were fixed by Commission Regulation (EEC) No 2051/86 <sup>(3)</sup>, as last amended by Regulation (EEC) No 324/87 <sup>(4)</sup>;

Whereas it follows from applying the detailed rules contained in Regulation (EEC) No 2051/86 to the infor-

mation known to the Commission that the levies at present in force should be altered to the amounts set out in the Annex hereto,

HAS ADOPTED THIS REGULATION :

*Article 1*

The import levies referred to in Article 16 (1) of Regulation (EEC) No 1785/81 shall be, in respect of white sugar and standard quality raw sugar, as set out in the Annex hereto.

*Article 2*

This Regulation shall enter into force on 4 February 1987.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 February 1987.

*For the Commission*

Frans ANDRIESEN

*Vice-President*

- <sup>(1)</sup> OJ No L 177, 1. 7. 1981, p. 4.  
<sup>(2)</sup> OJ No L 25, 28. 1. 1987, p. 1.  
<sup>(3)</sup> OJ No L 173 1. 7. 1986, p. 91.  
<sup>(4)</sup> OJ No L 30, 31. 1. 1987, p. 83.

ANNEX

**to the Commission Regulation of 3 February 1987 fixing the import levies on white sugar and raw sugar**

CCT heading No	Description	Levy (ECU/100 kg)
17.01	Beet sugar and cane sugar, in solid form : A. White sugar: flavoured or coloured sugar B. Raw sugar	50,60 43,14 <sup>(1)</sup>

<sup>(1)</sup> Applicable to raw sugar with a yield of 92 % ; if the yield is other than 92 %, the levy applicable is calculated in accordance with the provisions of Article 2 of Regulation (EEC) No 837/68.

## II

*(Acts whose publication is not obligatory)*

## COMMISSION

## COMMISSION RECOMMENDATION

of 22 December 1986

on monitoring and controlling large exposures of credit institutions

(87/62/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community, and in particular Article 155 thereof,

Whereas the introduction of this recommendation is pursuant to the aims set out in the Commission's White Paper 'Completing the Internal Market' <sup>(1)</sup>;

Whereas the Advisory Committee, set up according to Article 11 of Council Directive 77/780/EEC, first Council Directive of 12 December 1977 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions <sup>(2)</sup>, assisted the Commission in the preparation of this recommendation concerning the harmonization of provisions for large exposures;

Whereas monitoring and controlling the exposures of a credit institution is an integral part of prudential supervision; whereas, excessive concentration of exposures to a single client or group of connected clients may result in an unacceptable degree of risk concentration; whereas such a situation may be deemed to be prejudicial to the solvency of a credit institution;

Whereas credit institutions in a common banking market engage in direct competition with each other, prudential supervision requirements throughout the Community should serve to enhance confidence of the public, strengthen and protect the banking system and reduce competi-

tive distortion by introducing the gradual approximation of reporting threshold and exposure limits established and applied by the Member States;

Whereas the system for monitoring and controlling large exposures should, on the one hand, supply the competent authorities with the data required to assess the risks and to encourage diversification and, on the other hand, provide for cooperation in applying the system between competent authorities of the Member States as well as between them and those of third countries;

Whereas common standards for monitoring and controlling exposures of credit institutions will be introduced initially by way of a recommendation; whereas such an instrument has been chosen since it permits existing systems to be adjusted gradually and new systems to be established without causing dislocation to the banking system of the Community; whereas the implementation of the provisions of this recommendation will facilitate and accelerate the adoption in the near future of a directive on monitoring and controlling large exposures;

Whereas the standards contained in this recommendation would apply to all credit institutions authorized in the Community; whereas there exists in some Member States specific national legislation or administrative provisions which cater for the particular operating requirements of specialized credit institutions; whereas, if such institutions are subject to similar or more restrictive provisions, the application of the abovementioned common standards may be deferred until such time as those specialized institutions are brought within the scope of this recommendation, providing such deferment does not afford to the institution a competitive advantage;

<sup>(1)</sup> Document COM(85) 310.

<sup>(2)</sup> OJ No L 322, 17. 12. 1977, p. 30.

Whereas, pending implementation of Council Directive 86/635/EEC on annual and consolidated accounts of banks and other financial institutions<sup>(1)</sup>, and pending the harmonization of prudential returns, the accounting technique with regard to the calculation of an exposure is left to the judgment of the Member State;

Whereas an indicative list of the elements that constitute an exposure is provided for in an appendix attached to the text of the recommendation; whereas, pending further coordination, Member States may apply a discretionary weighting to the absolute value of an element; whereas Member States are expected to include all new elements which are of a broadly similar nature;

Whereas the group of connected clients is defined on the one hand according to the provisions of Council Directive 83/349/EEC<sup>(2)</sup>, which now applies to banks and other financial institutions, in accordance with the abovementioned Directive 86/635/EEC, and on the other hand in terms of financial or economic interdependency;

Whereas the threshold, exposure limits and the suggested weightings prescribed in this recommendation represent an initial stage in the harmonization process, Member States may apply more stringent requirements;

Whereas the reporting period stipulated in the recommendation requires a credit institution to provide data concerning exposures at least annually; whereas it is

suggested that the competent authorities should seek a more frequent reporting in line with normal prudential requirements,

RECOMMENDS THAT THE MEMBER STATES SHOULD:

1. monitor and control the large exposures of credit institutions in accordance with the provisions contained in the attached Annex;
2. inform the Commission within 24 months of the notification of this recommendation of the texts of the main laws, regulations and administrative provisions which have been adopted with respect to this recommendation and inform the Commission of any further changes in this field.

This recommendation is addressed to the Member States.

Done at Brussels, 22 December 1986.

*For the Commission*

COCKFIELD

*Vice-President*

<sup>(1)</sup> OJ No L 372, 31. 12. 1986, p. 1.

<sup>(2)</sup> OJ No L 193, 18. 7. 1983, p. 1.

## ANNEX

## THE MONITORING AND CONTROL OF LARGE EXPOSURES OF CREDIT INSTITUTIONS

## Article 1

## Definitions

For the purpose of this recommendation :

- 'credit institution' is defined in accordance with the first indent of Article 1 of Council Directive 77/780/EEC,
- 'competent authorities' is defined in accordance with the first indent of Article 1 of Council Directive 83/350/EEC<sup>(1)</sup>,
- 'public authorities' is defined in accordance with the first indent of Article 2 of Commission Directive 80/723/EEC<sup>(2)</sup>,
- 'exposure' means any facility granted, whether drawn or undrawn, by a credit institution to a client or group of connected clients, on or off balance sheet, and includes those commitments and contingent items deemed to be relevant by the respective competent authorities when assessing the identifiable risks of that institution. An indicative list of exposures is given in the Appendix to this recommendation,
- 'own funds' is defined in accordance with COM(86)169/2<sup>(3)</sup>,
- 'group of connected clients'<sup>(4)</sup> means two or more persons, whether natural or legal, holding exposures from the same credit institution and any of its subsidiaries, whether on a joint or separate basis, but who are mutually associated in that :
  - (i) one of them holds directly or indirectly power of control over the other as defined in Article 1 of Directive 83/349/EEC, or
  - (ii) their cumulated exposures represent to the credit institution a single risk in so much as they are so interconnected with the likelihood that if one of them experiences financial problems the other or all of them are likely to encounter repayment difficulties. By way of example of such interconnections the credit institution should take into consideration the following :

- common ownership,
- common directors,
- cross guarantees,
- direct commercial interdependency which cannot be substituted in the short term.

If such interconnections are observed it would be sound practice to assess such commitments as a single risk.

## Article 2

## Scope

1. Subject to paragraphs 2 and 3, this recommendation shall apply to credit institutions as defined in Article 1.
2. The Member States need not apply this recommendation to :
  - (a) credit institutions listed in Article 2 (2) of Directive 77/780/EEC as revised by Directive 86/524/EEC<sup>(5)</sup>;
  - (b) institutions of the same Member State which, as defined in Article 2 (4) (a) of Directive 77/780/EEC, are affiliated to a central body in that Member State. In that case, without prejudice to the application of this recommendation to the central body, the whole — constituted by the central body and its affiliated institutions — must be the subject of consolidated supervision with regard to large exposures.
3. Pending further coordination, Member States may defer from the scope of this recommendation those specialized credit institutions the particular operations of which are governed by specific national legislation or administrative provisions relating, *inter alia*, to the monitoring and controlling of large exposures. These categories of credit institutions shall be reported to the Commission within six months of the notification of this recommendation.

## Article 3

## The reporting of large exposures

1. A report of every large exposure, as provided for under paragraph 2 and other exposures provided for under paragraph 3, if applicable, shall be made by the credit institution to the competent authorities at least annually.

<sup>(1)</sup> OJ No L 193, 18. 7. 1983, p. 18.

<sup>(2)</sup> OJ No L 195, 29. 7. 1980, p. 35.

<sup>(3)</sup> OJ No C 243, 27. 9. 1986, p. 4.

<sup>(4)</sup> Although in the context of assessing exposure risk it is extremely difficult to provide an unambiguous, succinct and legally watertight definition of what constitutes a group of connected clients, it is absolutely necessary, nevertheless, for the management of a credit institution to determine whether a situation of financial, legal or economic interdependency exists between any of its customers.

<sup>(5)</sup> OJ No L 309, 4. 11. 1986, p. 15.

2. An exposure of a credit institution to a client or group of connected clients is considered to be a 'large exposure' when its value has reached or exceeded 15 % of own funds.

3. For those Member States not having a credit information exchange system, and for those Member States having such a system but which does not comply with the requirements in paragraph 4, and regardless of whether large exposures exist in a credit institution, the competent authorities shall require the report, mentioned in paragraph 1, to include a minimum of 10 exposures with the highest percentage value.

4. Reports which a credit institution submits to a credit information exchange system of a Member State may be considered as meeting the requirements detailed in this Article provided that :

- (i) the credit information exchange system is operated or monitored by the competent authorities or by any other public authority which reports to the competent authorities ;
- (ii) the exposures are consolidated either by the credit institution, by the credit information exchange system or by the competent authorities ;
- (iii) the data submitted to the credit information exchange system shall broadly correspond to the definition of exposure as defined in Article 1, fourth indent.

#### Article 4

##### Limits on large exposures

1. Credit institutions may not incur an exposure to a client or group of connected clients when its percentage value exceeds 40 % of own funds.

2. Credit institutions may not incur large exposures which in the aggregate exceed 800 % of own funds.

3. The limits referred to in paragraphs 1 and 2 may be exceeded only in exceptional circumstances and, in such cases, the competent authorities shall require the credit institution either to increase the volume of own funds or to take other remedial measures.

4. The competent authorities may fully or partially exempt from the application of paragraphs 1 and 2 the following clients or group of connected clients :

- (i) the public authorities of :
  - (a) any of the Member States,
  - (b) those countries on the list of industrialized countries compiled by the IMF for statistical purposes ;

- (ii) The institutions of the European Communities and international public bodies of which the relevant Member State is a member.

5. The competent authorities may fully or partially exempt from the application of paragraphs 1 and 2 :

- (a) exposures secured by an explicit irrevocable guarantee or pledge of those organizations mentioned in paragraph 4 ;
- (b) exposures secured by cash deposits or listed securities, provided that the value of the latter is calculated in a prudent manner.

6. The competent authorities may exempt from the application of this recommendation 'interbank' exposures having a maturity of six months or less. Notwithstanding the limits detailed in paragraphs 1 and 2, the competent authorities may consider prescribing higher limits or an alternative weighting to the remaining 'interbank' exposures and for exposures covered by a guarantee of a credit institution.

#### Article 5

##### Third countries

1. The competent authorities of a branch having its head office in a third country may require the branch's exposures to be reported to them in order that it shall be monitored and controlled. The application of this paragraph may be subject to bilateral agreements between the respective competent authorities in order to facilitate the principle of 'home country control'.

2. Member States shall not apply to a branch of a credit institution having its head office in a third country provisions which would place the branch in a more favourable position than a branch of credit institution having its head office within the Community.

3. Application of this recommendation to credit institutions the parent undertakings of which have their head office in third countries and to credit institutions situated in third countries the parent institutions of which have a head office in the Community may be the subject of bilateral agreements, on the basis of reciprocity, between the competent authorities of the Member States and the third country concerned. Such agreements shall seek to ensure that Member States' competent authorities are able to obtain the necessary information to enable the large exposures of a credit institution within the Community, with participations outside the Community, to be monitored and controlled and that the competent authorities in a third country are able to obtain the necessary information to enable parent companies having head offices within their territory, which have participations in credit institutions situated in one or more Member States, to be supervised.

4. Prior to entering into negotiations in connection with agreements with third countries the Member States shall inform the Commission and the Advisory Committee set up under Article 11 of Directive 77/780/EEC. The Commission shall undertake the coordination of the policy objectives pursued in such negotiations for which purpose it may seize the Advisory Committee.

#### *Article 6*

##### **Consolidation**

1. The exposures of a credit institution which has a participation, as defined in Article 1, indent 3, of Directive 83/350/EEC, in another credit institution or financial institution shall be monitored and controlled on a consolidated basis to the extent and in manner according to the requirements prescribed by the Member State in applying Directive 83/350/EEC.

2. In addition to the requirements of paragraph 1, the competent authorities of a Member State may also monitor and control the exposures of individual credit institutions on a partially consolidated or non-consolidated basis.

#### *Article 7*

##### **Facilitating measures**

1. Member States shall ensure that there are no legal impediments preventing any credit or financial institution from supplying to a credit institution which has a participation in it information which is necessary for monitoring and controlling large exposures in accordance with this recommendation.

2. Member States shall permit the exchange between their competent authorities of the information necessary for monitoring and controlling the large exposures to be effected in accordance with this recommendation, it being understood that, in the case of financial institutions, the collection or possession of information shall not in any

way imply that a supervisory function is being exercised over those financial institutions by the competent authorities.

3. Any exchange of information between competent authorities which is provided for in this recommendation shall be subject to the obligation of professional secrecy as set out in Article 12 of Directive 77/780/EEC; any such information shall be used exclusively for the purposes of monitoring and controlling the solvency of the relevant credit institution.

4. If, in applying this recommendation to a credit institution, the competent authorities of one Member State wish in specific cases to verify the information concerning a credit or financial institution in another Member State, they must ask the competent authorities of that other Member State for this verification to be carried out. The authorities which have received the request must, within the framework of their competence, act upon it either by carrying out the verification themselves, or by allowing the authorities which made the request to carry it out, or by allowing an auditor or expert to carry it out.

#### *Article 8*

##### **Transitional provisions relating to exposures in excess of the limits**

1. Where, at the time of entry into effect of the measures taken in applying this recommendation, a credit institution has already incurred an exposure or exposures exceeding either the large exposure limit or the aggregate large exposure limit, as referred to in Article 4, the competent authorities shall take steps to bring into line the exposure or exposures of the credit institutions concerned in accordance with the provisions of this recommendation.

2. The process to bring into line the exposure or exposures should be drawn up, adopted, implemented and completed within the time the competent authorities deem it prudentially sound and competitively fair. The competent authorities shall inform the Commission of the time schedule of the general implementation process adopted.



*Appendix***DEFINITION OF THE TERM 'EXPOSURE'****Supplementary information**

The items detailed below are an indicative list of elements which a Member State may consider including within the term 'exposure'. Pending further coordination, the Member States have discretion to fix the weighted value of the elements listed below; however, the Commission recommends that those elements contained in sections A and B (i) be weighted at 100 %. Since the list is indicative, and therefore it is not considered comprehensive, the Commission would expect Member States to include in the term 'exposure' any elements which are of broadly similar character.

**A. On-balance-sheet items :**

- Loans and advances, including overdrafts,
- Bill and promissory notes,
- Leases,
- Shares and other securities,
- Loan stocks,
- Certificates of deposits.

**B. Off-balance-sheet items :****(i) Guarantees and similar contingent liabilities :**

- Acceptances,
- Endorsements on bills which do not carry the name of another credit institution,
- Guarantees which take the form of credit substitutes,
- Documentary credits, issued and confirmed,
- Transactions with recourse,
- Warrantees and indemnities, including tender and performance bonds and customs and tax bonds,
- Irrevocable standby letters of credit ;

**(ii) Commitments :**

- Asset sale and repurchase agreements,
  - Assets purchased under outright forward purchase agreements,
  - Unpaid portion of partly-paid shares and securities,
  - Standby facilities, such as irrevocable revolving lines of credit,
  - Underwriting, including note issuance facilities and revolving underwriting facilities,
  - Irrevocable undrawn overdraft facilities, commitments to lend, purchase securities or provide guarantees or acceptance facilities.
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**COMMISSION RECOMMENDATION**  
of 22 December 1986  
concerning the introduction of deposit-guarantee schemes in the Community

(87/63/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 155 thereof,

Whereas the Commission transmitted to the Council on 6 January 1986 a proposal for a Council Directive on the coordination of laws, regulations and administrative provisions relating to the reorganization and the winding-up of credit institutions<sup>(1)</sup>;

Whereas Article 16 (2) of that proposal for a Directive contains a transitional provision stipulating that, pending entry into force of a deposit-guarantee scheme in each Member State, the deposit-guarantee schemes in which credit institutions take part must extend cover to deposits received by branches set up in host countries which have no guarantee scheme;

Whereas six Member States currently still have no deposit-guarantee scheme; whereas that situation is likely, when Article 16 (2) of the proposed Directive is applied, to curb the opening of branches on their territory by imposing an additional burden both on a credit institution and on the guarantee scheme in which it is taking part, in the event of a winding-up revealing insufficient assets;

Whereas a number of Member States have deposit-protection schemes which were set up on a voluntary basis under the responsibility of professional organizations, and which have proved just as suitable and effective as compulsory schemes set up and administered on a statutory basis; whereas it is therefore necessary to safeguard, in those Member States which do not yet have guarantee schemes, both private and governmental initiatives;

Whereas a recommendation, which is not binding on the Member States to which it is addressed as to the result to be achieved but solicits their cooperation on a voluntary basis, should be an effective means of enabling them to stimulate the parties concerned;

Whereas the requirement that the branches of institutions having their head office outside national territory must join the deposit-guarantee scheme of the host country, which will result from the implementation of Article 16 of the abovementioned Directive, in conjunction with this recommendation, will maintain at European level the disparities of protection which are already encountered at national level between the various schemes;

Whereas this situation may prove prejudicial to the proper functioning of the European internal market; whereas, in order to verify this, practical experience should be gained of the operation of deposit-guarantee schemes in the Community before binding rules of law are put forward in the context of a proposal for a Directive,

HEREBY RECOMMENDS:

1. That Member States which already have one or more deposit-guarantee schemes<sup>(2)</sup> should check, in the event of the winding-up of a credit institution revealing insufficient assets, that those schemes:
  - (a) guarantee compensation for depositors who do not possess the means of properly assessing the financial policies of the institutions to which they entrust their deposits;
  - (b) cover the depositors of all authorized credit institutions, including the depositors of branches of credit institutions that have their head offices in other Member States;
  - (c) distinguish sufficiently clearly between intervention prior to winding-up and compensation after winding-up;
  - (d) clearly set out the criteria for compensation and the formalities to be completed in order to receive compensation.
2. That Member States which already have plans for introducing deposit-guarantee schemes<sup>(3)</sup>:
  - (a) should check that those plans meet the conditions set out in points 1 (a) to (d);
  - (b) should take all appropriate measures to ensure that those deposit-guarantee schemes are adopted by 31 December 1988.
3. That Member States which do not have a deposit-guarantee scheme covering all their institutions and which have not yet drawn up plans for such a scheme<sup>(4)</sup>:
  - (a) should draw up, in collaboration with the authorities responsible for supervising credit institutions and the professional organizations representing the categories of institution concerned, a plan for one or more deposit-guarantee schemes meeting the conditions set out in points 1 (a) to (d);

<sup>(2)</sup> Belgium, the Federal Republic of Germany, Spain, France, the Netherlands and the United Kingdom.

<sup>(3)</sup> Italy, Ireland and Portugal.

<sup>(4)</sup> Denmark, Greece and Luxembourg.

<sup>(1)</sup> OJ C 356, 31. 12. 1985, p. 55.

(b) should take all appropriate measures to ensure that those schemes come into force by 1 January 1990.

5. This recommendation is addressed to the Member States.

Done at Brussels, 22 December 1986.

4. The Member State shall inform the Commission of any changes made to their deposit-guarantee schemes and of all measures or plans for measures adopted in connection with points 1, 2 and 3.

*For the Commission*

COCKFIELD

*Vice-President*

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## CORRIGENDA

**Corrigendum to Council Regulation (EEC) No 3842/86 of 1 December 1986 laying down measures to prohibit the release for free circulation of counterfeit goods**

*(Official Journal of the European Communities No L 357 of 18 December 1986)*

On page 2, Article 1, point 2. (b):

*for:* '... of his representative...'

*read:* '... or his representative...'

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**Corrigendum to Council Regulation (EEC) No 204/87 of 22 January 1987 on the sale at prices fixed at a standard rate in advance of certain beef from intervention stocks for processing in the Community, repealing Regulation (EEC) No 3563/86 and amending Regulation (EEC) No 2182/77**

*(Official Journal of the European Communities No L 22 of 24 January 1987)*

On page 14, Article 1, first paragraph, third dash:

*for:* '... 1 July 1986...'

*read:* '... 1 August 1986...'

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