

Regulators: Belgium

local knowledge global solutions

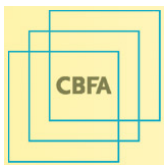
This factsheet describes the key features of financial regulations in Belgium

The regulators

Belgium has two regulatory bodies for the financial industry:

1. **Banking, Finance and Insurance Commission (CBFA)**
2. **National Bank of Belgium (NBB)**

Banking, Finance and Insurance Commission (CBFA)



The Banking, Finance and Insurance Commission (CBFA) was formed in 2004 as a result of the merger of the Banking and Finance Commission (created in 1935) and the Insurance Supervisory

Authority (created in 1975). It is the single Belgian authority in charge of supervising most financial institutions and financial services offered to the public.

The CBFA was established to protect savers and policyholders, public confidence in financial products and services, and the proper operation of markets in financial instruments. To achieve these goals, Parliament entrusted the CBFA with a very wide range of tasks.

The CBFA provides three types of supervision:

1. Prudential supervision of financial institutions
2. Supervision of information and of the operation of financial markets, and
3. Supervision of the status of other professionals in the financial sector (brokers, agents and sub-agents).

In addition, the CBFA is entrusted with protecting consumers of financial services, fighting money laundering and terrorist financing, and imposing administrative fines, penalties and voluntary settlements.

Prudential supervision of financial institutions

The aim of prudential supervision is to ensure that the supervised institutions, which handle people's money, can always meet their commitments to customers. Prudential supervision also contributes to the stability of the financial markets in which the supervised institutions operate.

The institutions under CBFA's prudential supervision are banks and other credit institutions, insurance companies, stock broking firms and other investment firms, UCITS management companies and institutions for occupational retirement provision. Before starting activities, these financial institutions must be authorised by either the CBFA (if they are governed by Belgian law) or by the competent authority of their home Member State (if they belong to the European Economic Area). There are differences in supervision between these different categories of financial institutions. However, the main provisions are similar.

The CBFA's prudential supervision includes:

- Ensuring that shareholders and people in charge of financial institutions have the necessary qualities to manage the institution prudently.
- Verifying that the organisation and operation of institutions are adequate for the activities proposed. This includes supervising the firm's management structure, administrative and accounting organisation, and internal control procedures – paying particular attention to the quality of each institution's risk management. Risks include not only financial risks (credit risk, interest rate risk, foreign exchange risk, market risk, etc.) but also operational, reputational and other risks. Insurance companies face specific technical risks (including provisioning risk, subscription risk and reinsurance risk).
- Checking that each institution is sufficiently solvent and profitable.
- Supervising at both individual and group level (for financial institutions that head, or belong to, a financial group) and supervising under the terms of cooperation agreements with foreign regulators (for financial institutions operating internationally or as part of an international financial group).

The CBFA's web site, at www.cbfa.be, provides further information, including the status and legal tasks of the CBFA, and access to the main applicable legal texts, the CBFA circulars, the lists of the various financial institutions and intermediaries who are authorised to operate on the Belgian market, the prospectuses approved by the CBFA, and the warnings to the public.

The CBFA publishes all circulars regarding Scheme A, Basel 2, IFRS and financial instruments assessment, including protocol and taxonomy for delivering those reports to the National Bank of Belgium.

National Bank of Belgium (NBB)



The National Bank of Belgium has separate departments responsible for different modules:

- **MIR (ECB) reporting:** Statistics of the debit and credit interest rates for non-financial companies and households (MFI interest rates or MIR statistics). These statistics have been introduced in pursuance of the European regulation (EC) no. 63/2002 of the European central bank (ECB/2001/18) of 20 December 2001. The national bank of Belgium is responsible for composing and maintaining these statistics, collecting and validating the data, aggregating individual data, and sending the data to the European central bank (ECB).
- **Balance-of-payments statistics:** These statistics are an important economic indicator, and are included in the balance of payments for the euro area. They are an essential part of the national accounts, recording external elements that contribute to the formation of gross national income (GNI) and gross domestic product (GDP).
- **Credit reporting:** Banks need to assess the risks they incur when granting loans to the self-employed and companies. All banks established in Belgium forward information to the Central Corporate Credit Register CCCR regarding enterprises and individuals who have obtained credit totalling 25,000 Euros or more.

In connection with its function of prudential supervision of credit institutions, the Banking, Finance and Insurance Commission may consult any information required in the course of its duties (research on risk concentration, analysis of the quality of a credit portfolio, etc.).

Cooperation between the CBFA and NBB

The CBFA and the NBB cooperate closely on issues of common interest. Two joint bodies have been instituted to that end:

The Financial Stability Committee



The Financial Stability Committee examines issues of common interest to the CBFA and the NBB. These include the stability of the financial system as a whole, coordination of crisis management and the management of activities carried out in concert. The Financial Stability Committee comprises the members of the CBFA Management Committee and of the NBB Board of Directors.

The Financial Services Authority Supervisory Board

The Financial Services Authority Supervisory Board gives advice on matters relating to the organisation and operation of the financial markets and of financial institutions. It comprises the members of the CBFA's Supervisory Board and of the NBB's Council of Regency.

Copyright © 2010 FRS Belgium NV ("FRSGlobal"). All rights reserved. All other registered or unregistered trademarks and service marks are property of their respective companies and should be treated as such. No part of this publication may be reproduced, transcribed, transmitted, stored in a retrieval system, computer or otherwise, in any form or by any means, magnetic, mechanical, electronic, optical, manual or otherwise, and may not be translated into any language without the express written permission of FRSGlobal.



FRSGlobal's offering and guarantee

This document is produced by the FRSGlobal Centre of Risk and Regulatory Excellence (CoR²E) team.

FRSGlobal is the only supplier of regulatory risk and compliance reporting, with coverage for 40+ countries. We provide over 1500 financial organisations – including 41 of the top 50 banking institutions – with enterprise risk and regulatory compliance reporting solutions that enable them to increase operational efficiency reduce costs and mitigate risks.

FRSGlobal customers receive software and rich regulatory content that is fully supported by the FRSGlobal Guarantee. This ensures that the regulatory reports under subscription are kept fully up-to-date with regulators' requirements. The Guarantee is facilitated by the FRSGlobal Centre of Risk and Regulatory Excellence (CoR²E) which monitors the changes that affect reporting requirements in more than 100 countries

The CoR²E group publishes a newsletter describing the latest regulatory developments. To subscribe, please register at www.frsglobal.com.