

6. Financial services

B5-0173/2001

European Parliament resolution on the final report of the Committee of Wise Men on the regulation of European securities markets

The European Parliament,

- having regard to the final report of the Committee of Wise Men on the regulation of European securities markets of 15 February 2001¹,
- having regard to its resolutions of 13 April 2000 on the Commission communication on implementing the framework for financial markets: Action plan² and of 17 November 2000 on the evaluation of Directive 89/299/EEC on the own funds of banks³,
- A. whereas this resolution constitutes a first response to the final report of the Committee of Wise Men's report, and the final report must be the subject of a report drawn up by the competent committee of Parliament,
- B. whereas the creation of a genuine single market in financial services would result in very significant benefits for EU citizens, providing cheaper financial products for consumers, a better return on savings for investors and cheaper and more readily available risk capital and finance for business and enterprise,
- C. whereas the Lamfalussy Report makes a range of suggestions about the working practices of the three EU institutions, including criticising the Council for delay in agreeing legislation and calling on the Commission to improve its poor record on enforcement of legislation,
- D. whereas the Treaty does not provide for any specific procedure for the adoption of 'second level' legislative acts, and the comitology procedure is limited to the adoption of execution and implementation measures,
- E. whereas Parliament must always be in a position to exercise in their entirety the prerogatives granted to it by the Treaty, and in particular the parallelism of the European Parliament-Council decision-making process which is found in the codecision procedure must be fully preserved,
- F. whereas the analysis of the blockages in the decision-making process is mistaken, as in the great majority of cases the Council is solely responsible for the situation, and the European Parliament cannot be attributed a significant share of responsibility,
- G. whereas the Wise Men's report does not constitute a legally binding document,

¹ http://www.europa.eu.int/comm/internal_market/en/finances/general/lamfalussy.htm

² OJ C 40, 7.2.2001, p. 453.

³ Texts Adopted, Item I.

1. Welcomes the final report of the Committee of Wise Men on the regulation of European securities markets; shares its analysis with regard to the benefits of an integrated European financial market, and its commitment to creating the necessary regulatory environment to achieve this objective; further notes the importance of the report given the leverage effects of financial markets on competitiveness, growth and employment;
2. Believes that EU legislation on securities markets has often been too rigid and inflexible and difficult to adapt to changing market conditions; believes that it is vital for consumer protection to keep legislation up to date since it is dangerous to be regulating yesterday's markets; further believes that ensuring that legislation is kept up to date is also vital for creating a flourishing single market in securities, which encourages innovation and which gives consumers and investors a genuine choice between products and service-providers from across the EU;
3. Welcomes the wide-ranging consensus amongst the Commission, Council and market practitioners over the majority of the recommendations in the Lamfalussy Report; believes that the EU has an important political opportunity to reform and update the legislative process on securities matters and that, if at all possible, this opportunity should be seized by Parliament, the Council and the Commission; calls upon all three institutions to make every effort to reach an interinstitutional agreement which will address the problems identified in the Lamfalussy Report;
4. Recalls its emphasis on the need for full transparency by all actors in any new approach to securities regulation, and the importance of ensuring that the proposed Regulators and Securities Committees are democratically accountable; therefore urges the Council to accelerate and open up its own decision-making procedures, which too often hold up the decision-making process; stresses the need for an agreement on specific and detailed transparency measures, such as publication of proposals and amendments suggested to these Committees at the time they are tabled and publication of the full minutes of each meeting;
5. Recalls that the measures for implementing the Financial Services Action Plan are to be adopted under the codecision procedure, which can be easily accelerated thanks to a fast-track procedure, i.e. at first reading; emphasises that the legislative proposals at Level 1 could contain not only broad principles but also the foreseen implementing measures in an annex;
6. Stresses that proposals for adapting or updating implementing measures submitted by the Commission to the EU Securities Committee must be forwarded at the same time to the European Parliament and the Council; asks for a three-month period for both institutions to consider them; asks the Commission to withdraw its proposals if Parliament or the Council should deliver a negative opinion and to submit a legislative proposal under the codecision procedure;
7. Calls on the Commission to build on the report's conclusions by bringing forward the substantive measures which are needed to achieve an integrated securities market, and in particular with regard to investor protection, competition and SMEs, as outlined in the initial report and before Parliament;
8. Notes that the Wise Men identified poor implementation and enforcement of legislation

as a major barrier to the creation of a single market in financial services and hence advocated greater EU involvement in implementation via closer and more formalised cooperation between regulators; notes also that the report strongly emphasised the necessity of identifying the most important measures needed to implement the single market in financial services and set out a list of priority measures;

9. Believes that the creation of a Committee of European Regulators should lead to better and more consistent implementation of legislation and faster convergence between different rules across the EU; believes, for example, that there is a much greater chance of attaining convergence or eventual harmonisation of conduct of business and advertising rules if regulators work closely together in a new EU committee of the type proposed by the Lamfalussy Group; peer review, benchmarking and the spread of best practice will be enhanced by the new structure and should drive forward the convergence process;
10. Believes that the European Parliament should take a close interest in monitoring how EU legislation is implemented and welcomes the proposal in the Lamfalussy Report that the new Regulators Committee should report regularly to the European Parliament to account for its record on implementing legislation;
11. Recognises that the Lamfalussy proposals give the European Parliament two legally binding methods of controlling the activities of the Securities Committee: firstly, the European Parliament would define and limit the scope of delegation and the remit of the Committee in relation to each and every directive; secondly, if the European Parliament believed that the Securities Committee had acted improperly, it could refuse to delegate any powers under subsequent legislation; recognises the importance of these sanctions but believes that further safeguards are desirable in order to ensure that the Securities Committee is subject to proper parliamentary oversight and democratic scrutiny;
12. Demands that if a new approach to the regulation of securities markets is introduced which confers on the Commission, assisted by a regulatory committee of the Member States, the power to adopt implementing measures, the European Parliament must be provided with a binding 'call back' or similar appeal mechanism to refer the matter back to the Commission; considers that this is highly desirable in order to maintain the parallelism of the codecision procedure and ensure effective parliamentary oversight of the Securities Committee;
13. Stresses that it is important that both the EU Securities Regulators Committee and the EU Securities Committee be established under the codecision procedure;
14. Believes that a new interinstitutional agreement based on this approach could be rapidly negotiated and agreed pending the review in 2004, which would enable the new approach to be used to create an integrated securities market by 2003;
15. Proposes therefore that negotiations at the highest level between the three institutions should begin as soon as possible, with a view to reaching an agreement which is acceptable to all three institutions;
16. Instructs its President to forward this resolution to the Commission, the Council, the European Council and the Forum of European Securities Commissions (FESCO).