

Committee on Economic and Monetary Affairs
The Chair

CONFIDENTIAL

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Antonio TAJANI
Chair of the Conference of
Committee Chairs

Subject: ECON evaluation of Commissioner-designate McGuinness

Dear Mr TAJANI,

The Committee on Economic and Monetary Affairs (ECON), in accordance with Rule 125 of the Rules of Procedure of the European Parliament, held a public hearing on 2 October 2020 with Mairead McGuinness, Commissioner-designate, who, subject to the positive outcome of the nomination procedure, will be responsible for Financial Services, Financial Stability and the Capital Markets Union.

On 28 September 2020 the Committee on Economic and Monetary Affairs, pursuant to Rule 125 of the Rules of Procedure and Article 2 of Annex VII thereto, received the letter by the Legal Affairs Committee regarding the scrutiny of the declaration of financial interests of Ms McGuinness.

Prior to the hearing, Parliament had sent the Commissioner-designate a list of written questions. My committee noted that Ms McGuinness answered those questions and dealt with the priorities outlined satisfactorily.

Ms McGuinness opened the hearing by making a statement in which she referred to the following:

- her 16 years of experience as a Member of the European Parliament, including her experience in dealing with Brexit-related issues, and her experience in the context of the previous financial crisis ;
- her pledge for a close working relationship with the European Parliament;
- the importance that the financial sector contribute to the transformation towards green energy and a circular economy, to the fight against the loss of biodiversity and environmental degradation, and to the goal to become carbon neutral by 2050. In this context, she underlined the importance of the Taxonomy Regulation, and stated that a new Action Plan on sustainable finance should be developed, and that the development of standards to identify Green Bonds should also be advanced;
- the importance of working collectively to support households and small and medium-sized enterprises, and of working towards a financial system that serves the society holistically; the need for a resilient financial system to foster social inclusion, investment in public health, and the creation of wealth to build more resilient and inclusive societies;

- the Digital Finance Strategy of the Commission, new opportunities and risks related to the latest developments in the FinTech sector, also against the background of the recent Digital Finance Package adopted by the Commission, which also includes a strategy on cross border payments. She underlined that similar activities should be covered by similar legislation, and that the EU should stand strong against cyber attacks and other risks. She pointed out that the Wirecard scandal had revealed shortcomings of the current supervisory system;
- the need for a no-tolerance approach regarding money laundering. She recalled that it was investigative journalism that had recently revealed holes in the EU's anti-money laundry (AML) infrastructures, and she called for a European AML supervisor to enhance cooperation between the Member States' Financial Intelligence Units;
- the Commission's measures to fight the economic effects of the pandemic, and the vital function of the financial sector for the rebuilding of the EU's society and economy;
- her intention to complete the Banking Union and the Capital Markets Union for the strengthening of the economy, and the promotion of the international role of the Euro. She welcomed the Commission's Capital Markets Union Action Plan and underlined that a stronger Capital Markets Union would serve the funding of start-ups and small and medium-sized enterprises (SMEs), and would provide more opportunities to savers and investors. Specific steps should include a common backstop for the Single Resolution Fund, a European Deposit Insurance Scheme, and an SME IPO fund, as well as measures regarding insolvency proceedings, withholding tax procedures, and financial supervision. To complete these steps, she stressed that it was necessary to build consensus;
- her intention to complete the implementation of the Basel III banking standards faithfully, thereby considering proportionality and EU specific characteristics;
- the need for credible and responsive EU sanctions in the area of foreign policy, the need to protect the EU from extra-territorial effects of sanctions imposed by others, and the need for the EU to act firmly to restore multilateralism;
- in the context of Brexit, the need for the EU to be ready for the consequences, particularly in the financial sector, the dangers of relying on a third country for key financial infrastructures, and the decisions taken regarding Central Counterparties (CCPs) in this matter.

The introductory statement of Ms McGuinness was followed by a first round of 7 questions from representatives of each political group and a second round of 17 questions by Members, including also a representative from the non-attached Members.

During the course of the hearing, Members asked questions on the following subjects in particular:

- her priorities in implementing the Capital Market Union;
- her plans for completing of the Banking Union;
- her intentions for the implementation of the final Basel III reforms;
- her views on dealing with non-performing loans (NPLs);
- her plans to address money laundering risks in the financial system (and to implement the Commission Action Plan on Anti-Money Laundering);
- her views on increasing retail financial services, financing of Small and Medium Sized Companies (SMEs) and consumer protection within the internal market;
- her views on reinforcing effective supervision of the regulated markets and addressing risks posed by non-regulated sectors (e.g. shadow banking);

- her views on taxation policy, the EU tax agenda (including a financial transaction tax) and country-by-country reporting;
- her plans for developing sustainability in capital markets, in particular with regard to environmental and social objectives;
- her intention on addressing gender mainstreaming in the nomination process for the European Supervisory Authorities;
- her plans on mitigating the negative impact of COVID-19 pandemic and ensuring financial stability;
- her plans on mitigating risks posed by BREXIT in the financial sector;
- the high representation, if she were confirmed, of one nationality in significant posts in the financial sector / banking union.

In her replies, Ms McGuinness made specific commitments regarding her future action as Commissioner. She:

- committed to work on the completion of the Banking Union; committed to a timely and proportionate implementation of the final Basel III standards, considering the impact of COVID-19 while respecting the international commitments made; committed to work with the Parliament injecting fresh energy and pushing forward on EDIS and a common back stop to the SRF;
- committed to address the issue of non-performing loans as a matter of priority and to bring forward a new strategy in order to safeguard the lending capacity of banks while also ensuring consumer protection, in particular in the operation of secondary markets;
- committed to build a Capital Markets Union and implement in timely fashion the proposals made in the Capital Markets Action Plan, also in view of ensuring financial stability and reducing over-dependence on third-countries for key financial services;
- committed to a common EU framework on crypto assets, with strong safeguards to mitigate against cyber-attacks and other risks including a strong supervision;
- committed to the prioritisation of the action plan on sustainable finance, to accelerate work on an EU green bond standards;
- committed to a strong supervisory architecture on anti-money laundering within the Union, comprising a single EU rulebook and a central authority overseeing compliance with rules; committed to assess the possibility of a European Financial Intelligence Unit (FIU);
- committed to monitor the correct transposition of the anti-money laundering directives and to launch if necessary infringement procedures against Members States;
- committed to take a Community approach to taxation and to strongly support a fair , transparent and simple taxation in line with Commission package of July 2020;
- committed to support the Parliament's position on Public country-by-country reporting and to facilitate an agreement among Member States.

Before the end of the hearing, the Commissioner-designate made a brief closing statement in which she referred to the late John Hume, MEP and Nobel peace prize-winner, who had started his work for peace and social justice through the foundation of a credit union. She reaffirmed her commitment to financial stability, the financing of SMEs, developing the Banking Union, to focusing on the needs of consumers in particular in the recovery over the next weeks and months, and finally to working fully with the Parliament.

On the basis of the responses of the Members present at the hearing, as well as the comments made by my committee's coordinators, who met in camera after the hearing under my chairwomanship, I hereby give the following assessment:

ECON coordinators were satisfied that the candidate has the required integrity, independence, professional aptitude and experience, European commitment, ability to communicate and initiative, as also demonstrated by her record as a Member of the European Parliament.

The general outcome of this hearing is that the Commissioner-designate gave a convincing impression of her aptitude to be a member of the College of Commissioners and to carry out the specific tasks assigned to her.

The ECON coordinators representing a majority of more than two-thirds of the committee membership approved the Commissioner-designate, Mairead McGuinness, as qualified both to be a member of the College of Commissioners and to carry out the specific tasks assigned.

During the evaluation meeting, the coordinator of GUE/NGL requested to include the following aspects which constitute a minority view:

Ms McGuinness failed to reassure GUE/NGL that she appreciates the real challenges facing workers and the economy. She is simply following a neo-liberal Commission script which is even more unsuitable during this crisis. She will champion the Capital Markets Union. She has given every indication that she fully intends to carry on with the financialisation of the economy.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Irene Tinagli', with a stylized, cursive script.

Irene Tinagli