



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from:	General Secretariat
to:	Delegations
Subject:	Financial services: Lack of progress in Council and Commission's delay in the adoption of certain proposals - oral questions to the Council and the Commission - debate at the plenary session of the European Parliament, 12 June 2013

On behalf of the Committee on Economic and Monetary Affairs (ECON), Ms BOWLES (ALDE, UK) had tabled questions for oral debate to the Council and the Commission, in which ECON expressed its concerns about the lack of progress in the Council on a number of legislative files in the area of financial services.

Ms BOWLES recalled that the Commission had launched numerous proposals in the field of financial services and stressed that, for some of them, the Parliament had adopted its position or a mandate for negotiations a long time ago. These included the Deposit Guarantee Schemes, Investor Compensation Schemes, review of the Markets in Financial Instruments Directive (MiFID II), and Central Securities Depositories. She expressed her disappointment at the blockage of the financial services files in the Council and considered that the Council should take urgent action to allow for a speedy adoption of all Commission proposals in the field of financial services well before the European Parliament elections, including recent and forthcoming proposals.

On behalf of the Council, Ms Lucinda CREIGHTON, Minister of State for European Affairs of Ireland, delivered the statement set out in the Annex. She challenged the criticisms that there had been insufficient progress in the Council. She also underlined that the Council was continuing to take forward very complicated negotiations on a number of important files in the field of financial services. Ms CREIGHTON stressed that the Council was aiming for rapid results, but not at the expense of quality, and considered that the EP has also to play its role.

On behalf of the Commission, Commissioner BARNIER described both current and planned work by the Commission in the area of financial services and assured the Parliament that the Commission was fully committed to making further progress.

In the subsequent short debate (one round of speakers only, on behalf of the political groups) Mr GAUZES (EPP, FR), Ms FERREIRA (S&D, PT), Mr GIEGOLD (Verts/ALE, DE), Mr SWINBURNE (ECR, UK), Mr BLOOM (EFD, UK) and Mr KLUTE (GUE/NGL, DE) took the floor. With the exception of the EFD representative, all speakers were - to differing degrees - rather critical of the Council, and considered that there was a lack of capacity and determination on the part of the Council and the Member States to achieve the agreements needed to finalize the key dossiers before the end of the current term. Speakers were generally less critical of the Commission than the Council.

Mr GAUZES (EPP, FR) was particularly critical, saying that the Council's attitude was calling into question the loyal cooperation between institutions. He strongly expressed his political group's concerns at the possible legal uncertainty for businesses linked to the lack of progress on the financial services files and, more globally, at the negative results of the current blockage for European public opinion. He considered that the blockage could strengthen euroscepticism, and create for the European citizens the impression that the European Union was not reacting enough. He called on the Council to take responsibility for the work.

Mr GIEGOLD (Verts/ALE, DE) called on the Council to change its working methods by moving away from what he described as "intergovernmental mode" and start voting. He stressed that the current blockage was not due to the Irish Presidency which was not to be criticized.

Mr BLOOM (EFD, UK) was the only speaker to express some understanding of the Council's position. He recalled his political group's position in principle on the need for legislation at the national level.

In her closing remarks, Ms CREIGHTON reiterated the Council's commitment to the ongoing discussions on financial services files. She recalled that the adoption of good legislation was a joint effort of all three institutions and often a matter of delicate compromise.

The resolution on "*Financial services: lack of progress in Council and Commission's delay in the adoption of certain proposals*", adopted by ECON on Monday evening, was adopted by the plenary on 13 June by 483 votes in favour, 27 votes against and 65 abstentions.

Statement by Ms Lucinda CREIGHTON, Minister of State for European Affairs of Ireland

President,
Honourable Members,

I am grateful for the opportunity to take part in this discussion, and in particular to clarify a number of points. I hope that this will enable all of us to move on and improve our co-operation in this important area.

Firstly I must take issue with the fundamental premise on which this question is based. There has been no lack of progress in Council in the financial services sector. Quite the contrary - the Council is continuing to make significant progress in very complicated negotiations on some important files.

So far we have given particular priority to those legislative files related to the banking sector. This is fully justified given the importance of this sector and the need to break the link between the banks and sovereign debt.

I would like to be quite clear about the significant progress we have made in the financial services area in just a few months.

First, we have reached political agreement on two fundamental building blocks of the reformed banking sector and of the future Banking Union - the agreement on the banking supervision package as well as the capital requirements directive and regulation. I have referred on several occasions to the importance of these legislative acts. I note that the European Parliament has postponed its vote on the SSM package to the September Plenary. I very much hope that this will not complicate completion of this work. On CRD4, which will be formally adopted by both institutions in the next few days and published before July, the negotiations have been long and difficult.

In April we reached political agreement on the Mortgage Credit Directive which will allow for rapid implementation of new rules benefiting mortgage holders and consumers across Europe. I expect this Directive to be adopted at first reading, provided that the European Parliament respects the terms of the 2011 Joint Political Declaration on explanatory documents.

We have also recently reached political agreement on the Transparency Directive, which will increase the attractiveness of regulated markets for small and medium-sized issuers. Let me thank you for your excellent co-operation on this dossier.

I must also refer to some of the difficulties we face. Today we have around twenty legislative proposals in the financial services sector on the table. Commissioner Barnier said recently that this is not a valid reason to stop issuing new proposals. He is probably right, given the circumstances. But it is also true that some of the Commission's proposals, as well as the amendments proposed by the European Parliament, need to be improved. For this we need to draw on the expertise in Member State governments. Our main objective has to be to deliver high quality legislation which is realistic, effective and operational. We should aim to deliver fast, but not sacrifice quality as a result.

One example is the MIFID/MIFIR review process. This is the cornerstone of the EU's implementation of the G20 commitments on the way financial markets operate. MIFID needs to be adapted to keep up with technological developments and financial innovation. The impact of the new rules cannot be under-estimated and it is vital to get them right. The Council has been working hard to achieve a better and more balanced text. This is not something that can be done overnight. The same is true for other files such as the CSD proposal.

Another example is the negotiation on the Deposit Guarantee Schemes. These are now on hold until further developments on the Bank Recovery and Resolution, since the funding of Member States Deposit Guarantee Schemes is complementary to their resolution funds. On this the Parliament itself chose to vote its opinion at first reading on the text in February 2012, while the Council was working hard to continue the negotiations in trilogues.

On the Investor Compensation Schemes Directive, we have constantly raised the possibility of starting the negotiations with the Honourable Members concerned. However, given its link with the Deposit Guarantee Schemes Directive, we can see that these negotiations will need to wait for an agreement on that file.

On Solvency II, we recognise the importance of ensuring that prudential requirements in the insurance business rely on risk based methodologies. But we will not be able to provide our contribution immediately. This is because the negotiations have been delayed because of an ex-ante impact assessment requested by the European Parliament during the negotiations last year with the Council.

Progress has overall been impressive, contrary to what is suggested in your question. Of course we can always do better. The Council for its part will keep up the necessary pace and quality. I hope the Parliament will do the same.

Looking forward, the European Council has called for the adoption of the forthcoming proposal on a Single Resolution Mechanism by the end of this parliamentary term. We hope to respect this timeframe. This will be yet another priority file.

Secondly, we are looking to agree a general approach in the Council on the Bank Recovery and Resolution Directive and on the legislative proposal relating to Packaged Retail Investment Products.

Thirdly, we are very close to reaching a political agreement with the Parliament on the Market Abuse Regulation with the European Parliament. We hope this work will be completed in the next few weeks. This will leave us with only technical adjustments pending the outcome of MIFID and MIFIR negotiations.

Fourthly, on the Central Securities Depositories Regulation, we have made good progress and are aiming to reach a general approach this month, in order to start trilogues with the Parliament as soon as possible.

We will also continue to work hard on other files, for example the UCITS text and the Commission proposals to improve the existing rules on anti-money laundering and fund transfers, in accordance with the guidelines given by the European Council.

These objectives are achievable, provided that the Commission and the European Parliament cooperate constructively with a view to reaching a compromise.

By way of conclusion, I would reiterate that I do not recognise the situation which seems to have prompted your question. I therefore welcome the opportunity both to correct some misunderstandings and to set the record straight. We are aiming for rapid results, but also an outcome of quality. Sometimes that takes time. We look to Parliament also to play its role, and I look forward to hearing from you as to how you intend to do that over the coming months.

I thank you for your attention.
