**European Parliament resolution on the current state of integration of EU financial markets**

**1. Rapporteur:** Ieke van den Burg (PSE-NL)

**2. EP reference number**: A6-0087/2005 / P6-TA-PROV(2005)0153

**3. Date of adoption of the resolution:** 28 April 2005

**4. Subject:** Report on current state of integration of EU financial markets

**5. Brief analysis/assessment of the resolution and its requests:**

***General assessment: Report is very much in line with Commission thinking on future priorities in the financial services area.***

Parliament sees FSAP a success in legislative procedural terms, but estimates however, that it is premature to pass a definitive judgement; the Commission should conduct a full and public evaluation of the current FSAP.

Importance of efficient transposition and enforcement, as well as increased convergence of national supervisory practices is stressed. Principle of “better regulation” should be applied; non-legislative solutions should be encouraged; asks the Commission and Member States to promote and support consumer awareness programmes and education initiatives.

Parliament favours a step-by-step, voluntary, bottom-up approach to secure the convergence of supervisory practices; some form of integrated supervision at EU level might be developed. A coordinating role for CESR, CEBS and CEIOPS is recommended - building on the current Lamfalussy framework.

Issue of democratic accountability of regulatory committees and standard setters such as IASB, IAASB, or FATF is highlighted. Parliament and Council must be allowed to reject standards contrary to the European interest.

Importance of close relations with US and other important global financial markets is stressed.

An overall horizontal regulatory approach for asset management is called for. The Commission should consider whether there is a need to register hedge funds in the EU. The many national schemes for venture capital must be assessed. Offshore constructions (including the use of special purpose vehicles) present major potential risks and must be assessed.

The role of competition policy in monitoring and improving the performance of the financial markets in the EU must be strengthened. The Commission should provide a comprehensive study of retail banking service, including. the 26th regime. The Commission is urged to organise a discussion on the structure of the EU financial services market, bearing in mind both consumers’ and practitioners’ interests as well as global competitiveness.

**6. Reply to the requests and overview of the actions taken by the Commission or outlook of those actions which the Commission intends to take**:

Parliament’s report is one element in the process of elaborating the priorities for EU financial services policy for the next five years. This was acknowledged in the Green Paper on Financial Services Policy 2005-2010, adopted by the Commission on 3/5/2005.

The requests contained in the report will be taken into consideration in various follow-up initiatives already planned:

* Green Paper on Asset Management (foreseen for July 2005)
* Green Paper on Mortgage Credit (foreseen for July 2005)
* White Paper on Financial Services Policy 2005-2010; containing the Final Policy

Conclusions in the area of Financial Services for the next five years (foreseen for November 2005).

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