Az Európai Unió Hivatalos Lapjában (2009. szeptember) kihirdetett jogforrások listája, illetve a pénzügyi szolgáltatások szektorral kapcsolatban az Európai Bizottság honlapján közzétett hírek

Tartalomjegyzék:

Az Európai Unió Hivatalos Lapja - L (Jogszabályok)

Sorszám	Cím	Oldalszám
1.	A BIZOTTSÁG 824/2009/EK RENDELETE (2009. szeptember 9.) az 1606/2002/EK európai parlamenti és tanácsi rendelettel összhangban egyes nemzetközi számviteli standardok elfogadásáról szóló 1126/2008/EK rendeletnek az IAS 39 nemzetközi számviteli standard és az IFRS 7 nemzetközi pénzügyi beszámolási standard tekintetében történő módosításáról (EGT-vonatkozású szöveg)	2
2.	A BIZOTTSÁG 839/2009/EK RENDELETE (2009. szeptember 15.) az 1606/2002/EK európai parlamenti és tanácsi rendelettel összhangban egyes nemzetközi számviteli standardok elfogadásáról szóló 1126/2008/EK rendeletnek az IAS 39 nemzetközi számviteli standard tekintetében történő módosításáról	3

Sajtóbejelentések

Sorszám	Cím	Oldalszám
1.	Single Euro Payments Area (SEPA): Commission consultation shows general support for end-date for SEPA migration	3
2.	Mr. Charlie McCreevy European Commissioner for Internal Market and Services Supervision, solvency and capital requirements Financial Risk Solutions 10th Anniversary Dinner Dublin, 28 September	4
3.	European Bank Coordination Meeting: international coordination helped avert a systemic bank crisis in Central and Eastern Europe	8
4.	Commission cuts red tape and improves investor protection on securities prospectuses	9
5.	Prospectus Directive: Frequently Asked Questions	10
6.	Mr. Charlie McCreevy European Commissioner for Internal Market and Services Derivatives and Risk Allocation Derivatives Conference Speakers' Dinner Brussels, 24	17

	September	
7.	Commission adopts legislative proposals to strengthen financial supervision in Europe	19
8.	New financial supervision architecture: Q&A on the European Systemic Risk Board / the macro-supervision part of the package	21
9.	European System of Financial Supervisors (ESFS): Frequently Asked Questions	24
10.	Single Euro Payments Area : Commission presents actions to make SEPA a success	27
11.	Single Euro Payments Area (SEPA) – Frequently Asked Questions	29

Jogszabályok

1.

Jogszabály:

A BIZOTTSÁG 824/2009/EK RENDELETE (2009. szeptember 9.)
az 1606/2002/EK európai parlamenti és tanácsi rendelettel összhangban egyes nemzetközi számviteli standardok elfogadásáról szóló 1126/2008/EK rendeletnek az IAS 39 nemzetközi számviteli standard és az IFRS 7 nemzetközi pénzügyi beszámolási standard tekintetében történő módosításáról (EGT-vonatkozású szöveg)

Megjelent:
L239 (IX.10.)

Jogforrás tartalma:

A Nemzetközi Számviteli Standard Testület (IASB) közzétette az IAS 39 nemzetközi számviteli standard és az IFRS 7 nemzetközi pénzügyi beszámolási standard módosításait (*Pénzügyi eszközök átsorolása – Hatálybalépés napja és áttérés;* a továbbiakban: az IAS 39 és az IFRS 7 módosítása). Az IAS 39 és az IFRS 7 módosítása az említett standardok 2008. október 13-i, IASB általi módosításainak hatálybalépési időpontját és átmeneti intézkedéseit tisztázza.

Az 1126/2008/EK rendelet mellékletében az IAS 39 *Pénzügyi instrumentumok: megjelenítés és értékelés* és az IFRS 7 *Pénzügyi instrumentumok: Közzétételek* standard "Hatályba lépés napja és áttérés" rendelkezései módosulnak.

Az 1004/2008/EK (4) bizottsági rendelet alapján már elkészített és prezentált pénzügyi kimutatásokat nem szükséges visszamenőleges hatállyal módosítani illetve újból benyújtani.

A rendelet 2009. szeptember 13-án lép hatályba

2.

Jogszabály:

A BIZOTTSÁG 839/2009/EK RENDELETE (2009. szeptember 15.)
az 1606/2002/EK európai parlamenti és tanácsi rendelettel összhangban egyes nemzetközi számviteli standardok elfogadásáról szóló 1126/2008/EK rendeletnek az IAS 39 nemzetközi számviteli standard tekintetében történő módosításáról

Megjelent:
L244 (IX.16.)

Jogforrás tartalma:

A Nemzetközi Számviteli Standard Testület (IASB) *Megfelelő fedezett tételek* címmel közzétette az IAS 39 *Pénzügyi instrumentumok: megjelenítés és értékelés* standard módosítását (a továbbiakban: az IAS 39 módosításai). Az IAS 39 módosításai azzal a helyzettel kapcsolatban tisztázzák a pénzügyi instrumentumok inflációs elemére és az opciós szerződésekre vonatkozó fedezeti elszámolás módját, amikor ezeket fedezeti instrumentumként használják.

Az 1126/2008/EK rendelet mellékletében az IAS 39 *Pénzügyi instrumentumok: megjelenítés és értékelés* nemzetközi számviteli standard a „Fedezett tételek (78-84. bekezdés) Minősített tételek, Pénzügyi tételek fedezet tételként való megjelölése" része valamint a „Fedezeti elszámolások (85-102. bekezdés) A fedezeti hatékonyság értékelése„ része egészül ki új elemekkel.

Az IAS 39 módosításait minden társaságnak legkésőbb a 2009. június 30. után kezdődő első pénzügyi éve kezdőnapjától alkalmaznia kell.

A rendelet 2009. szeptember 19-én lép hatályba.

Sajtóbejelentések

1.

IP/09/1372

Brussels, 29 September 2009

Single Euro Payments Area (SEPA): Commission consultation shows general support for end-date for SEPA migration

The European Commission has published the results of a public consultation launched in June 2009 (IP/09/884) on whether and how deadlines should be set for the migration of existing national credit transfers and direct debits to the new Single Euro Payments Area (SEPA) payment instruments. Respondents generally expressed support for fixing at EU level a deadline for the full migration to SEPA. The Commission will discuss this matter with Member States before taking a decision on how best to proceed.

Internal Market and Services Commissioner Charlie McCreevy said: *"The SEPA (Single Euro Payments Area) project holds much promise in terms of improved efficiency, dynamism and competitiveness of the European economy. Offering both the legacy and the new SEPA products in parallel would prove a costly business for payment providers. In addition, setting clear deadlines for the migration to SEPA would send a strong signal that SEPA is an irreversible process. It would provide certainty and predictability and act as a strong incentive for both industry and users to speed up migration."*

The results of the public consultation launched by the Commission showed that a large majority of respondents support the idea of setting some deadlines (end-dates) to stimulate migration to SEPA credit transfers and direct debits. Many, in particular users, underlined that some conditions should be met before such end-dates could be set. These conditions include the need to enhance the quality of the SEPA schemes to fully meet users' needs and to give users enough time to become acquainted with the new products.

A large majority of respondents also stressed the need for a migration covering not only payment transactions between banks, but also the retail side of the market and payment transactions between customers and banks.

A large majority of respondents considered that an end-date should be set separately for, respectively, SEPA credit transfer and SEPA direct debit, since both schemes were not launched at the same time and do not have the same level of maturity.

The end-date(s) should be set at European level, according to most of the respondents, but with some flexibility allowed at national level to set earlier end-dates in order to take into account the specificities and degree of readiness of each market.

A majority of respondents also indicated their preference for an EU regulation so as to provide a clear signal to market participants that SEPA migration was now irreversible. Some emphasised the need for greater involvement of all stakeholders in the decision-making process.

The Commission will discuss this matter with Member States before taking a decision on how best to proceed.

The feedback on the consultation is available at:

http://ec.europa.eu/internal_market/payments/sepa/ec_en.htm

2.

SPEECH/ 09/426

Mr. Charlie McCreevy
European Commissioner for Internal Market and Services

Supervision, solvency and capital requirements
Figures and graphics available in PDF and WORD PROCESSED

Financial Risk Solutions 10th Anniversary Dinner
Dublin , 28 September

Ladies and Gentlemen,

It is my pleasure to address you at this 10th Anniversary Dinner of Financial Risk Solutions. Let me first congratulate our hosts on the ten years in business and the

tremendous international success they have achieved during this time – thanks to their entrepreneurship and innovativeness.

Tonight I would like to share with you a few thoughts on the reform of the European financial regulation. I will speak about the Commission initiatives on supervision, the new solvency rules for insurers and capital requirements for banks.

I do not need to tell anyone here how damaging was the financial crisis for Europe. An enormous effort by the governments was necessary to save financial institutions, restore confidence in the financial markets, and keep the economy going. We all have to draw lessons from this.

One thing is clear. The financial sector will not be the same as before. We want it to be more viable and to better fulfil its vital role. Therefore, since spring of this year the Commission has been working a comprehensive financial market reform.

Last Wednesday the Commission proposed a package of measures to reform financial supervision in Europe. For the first time in history certain supervisory powers will be given to European authorities – to safeguard financial stability across the Single Market and enhance competitiveness of the EU financial industry.

The new financial architecture will have a macro-prudential and micro-prudential dimension.

On the macro-prudential side, the European Systemic Risk Board will monitor the macroeconomic trends with a view to detecting any threats to financial stability in Europe as early as possible. Backed by the analytical resources of the ECB and national central banks, it will examine the potential risks and – if necessary – issue warnings to relevant institutions. This will help us avoid being taken by surprise again. The ESRB will be an innovation in the European macro-economic policy landscape, but it responds to the latest global trends.

As for micro-prudential supervision, we have proposed the creation of three new European Supervisory Authorities. They will be built on the basis of the current Lamfalussy Level 3 Committees and will take over all their tasks. In addition, they will have the powers to adopt harmonised supervisory standards for all EU Member States and resolve conflicts between national supervisors – in the areas strictly defined by law. So far we have had informal – and not always effective – cooperation between national supervisors in the CEBS, CEIOPS and CESR. Now, the new Authorities will seek solutions and act as a broker to reconcile diverging national interests. It is important to emphasise that in the new European System of Financial Supervisors the bulk of the day-to-day supervisory work will remain at the national level.

I am convinced that this reform can be a giant leap for the construction of a Single Financial Market. We have now entered a phase of difficult negotiations with the Member States and the European Parliament. If the actors in this game are short-sighted and concerned only about their own interest, we may fail. If – on the contrary – they can look at today's horizon and are open for compromise, we will win.

Along with the new general architecture for European financial supervision, we also need updated rules for banks, insurance undertakings, securities and other players in the financial market.

Solvency II

I am very happy to see that the Solvency II Project is continuing to mobilise much energy and enthusiasm from the wide variety of stakeholders involved.

The Framework Directive, on which political agreement was found between the EU institutions in April, is now being finalised by the lawyers and the official text should be published before the end of the year.

At another level work is continuing at a very active pace on the preparation of the future implementing measures, for which the Commission intends to present the necessary proposals in the Autumn of 2010. These measures will cover a wide variety of topics, many of them fairly technical, and CEIOPS have been working very hard to develop its future advice to the Commission.

CEIOPS have released over recent months a large number of draft papers for public consultation. I know that a number of solutions proposed by CEIOPS in their draft advice are perceived by some stakeholders as not in line with either the principles or the fundamental characteristics of the Solvency II Framework Directive and would, taken together, result in a solvency regime that would be excessively prudent and complex.

In this context, it is crucially important that stakeholders comment constructively on all key aspects of the draft advice and that they also suggest concrete alternative solutions if they do not agree with what CEIOPS are proposing.

The industry has a particular role to play in this respect, and I would urge financial services firms to seize all opportunities to engage in an active discussion with CEIOPS at technical level whenever you feel that the tentative direction taken would be deviating from the political agreement embedded in the Framework Directive.

Once the final advice from CEIOPS has been received on the numerous issues on which the Commission has requested advice over the coming months, we will start drafting the implementing measures. The Commission will do so in close co-operation with experts from Member States, who will see to it that the substance of what they have agreed in the level 1 text is well preserved.

I can assure you that, in developing the level 2 measures, my services will be careful to actively consult stakeholders and prepare a thorough impact assessment. Of particular importance here will be the Fifth Quantitative Impact Study, which will provide evidence on the likely impact of the draft implementing measures and will help ensure that their final version is properly calibrated.

Prudential requirements for banks

Now let me turn to banking regulation. As you may have noticed, amendments to the Capital Requirements Directive seem to be a regular event these days. The season turns and the Commission adopts a new proposal to ratchet up regulatory capital.

In October 2008 we proposed the first set of changes – 'CRD 2'. These measures aimed to set the right framework for robust supervision of cross-border banks, and to tackle head-on the perverse incentives, needless opacity and shamefully lax standards of a hyper-active securitisation industry that caused so much damage to the global banking system. At the time my proposal to require banks to retain a percentage of their securitisations – to force them pay proper attention to the loans they generate for onward securitisation by ensuring they have some 'skin in the game' – were greeted with a barrage of criticism from the industry. But the proposal was adopted in July this year, and now it looks as if the US is going to follow suit.

Sadly however parliamentary and Member State amendments significantly diluted the potential effectiveness of the proposal and this is an issue which I hope will be put right in future revisions.

The proposal for CRD 3 was presented this summer. This aims its fire at three areas that contributed to the crisis: complex re-securitisations, risky trading book activities, and the skewed structures of remuneration that encouraged individuals to take unacceptable risks – to gamble in pursuit of short-term profits and huge bonuses.

First, [the proposals for complex re-securitisations build on the requirements for thorough due diligence that we introduced in CRD 2. It is simply not acceptable that banks should invest in arcane structured products without understanding the risks. The people who are capable of economically analysing a CDO2 must be a rare – in my view non-existent species – certainly in respect of many asset classes. I have asked my services to ask Member State supervisors how this can be done and am still waiting for an answer. More generally, the capital requirements for re-securitisation products will be raised to reflect the additional leverage that is created by re-packaging one securitisation into another.

Second, the proposal addresses the shortcomings of the capital requirements for the trading book. Recent experience has shown us all too clearly that when times get rough the risk from the trading book is just as great as the risk from the banking book. So the capital requirements for risky trading book activities will be increased. Positions will have to be backed by capital, just as they are in the banking book.

Third, remuneration practices within banks will be brought under the supervisory spotlight. We are all aware of the public anger at bloated pay packages for short term financial success based on excessive risk taking, and the outrage at huge personal rewards for institutional failure. There is now international consensus that this situation cannot continue. And in the EU we have already set the ball rolling with the proposals in CRD 3. Banks will be required to have sound remuneration policies that comply with balanced principles about the calculation and payment of bonuses, or else face supervisory sanctions. I do not have a problem with good people who create value being properly rewarded. But I have a real problem if perverse incentives motivate behaviour that destroys shareholder value and leads to huge bail outs from the public purse.

CRD 3 is currently being negotiated by Member States and the Parliament. We hope for early agreement – every one agrees in principle that these measures are needed.

And finally, we are looking forward to a possible CRD 4. One of the ideas we are exploring is 'dynamic provisioning': the requirement for banks to build up extra reserves when times are good to help them survive the lean periods. We all know that the Spanish already required this, and that their banks have been better able to withstand the shocks that have shaken the global banking system. We need to find ways of taming the procyclical tendencies of our capital requirements, and this is one of the possibilities we are exploring.

We are also considering further measures to help constrain the build-up of leverage in the banking sector, supplementing the present risk-based capital requirements. The risk sensitive approach of Basel 2 was an advance on Basel 1, but there is also a strong argument for a simple approach that cuts through the complexity and gets to the heart of the matter. A simple metric - such as a leverage ratio – could be a valuable additional measure for determining acceptable levels of risk. Of course, this work will need to progress in tandem with the efforts at G20 level and we need to be conscious of any potential unintended adverse consequences.

So do all these changes mean that we got it wrong with the CRD? I would say yes. Improvements were certainly needed. Some weaknesses were highlighted by the crisis. Others represented unfinished business and were in the pipeline anyway. While the regulatory shortcomings in Basel 2 – implemented in the EU by the CRD – were not the cause of the crisis they did not help. I would also stress that I believe it is in accord with

good practice that when officials or supervisors have spent too long on a particular project – as some have on Basel 2– it is time for them to move on and for fresh eyes to be brought to bear on the problems. .

Financial regulation needs to ensure sound prudential standards and investor protection without unduly fettering business and stifling innovation. This is a very difficult balance to strike, and the pendulum may swing too far in either direction. The outcome will never be perfect – financial markets are too complex for that. But we need to keep trying. If that means a Solvency 3 or CRD 4, 5, and 6, so be it. (Though that will not be my problem ..!)

Thank you for your attention and let me wish you an excellent evening.

3.

IP/09/1359

Brussels, 25 September 2009

European Bank Coordination Meeting: international coordination helped avert a systemic bank crisis in Central and Eastern Europe

The European Commission, the IMF, the EBRD, the EIB, the World Bank Group and the ECB met with 15 systemically important EU-based parent banks of subsidiary banks in Central and Eastern Europe and their home and host country supervisors, fiscal authorities and central banks from Austria, Belgium, France, Germany, Greece, Italy, Sweden, as well as Bosnia Herzegovina, Hungary, Latvia, Serbia, and Romania. The participants took stock of crisis response and management in the context of the European Bank Coordination ("Vienna") Initiative since the start of the crisis and discussed strategies to address jointly new emerging challenges.

The participants expressed satisfaction over the positive role that the European Bank Coordination Initiative has played in averting a systemic crisis in the region in the past year in the context of a worse than foreseen economic environment. A combined effort of appropriate host government policies, massive international support and parent bank engagement has helped stabilise the economies in the region. Continued parent bank support has accompanied balance of payments support from the IMF and the European Union (about EUR 52 billion to Hungary, Latvia, Romania, Serbia and Bosnia-Herzegovina) as well as from IBRD and bilateral donors. This took the form of parent banks recapitalizing subsidiaries as needed and broadly maintaining exposures to countries, even though with some variations across countries and banks. In turn, bank groups have benefited from a stabilising macroeconomic environment and many of them from access to the Joint IFI Action Plan launched by the EBRD, EIB, and the World Bank Group earlier this year. Bank groups remain committed to the region. Local demand conditions and the need to shift to more sustainable external account positions are being taken into account in country-based commitments.

Looking ahead, the economic outlook is improving, yet important challenges remain. Ensuring financial system health and putting in place policies to avoid future crises must remain a key concern, while ensuring that recovery in the economy is supported by adequate supply of credit. Improvements in local regulatory frameworks, where necessary, will help this process. Parent banks and local subsidiaries will continue to engage in a constructive dialogue with home and host supervisors and governments, as well as IFIs and the European Commission on how to address these challenges in a coordinated manner. In this context, coordinated and harmonized stress testing will help identify potential

vulnerabilities. These issues will be discussed at a high-level meeting of bank groups, IFIs, home and host supervisors as well as the European Commission during the forthcoming IMF-World Bank Annual Meetings in Istanbul.

The press services of the International Monetary Fund (IMF), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) or the European Central Bank (ECB), may also be contacted. Please consult their websites for more detail.

4.

IP/09/1351

Brussels, 24 September 2009

Commission cuts red tape and improves investor protection on securities prospectuses
(see MEMO/09/412)

In line with the "Better Regulation" principles, the European Commission has today put forward a proposal for the review of the Prospectus Directive. The proposal is part of simplification exercise within the Action Program of the European Commission for the Reduction of Administrative Burdens in the European Union. The proposal increases legal clarity and efficiency in the prospectus regime and reduces administrative burdens for issuers and intermediaries. It also bears in mind the importance of enhancing the level of investor protection and ensuring that the information provided is sufficient and adequate to cover the needs of retail investors. It reflects consultation with all major stakeholders. The proposal now passes to the European Parliament and the Council of Ministers for consideration.

Internal Market and Services Commissioner Charlie McCreevy said: " These new rules meet the needs of issuers and investors and removes any unnecessary burdens on businesses. It takes account of the lessons learned from the financial crisis and will ensure that investors have all the information they need."

The Prospectus Directive lays down the rules governing the prospectus that has tobe made available to the public in case a public offer or admission to trading of transferable securities in a regulated market takes place in the EU. One of its major achievements is the introduction of a "passport mechanism": the prospectus approved by the competent authority in one Member State is valid for public offers and admission to trading of securities in the entire EU.

Despite the significant positive impact on the quality and appropriateness of information available to investors, this legal framework needed to be further refined in order to increase legal clarity and efficiency in the prospectus regime and reduce administrative burdens.

The new rules will make securities issues more efficient by making the rules easier to understand (greater legal clarity); reducing administrative burdens for issuers and intermediaries; giving issuers' employees access to a full range of investment opportunities; and helping retail investors more effectively analyse the prospects and risks posed by a security before investing.

The main changes proposed are as follows:

- some types of securities issue will be subject to less comprehensive disclosure requirements (small companies, small lenders, rights issues and government guarantee schemes);
- the format and content of the prospectus summary have been improved;
- there are clearer exemptions from the obligation to publish a prospectus when companies sell through intermediaries ("retail cascades") and for employee share schemes;
- disclosure requirements that currently overlap with the Transparency Directive will be repealed;
- issuers of all non-equity securities will be able to determine their home Member State;
- the definition of 'qualified investors' in the Prospectus Directive will be aligned with the one of 'professional clients' as defined in the D irective on markets in financial instruments .

About the Prospectus Directive

The Prospectus Directive came into force on 31st December 2003 by its publication in the EU Official Journal. Member States were required to implement it in their jurisdictions no later than 1 July 2005.

Article 31 of the Prospectus Directive required the European Commission to assess the application of the Directive five years after its entry into force and to present, where appropriate, proposals for its review.

Moreover, in January 2007, the European Commission launched the Action Programme for reducing administrative burdens in the European Union to measure administrative costs arising from legislation in the EU and reduce administrative burdens by 25% by 2012. The Prospectus Directive has been identified as one area that contains a number of burdensome obligations for companies, some of which can be alleviated. At the same time, also in the light of the current financial crisis, it has been considered appropriate to review certain provisions of the Prospectus Directive in order to increase its efficiency as well as upgrade investor protection. To this effect and in line with the "Better Regulation" principles, the European Commission set up a public consultation process. This proposal and its impact assessment are the result of an extensive and continuous dialogue with all major stakeholders, including securities regulators, market participants (issuers, intermediaries and investors), and consumers. It takes due account of the observations and analysis contained in the reports published by the Committee of European Securities Regulators (CESR) and the European Securities Markets Expert Group (ESME).

The proposal is available at:

http://ec.europa.eu/internal_market/securities/prospectus/index_en.htm

5.

MEMO/09/412

Brussels, 24 September 2009

Prospectus Directive: Frequently Asked Questions

(see IP/09/1351)

General Questions

1. Why does the European Commission propose to review the Prospectus Directive?

The general assessment of the overall effect of the Directive has been positive: in the five years since its entry into force, it has developed a single market for securities, boosted the cross-border capital raising and the competition among issuers. It has also generated a wider variety of products that are now available to investors, ensuring at the same time investor protection through a harmonized set of rules.

However, despite this general success, there is still room for improvement in terms of legal certainty and reduction of burdensome requirements for companies and financial intermediaries raising capital in the EU. This is in line with the Action Programme launched in 2007 by the European Commission for reducing administrative burdens of existing regulation in the European Union underlining its commitment to Better Regulation as part of the "Growth and Jobs" strategy.

Moreover, Article 31 of the Prospectus Directive required the Commission to assess the application of the Prospectus Directive five years after its entry into force and to present, where appropriate, proposals for its review. This exercise is also linked to the European Economic Recovery Plan and the financial services reform announced in the Communication of 4 March for the Spring European Council "Driving European Recovery.

2. What is the aim of the review?

The overarching goal of the current proposal is to simplify and improve the application of the Directive, increasing its efficiency and enhancing the EU's international competitiveness. The proposal keeps in mind the importance of enhancing the level of investor protection envisaged in the Directive and ensures that the information provided is sufficient and adequate to cover the needs of retail investors, particularly in the context of the financial market turbulence that started in 2007.

3. Was the Prospectus Directive responsible for the financial crisis?

No, a lack of transparency and irresponsible risk management on financial markets mainly caused the crisis. As a result, the main issues triggering the turbulence will be dealt with in the new rules on Credit Rating Agencies, agreed between the Council and the European Parliament earlier this year (see IP/09/629), and a sound and consistent implementation of the securitization related Capital Requirement Directive disclosure requirements and a reliable valuation and auditing of illiquid assets see (see IP/09/1120).

The current Prospectus Directive already provides a full set of disclosure requirements which enables investors to make an informed investment decisions. The review as tabled today will enhance investor protection even more and assist retail investors in their investment decisions and to ensure comparability with a wide range of other investment products, the proposal mandates a more simple, readable and substantial summary in line with the Commission's Communication on Packaged Retail Investment Products (see IP/09/666).

4. How does the review fit in with current discussions on increasing transparency on financial markets?

The prospectus regime provides a sound framework of disclosure requirements in terms of investor protection. However, a balance needs to be struck of course between providing all available information to the market and a certain level of disclosure. The current "one size fits all" approach of the prospectus regime might be in certain cases too costly and not effective.

More flexibility is therefore required. In fact, the cost of producing a full prospectus might not be justified in terms of investor protection in cases of Employee Shares Schemes, Government Guarantee Schemes, Rights Issues, for companies with smaller market capitalization, and at certain conditions for small credit institutions. The proposal exempts from the obligation to publish a prospectus Employee Shares Schemes and it introduces a proportionate disclosure regime for rights issues; for companies with smaller market capitalization in the case of offers of or above

EUR 2 500 000, and for small credit institutions in the case of offers of non-equity securities referred to in Article 1(2)(j) of or above EUR 50 000 000. Moreover, issuers of securities guaranteed by a Member State, when drawing up a prospectus according to Article 1(3) of the Directive, shall be entitled to omit information about such guarantors.

A proportionate disclosure regime corresponds better to the needs and size of small firms. This will need to be further specified in implementing measures to be adopted at a later stage through comitology bearing in mind that the priority of this exercise will be to maintaining a high level of investor protection regardless of the size of the issuer.

5. How does this proposal relate to other initiatives in the field of retail financial services?

In case of issuance of securities offered to non-qualified investors, the Prospectus Directive provides a set of disclosure requirements about all information which, according to the particular nature of the issuer and the securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the issuer and of any guarantor, and of the rights attaching to such securities. This provides for sufficient guarantees in terms of investor protection for retail investors.

However, in the context of the current financial crisis, there is still room for improvement. In particular, in order to enable even further retail investors to make an informed assessment of offered securities, the format and the content of the summary of the prospectus can be improved in implementing measures to be adopted at a later stage through comitology, so as to enhance the simplicity and readability of the summary, and thereby improve its focus on the key information retail investors need to make investment decisions and compare the investment proposal described in the prospectus with other available investment products.

This exercise is in line with the approach to be adopted following the Commission's Communication on Packaged Retail Investment Products, which aims for horizontal requirements on pre-contractual disclosures and selling practices for a wide range of retail investment product types which will include financial instruments that fall under the Prospectus Directive and others that fall outside its scope. The Commission will seek to develop these two work streams in a consistent manner, to ensure a coherent overall approach.

6. Will the proposal require an amendment of the "Level 2" implementing measures of the Prospectus Directive?

Yes. The proposal will require a further amendment of the Commission Regulation (CE) 809/2004. In particular, the format and the content of the summary and the disclosure requirements of the proportionate disclosure regime for rights issues, companies with smaller market capitalization and, at certain conditions, small credit institutions will require the adoption by the Commission of implementing measures amending and specifying the current Level 2 measures implementing the Prospectus Directive.

Technical questions

1. Proposals for the simplification and increase of efficiency in the current regime of the Prospectus Directive.

1.1 Will the offering limits set in the scope of the Prospectus Directive be clarified?

The way limits of maximum offering amounts are calculated in the Directive may lead to varying interpretations in the different Member States. These may create uncertainties in the different Member States as to whether an offering is within the scope of the Directive or an exemption applies to the obligation to publish a prospectus. The proposal clarifies that the total consideration of the offers mentioned in Articles 1(2)(h) and (j) and 3(2)(e) of the Directive shall be computed on an EU-wide basis and not on a country-by-country basis. Moreover, as the limits set out in the Directive may eventually become outdated, in order to take account of the technical developments in the financial markets and to ensure uniform application of the Directive, the Commission shall be empowered to adopt implementing measures in relation to these limits.

1.2 Will the exemptions from the obligation to publish a prospectus when companies sell through intermediaries ("retail cascade") be clarified?

The obligations attached to "retail cascade" offers need some clarification. A retail cascade typically occurs when securities are sold to investors (other than qualified investors) by intermediaries and not directly by the issuer. In particular, it is unclear how the requirement to produce and update a prospectus, and the provisions on responsibility and liability, should apply when securities are placed by the issuer with financial intermediaries and are subsequently, over a period that may run to many months, sold on to retail investors, possibly through one or more additional tiers of intermediaries. This may increase costs for issuers and intermediaries resulting in certain cases in duplication of disclosure requirements. A valid prospectus, drawn up by the issuer or the offeror and available to the public in the final placement of securities through financial intermediaries or in any subsequent resale of securities, shall provide sufficient information for investors to make informed investment decisions.

Therefore, financial intermediaries placing or subsequently reselling the securities should be entitled to rely upon the initial prospectus published by the issuer or the offeror as long as this is valid and duly supplemented and the issuer or the offeror responsible for drawing up such prospectus consents to its use. In this case no other prospectus should be required. However, in case the issuer or the offeror responsible for drawing up such initial prospectus does not consent to its use, the financial intermediary should be required to publish a new prospectus. The financial intermediary could use the initial prospectus by incorporating the relevant parts by reference into its new prospectus.

1.3 Will the definitions of qualified investor under the Prospectus Directive and of professional clients under MiFID be aligned?

The definition of qualified investors in the Prospectus Directive is different from the definition of professional clients set out in the Market in Financial Instruments Directive (MiFID, see IP/07/1625)) and investment firms cannot rely on their categorization for a private placement and thus benefit from the exemption in the Prospectus Directive. This creates complexity and costs for investment firms in case of private placements: a firm has to double check whether its professional clients are registered as qualified investors or it has to renounce to place securities within its professional clients. As the categories of qualified investors in the Prospectus Directive and of professional clients in MiFID target

the same classes of experienced individual investors, for the purposes of private placements of securities, investment firms and credit institutions shall be entitled to treat as qualified investors those natural or legal persons that the firms consider to be professional clients in accordance with MiFID.

1.4 Does the proposal clarify the rules on the obligation to supplement a prospectus and the exercise of the right of withdrawal?

Every significant new factor relating to the information included in the prospectus, which is capable of affecting the assessment of the securities and which arises between the time when the prospectus is approved and the final closing of the offer to the public or the time when trading on a regulated market begins, triggers the publication of a supplement to the prospectus. The current Prospectus Directive creates a certain degree of uncertainty in cases where the securities offered are also to be admitted to trading on a regulated market. The relationship between the "final closing of the offer to the public" and "the time when trading on regulated market begins" requires a clarification as to whether the requirement to supplement a prospectus ends with the start of trading of the securities on a regulated market irrespective of whether the offering period has finally closed. Therefore the proposal clarifies that the obligation to supplement a prospectus shall terminate at the final closing of the offering period or the time when trading of such securities on a regulated market begins, whichever occurs earlier.

1.5 Does the proposal clarify the rules on the right of withdrawal?

Yes. Every time a prospectus is supplemented in the course of an offer, the Prospectus Directive grants investors a right of withdrawal of their previous acceptances. Such right can be exercised during a period no shorter than two days following the publication of the supplement. As the time frame for the exercise of such right is not harmonised, Member States have set different periods through national implementing legislation and, in the case of a cross-border offer, it is unclear whether the time frame set out in the national legislation of the home Member State of the issuer should apply or those stemming from the legislation of each of the Member States where the offer or admission to trading takes place.

This lack of common time frame increases the costs of legal advice. Therefore, when a prospectus is supplemented, the harmonization at EU-level of the time frame for the exercise by investors of the right of withdrawal of their previous acceptances will provide certainty to issuers making cross border offers of securities. Moreover, the proposal provides flexibility to issuers from countries with traditionally a longer time frame, enabling the issuers to extend voluntarily the term for the exercise of this right.

1.6 Will retail investors be able to more effectively analyse the prospects and risks posed by a security before investing?

The prospectus regime provides a set of disclosure requirements in order to enable investors to assess securities and issuers. Moreover, the prospectus already requires a summary conveying the essential characteristics and risks associated with the issuer and the securities. This summary is in practice a key source of information for retail investors in their investment decisions. However, in order to enhance even more investor protection and assist retail investors in their investment decisions and to ensure comparability with a wide range of other investment products, the proposal requires the summary to be simple and comprehensible to the targeted investors. In particular, it should focus on the key information and it should not be restricted to any predetermined number of words. Moreover, the content of the summary should be determined in a way that ensures comparability with other investment products that are comparable to the investment

proposal described in the prospectus. A more substantial summary document will strike a better balance between the need for investor protection and the need for comprehensibility for retail investors and it will help targeted retail investors to make informed investment decisions. A logical consequence of having a more substantial summary document is to attach civil liability on the basis of the summary not only if it is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, but also if it does not provide key information enabling investors to take informed investment decisions and to compare the securities with other investment products.

2. Proposals for the reduction of administrative burden on issuers and intermediaries raising capital in the Single European Securities Market.

2.1 Will issuers of all non-equity securities be able to determine their home Member State?

The current Directive imposes a restriction on the choice of the "home Member State" for issues of non-equity securities. The choice is available only for debt securities with a denomination above €1.000 (issuers can choose supervisors among those Member States where the issuer has its registered office or where the debt is going to be admitted to trading on a regulated market or where the debt is offered to the public). Below this threshold the home Member State mandated by the Directive is the one where the issuer has its registered office.

The threshold of EUR 1 000 is causing practical problems to issuers of non-equity securities who may need to draw up several prospectuses for a single issue, i.e. one to cover a debt issuance program within the threshold and another for the remaining debt issuance activities which might exceed that threshold. Moreover, the threshold cannot apply to certain structured products which are not denominated. Therefore, in order to make the Single European Securities Market more attractive and competitive and in order to clarify the scope of the Prospectus Directive, the limitation on the determination of the home Member State for issues of non-equity securities with a denomination below EUR 1.000 shall be removed. Such a change would not create concrete risks in terms of investor protection because the characteristics of and the risks associated with debt securities do not depend on the denomination of the securities offered or traded in a regulated market. As a consequence of this proposal, the mechanism for the determination of the home and the host Member States in the Transparency Directive shall be amended accordingly.

2.2. Will the exemptions for employee share schemes be clearer?

This current exemption in the Prospectus Directive specifically for offers of securities to employees does not apply equally to all employees, but creates a less advantageous situation for the employees of two categories of companies, namely third country companies that do not have a listing on a regulated market within the EU, and EU non-listed companies or EU companies that have securities traded on EU "exchange-regulated" markets. The exemption is not available to third country issuers that do not have a listing on a regulated market because the concept of regulated market is by definition limited to the EU, as provided for in MiFID, and it is equally impossible for EU non-listed companies or EU companies that have securities traded on EU exchange-regulated markets to satisfy this condition because once again they are not listed on a regulated market in line with the applicable MiFID definition. Therefore, the exemption relating to employee shares schemes should be widened in order to cover the employee shares schemes of companies that are not listed on a regulated market.

2.3 Will some types of securities issue be subject to a more proportionate disclosure regime?

As said under question 4, the current "one size fits all" approach of the prospectus regime might be in certain cases too costly and not effective. Indeed, there are cases where a reduced amount of information may be justified without impairing the level of investor protection. This is the case for Rights Issues because existing shareholders have already made the initial decision to invest in the company and they should be familiar with it. Moreover, the disclosure requirements of the Directive might be overly burdensome and costly also for companies with smaller market capitalization in the case of offers of or above EUR 2 500 000, and for small credit institutions in the case of offers of non-equity securities referred to in Article 1(2)(j) of or above EUR 50 000 000. A proportionate disclosure regime corresponds better to the needs and size of small firms. However, this will need to be further specified at the Level 2 of the Lamfalussy process bearing in mind that the priority of this exercise will be to maintain a high level of investor protection regardless of the size of the issuer. Moreover, in relation to government guarantee schemes, as Member States publish abundant information on their financial situation and this is in general available to the public, there is no added value for investors in requiring the issuer to disclose in the prospectus information about Member States, as guarantors. Therefore, issuers of securities guaranteed by a Member State, when drawing up a prospectus according to Article 1(3) of the Directive, shall be entitled to omit information about such guarantors.

2.4 Will the validity period of a prospectus, a base prospectus and a registration document be extended?

The current Prospectus Directive limits the validity of the prospectus up to 12 months after its publication for offers to the public or admissions to trading on a regulated market in order to avoid that it becomes outdated. However, as this document can currently be supplemented according to Article 16 of the Directive or currently updated according to Article 12 of the Directive, and considering the costs and the time for drafting and approving a prospectus, the current validity period of 12 months of a prospectus, a base prospectus and a registration document shall be extended to 24 months, provided they are properly supplemented.

2.5 Will the disclosure requirements of the Prospectus Directive that currently overlap with the Transparency Directive be repealed?

Article 10 of the Prospectus Directive currently requires issuers with listed securities to provide annually a document containing or referring to all information published in the twelve months preceding the issuance of the prospectus. As the Prospectus Directive was adopted before the Transparency Directive, this requirement has now been superseded by the Transparency Directive, which provides for a comprehensive regime for the disclosure of information about issuers with listed securities, comprising the periodic financial information (annual and half-yearly financial reports, interim management statement) and the ongoing information (market abuse disclosures – i.e. inside information, information about major holdings, etc), and therefore it shall be repealed.

2.6 How can the "passport system" and the notification of the certificate of approval become more effective?

The current Directive requires that the competent authority of the home Member State shall notify the host competent authorities the certificate of approval attesting that the prospectus has been drawn up in accordance with the Prospectus Directive. However, in practice, uncertainty has arisen for the issuers as to whether and when a notification has actually been effected. Therefore the proposal amends the notification procedure of Article 18 of the Prospectus Directive so that the competent authority of the home Member State shall at the same time notify also the issuer or the person responsible for drawing up the prospectus of

the certificate of approval in addition to the competent authority of the host Member State. This will reduce costs and risks for the issuer or the person responsible for drawing up the prospectus who will have certainty that it has not inadvertently contravened the law by offering securities to the public in a Member State where the passport is not yet effective due to an oversight or error on the part of competent authority of the home Member State.

6.

SPEECH/ 09/410

Mr. Charlie McCreevy

European Commissioner for Internal Market and Services

Derivatives and Risk Allocation

Figures and graphics available in PDF and WORD PROCESSED

Derivatives Conference Speakers' Dinner

Brussels, 24 September

Ladies and Gentlemen,

I'm very pleased to welcome you here today, one year and 9 days after the collapse of Lehman sent its shockwaves through the economy. Even though AIG was bailed out the day after, it could not prevent the collapse of the interbank market. More bad news followed by the day. Our economies went deep into recession. Government interventions followed building up enormous liabilities for taxpayers.

Now, thanks to these interventions, the economic forecasts show that there's some light on the horizon. So we have not come here for our last meal. This is not going to be a light meal either, because we're here to talk about "weapons of mass destruction", as derivatives have come to be known.

The idea of a derivative – writing a contract for a simple transfer of risk – is centuries old. But since the last (and much smaller) financial crisis, the burst of the IT-dotcom bubble almost 10 years ago, their use has exploded – ironically because information technology has allowed for ever-more complex risk modelling. So in a way derivatives are the ultimate financial innovation. Designing proper regulation is far more intricate than one would expect for a centuries-old idea.

Some like it simple though: Just "freeze the OTC derivatives market" (I'm quoting George Soros here). Behind this is perhaps the conjecture that, instead of transferring risk, OTC derivatives have become the tool for the financial world to just conceal risks. But on the other hand, many companies have come to love and need derivatives. And they are expressing their worries that a rigorous approach would make their hedging more expensive and thus expose them to more risk.

When the crisis started, neither the market nor supervisors knew who was bearing what risk in the economy. But now, it has become obvious: It's the taxpayer.

And that is certainly not right. So we are here today to find ways to ensure that derivatives can allocate the risks in the economy better. In July, we presented preliminary views on this.

Based on our current thinking and the US proposals of August, I'll try to sketch what seems to have broadly emerged as the "transatlantic consensus" on this:

1. 1 Standardised over-the-counter (OTC) products should be cleared as far as possible by central clearinghouses.

2. Central data repositories should enable supervisors to get a complete overview of where the risks are in the system.

3. For those segments of the market that may not fit CCP clearing because they are too bespoke, bilateral clearing should be tightened and made more secure.

The route to get there has still to be worked out. You have seen our consultation paper. We have received a hundred or so responses which we have analysed. But before we draw any operational conclusions, I would like to use tonight's discussion and tomorrow's conference to get the views of regulators, academics and industry on a number of issues.

The first issue is central clearing: At the end of July, two European central clearing counterparties (CCPs) (ICE Europe and Eurex) began clearing credit default swaps (CDSs) in the EU. This is the outcome of a significant industry effort – admittedly with a good push from us and other regulators. There is a consensus that we should expand the use of CCPs beyond this.

The question is how to do this: Should we provide incentives, for example through regulatory capital, or should we mandate the use of CCPs? How can we ensure smaller banks and companies use CCPs broadly? How should CCPs be regulated and supervised in the single market bearing in mind their systemic relevance? I am concerned that the process of authorising the two CCPs which clear CDSs in Europe has not been entirely frictionless.

The second issue we want to discuss are central data repositories: The market is in the process of setting up such repositories. Although no fiscal responsibility is involved, some issues here are similar to the ones related to CCPs: Should the use of repositories be incentivised or mandated by law? How do we ensure data quality? Who supervises these repositories? How do we ensure equal access of supervisors to the data stored in those repositories?

A third area we need to examine is what to do about bilateral clearing: CCP-clearing can only cover a subset of the market. Some derivatives are too bespoke to be centrally cleared. If we incentivise the use of CCPs that implies in turn that we will make bilateral clearing more costly. Or more bluntly: Bilateral clearing will reflect better the social cost of counterparty risk, which is now partly borne by the taxpayer. One approach might be stricter collateral requirements. We could also think about raising the regulatory capital cost for bilaterally-cleared products.

A fourth concern I have is how to incentivise standardisation without stifling innovation: Let me be clear. I think the level of standardisation, particularly when it comes to some procedural aspects, is unacceptable. The level of electronic confirmation of trades is "so last century". More 1920s that 1990s… So how do we bring this industry into the 21st century? I could think of setting clear targets with precise deadlines and working with industry on how to implement those targets. But maybe others have other suggestions.

A fifth issue for discussion: Do we need to impose certain requirements for the trading of derivatives? The US seems to be going that route. We shall follow their discussions very closely. What seems certain is that there will have to be much more transparency in the reporting of trades.

Finally another topic on which I would welcome views: Are there any products which are so toxic that they should be banned? Some seem to advocate that. While I certainly think there have been excesses, I am not sure whether banning products is the answer. But I am convinced this is a discussion which needs to take place.

Tonight we have academics, representatives from the industry, some of which have been in the derivatives business from the beginning (though not for centuries!) and key regulators. Gertrude Tumpel-Gugerell and Jochen Sanio will share their views with us later.

Although there are representatives from the press this will be a discussion under Chatham House rules. So I invite you all to be open and frank.

I'm particularly happy that my colleagues from the US were able to make the long journey. If there is one issue in financial services where we need convergent solutions this is it. And in the coming months I expect us to talk to each other and agree on such solutions. So let me welcome and give the floor to Gary Gensler, who I am sure will help broaden the "transatlantic consensus".

7.

IP/09/1347

Brussels, 23 September 2009

Commission adopts legislative proposals to strengthen financial supervision in Europe (see MEMO/09/404 and MEMO/09/405)

The European Commission has adopted an important package of draft legislation today to significantly strengthen the supervision of the financial sector in Europe. The aim of these enhanced cooperative arrangements is to sustainably reinforce financial stability throughout the EU; to ensure that the same basic technical rules are applied and enforced consistently; to identify risks in the system at an early stage; and to be able to act together far more effectively in emergency situations and in resolving disagreements among supervisors. The legislation will create a new European Systemic Risk Board (ESRB) to detect risks to the financial system as a whole with a critical function to issue early risk warnings to be rapidly acted on. It will also set up a European System of Financial Supervisors (ESFS), composed of national supervisors and three new European Supervisory Authorities for the banking, securities and insurance and occupational pensions sectors.

Eur opean Commission President José Manuel Barroso said: *"Financial markets are European and global, not only national. Their supervision must also be European and global. Today we are proposing a new European supervisory system, with the political backing of the Member States and based on the de Larosière report. Our aim is to protect European taxpayers from a repeat of the dark days of autumn 2008, when governments had to pour billions of euros into the banks. This European system can also inspire a global one and we will argue for that in Pittsburgh".*

Internal Market and Services Comm issioner Charlie McCreevy said: " *This package represents rapid and robust action by the Commission to remedy shortcomings in European financial supervision and will help prevent future financial crises. I commend this package to the Council and Parliament for rapid adoption, so that the new structures can begin functioning in 2010.* "

" The creation of a European Systemic Risk Board to detect and prevent risks to financial stability in the EU and new arrangements to improve supervision at institution level will go a long way towards tackling the imbalances in our financial systems and solving the

weaknesses in our financial supervision system that are at least partly to blame for the financial crisis ." added Economic and Monetary Affairs Commissioner Joaquín Almunia.

The current financial crisis has highlighted weaknesses in the EU's supervisory framework, which remains fragmented along national lines despite the creation of a European single market more than a decade ago and the importance of pan-European institutions.

Today's legislative proposals address those weaknesses both at the macro- and micro-prudential supervision levels by creating:

- a **European Systemic Risk Board (ESRB)** to monitor and assess risks to the stability of the financial system as a whole ("macro-prudential supervision"). The ESRB will provide early warning of systemic risks that may be building up and, where necessary, recommendations for action to deal with these risks.
- a **European System of Financial Supervisors (ESFS)** for the supervision of individual financial institutions ("micro-prudential supervision"), consisting of a network of national financial supervisors working in tandem with new European Supervisory Authorities, created by the transformation of existing Committees for the banking securities and insurance and occupational pensions sectors. There will be a European Banking Authority (EBA), a European Insurance and Occupational Pensions Authority (EIOPA), and a European Securities and Markets Authority (ESMA).

The ESRB will have the power to issue recommendations and warnings to Member States (including the national supervisors) and to the European Supervisory Authorities, which will have to comply or else explain why they have not done so. The heads of the ECB, national central banks, the European Supervisory Authorities, and national supervisors, will participate in the ESRB . The creation of the ESRB is in line with several initiatives at multilateral level or outside the EU, including the creation of a Financial Stability Board by the G20.

Regarding micro-prudential supervision, currently there are three financial services committees for micro-financial supervision (supervision of individual financial institutions) at EU level, with advisory powers only: the Committee of European Banking Supervisors (CEBS), Committee of European Insurance and Occupational Pensions Committee (CEIOPS) and the Committee of European Securities Regulators (CESR).

The new Authorities will take over all of the functions of those committees, and in addition have certain extra competences, including the following:

- Developing proposals for technical standards , respecting better regulation principles;
- Resolving cases of disagreement between national supervisor s, where legislation requires them to co-operate or to agree ;
- Contributing to ensuring consistent application of technical Community rules (including through peer reviews);
- The European Securities and Markets Authority will e xercise direct supervisory powers for Credit Rating Agencies;
- A c oordination role in emergency situations.

The proposals have been the subject of extensive consultation both after the publication of the recommendations by a group of experts mandated by President Barroso and chaired by former IMF Managing Director Jacques de Larosière and between the end of May and mid July, after the Commission outlined its proposals to the European Council. The June EU

Summit endorsed the new supervisory framework and called for the rapid adoption of the necessary legislative texts.

M ore information is available at:

http://ec.europa.eu/internal_market/finances/committees/index_en.htm

8.

MEMO/09/405

Brussels, 23 September 2009

New financial supervision architecture: Q&A on the European Systemic Risk Board / the macro-supervision part of the package

(see also Memo/09/404 and IP/09/1347)

1. Why do we need a European Systemic Risk Board (ESRB)?

We need a European Union-wide system to be able to assess and prevent potential risks to financial stability in the EU properly and swiftly. The rapid propagation of the financial crisis from the US to Europe in 2007/2008 highlighted the present weaknesses in monitoring and assessing potential threats and risks arising from the interaction between macro-economic developments and the financial system in the EU but also worldwide. This is why the Commission proposes the creation of the ESRB and its close cooperation with the Financial Stability Board and the International Monetary Fund whose powers in terms of international financial stability and economic surveillance are also being reinforced.

2. What kind of risks will the ESRB monitor?

The notion of systemic risk is wide. The ESRB will have to monitor the soundness of the whole financial system. This can cover very different areas, from the financial situation of the banks to the potential existence of asset bubbles or the good functioning of the market infrastructures. The ESRB will have to identify all the potential risks and, as the intention is not to end up with an endless list, it will also have to prioritise them and issue warnings when it thinks that the risks are significant.

3. How will the ESRB deal with the risks it will identify?

If the ESRB identifies risks to stability it shall issue recommendations to the country or group of countries concerned. If the addressee agrees with the recommendation, it must communicate the actions undertaken to deal with the potential problem. If it does not agree and chooses not to act, the reasons for that must also be properly explained. If the ESRB feels that the explanations are not convincing, it shall inform the Council of ministers.

In general, the ESRB recommendations will also be sent to the Council. In some cases, the Council itself will be the addressee. It is notably the case of the warnings or recommendations addressed to the Community as a whole. But in most cases, the warnings and recommendations will be transmitted to the relevant addressee and to the Council. This transmission of warnings and recommendations is not intended as a filter or as a way to water down their content, but aims on the contrary at increasing the moral pressure on the recipient to act or explain.

The quality of the ESRB work will provide a significant moral incentive to follow up on its recommendations or give convincing reasons for not to.

Specific follow-up procedures are also foreseen. For instance, when a national supervisory authority intends to deviate from an ESRB recommendation, it must first discuss and justify it with the competent European authority and will have to take into account its views before answering the ESRB. And if the ESRB feels that the explanations are not convincing, it shall inform the Council.

4. Why is it proposed to give central banks, including the European Central Bank, a prominent role within the ESRB?

Central banks have always played a key role in macro-prudential supervision and in many countries they are responsible fully or in part for the supervision of individual institutions. .The European System of Central Banks (ESCB) includes all 27 national Central Banks of the European Union and the 27 Governors sit in the General Council of the ECB. Being at the heart of the EU monetary system and having wide ranging expertise in the macro-prudential field, the ESCB holds a unique and privileged position for analysing and assessing the linkages between developments in the financial sector and the macroeconomic performance of EU economies. It is therefore appropriate for the ESCB to have a prominent role in the European Systemic Risk Board.

5. The Secretariat of the ESRB will be entrusted to the ECB. Does this mean that non euro area Central Banks will be excluded from the preparation of the ESRB work?

No, the ESRB will include the central bank governors of all 27 Member States. The ECB employs at all levels of its hierarchy citizens of all Member States, including from those who have not adopted the euro. Seconded experts from non euro area Central Banks will participate within the ECB to the work of the ESRB secretariat.

6. Will the warnings and recommendations be made public and if not why?

The issues potentially addressed in the warnings and recommendations will be extremely sensitive and we must be careful about adverse effects, such as the warnings turning into self-fulfilling prophecies by frightening financial markets. The decision whether or not to publish will, therefore, require a case-by-case decision after a careful assessment of the potential consequences.

7. What form do the legislative texts take and when do you expect them to be approved?

The creation of macro-prudential supervision at the EU level and the establishment of the ESRB are foreseen in a draft Regulation based on Article 95 of the EC Treaty, that requires co-decision by the Council and the European Parliament. The Regulation is completed by a draft Council Decision which confers on the ECB the task of ensuring the Secretariat of the ESRB.

Before making the legislative proposals, the Commission conducted extensive consultation of interested parties both after the publication of the report of the Larosière Group and of the May 2009 Communication, which outlined the new supervisory architecture. The June European Council supported the proposals contained in the Communication and welcomed the Commission's intention to adopt the legislative texts early in the autumn for a swift approval in order for the new framework to be in place in the course of 2010. The European Council has announced it would discuss the subject again in October.

8. The latest crisis has shown that systemic risks can be global in nature. Why not leave monitoring of systemic risks to the recently enhanced and renamed Financial Stability Board?

The existence of an internal market in the EU and the increasing political and financial integration of the EU require an EU-level institution to supervise and monitor risks to the financial system. The US has also announced a systemic risk monitoring body, to be created within the Federal Reserve. The ESRB will, of course, liaise closely with the new Financial Stability Board and with the other relevant international bodies, contributing to a stronger global framework for risk monitoring and more stable financial markets. This global network ought to monitor systemic risks more effectively and detect potential crises earlier to be able to defuse them or, in the very least, mitigate their impact. The ESRB will play a key role in this network and fills an important gap in financial supervision in the EU.

9. Will the ESRB lead to a greater administrative burden for financial institutions?

No. Most data needed by the ESRB will be provided to it by the European Supervisory Authorities (ESAs) using information which they already possess. Before asking for information, the ESRB will furthermore check with the ESAs that its request is proportionate.

The ESRB will also not present any extra cost for the Community budget as it will build, to the extent possible, on existing staff and resources of the European System of Central Banks, with a secretariat provided by the ECB

10. The ESRB will potentially deal with very sensitive market information. How will the confidentiality of the data be safeguarded?

There are specific articles in the Regulation and the Decision aimed at guaranteeing effective procedures for handling confidential data. Specific detailed procedures for the transmission of the information will furthermore be agreed between the ESRB and the European Supervisory Authorities. Last but not least, one should keep in mind that all the Members of the ESRB are used to dealing with highly confidential data on a daily basis.

11. Who will be the chair of the ESRB?

The chair will be elected by the members of the General Board, the main decision-making body of the ESRB, for a period of 5 years, renewable. The General Board will be composed of all the Governors of the national Central Banks in the EU, the President and the Vice-President of the ECB, a Member of the European Commission and the Chairpersons of the three European Supervisory Authorities. National supervisors and the President of the Economic and Financial Committee will also form part of the Board, but without voting rights.

12. Why will national supervisors have no voting right in the General Board?

The presence of the national supervisors inside the ESRB improves the flow of information and allows a constant exchange of views between the actors having a macro angle (the ECB, the National Central Banks, the Commission…) and those working with a micro-prudential perspective. But national supervisors are in charge of micro-supervision of individual banks, and not of the stability of the financial system as a whole. This difference in the approach, mission and analytical angle explains the difference in the voting rights.

13. The ESRB will have over 60 institutions represented in it. Is this not too cumbersome to be effective?

A broad representation of institutions within the ESRB is necessary to ensure a global macro-prudential perspective in the ESRB's risk assessments. The ESRB must include all those who have relevant information and expertise to contribute. These include the governors of national central banks, the new European Supervisory Authorities, and

national supervisors. However, a steering committee (consisting of the ESRB chairperson and vice-chairperson, five additional central bank members of the ESRB, the chairpersons of the new European Supervisory Authorities, the President of the EFC and the Commission member) will prepare and ensure efficient ESRB operations.

14. What will be the role of the Advisory Technical Committee (ATC)?

The composition of the ESRB will be very high level (Governors, Commissioner, Chairman of the European Authorities…etc). While the secretariat will be able in most cases to prepare all the discussions and provide the necessary analysis, it can happen that the ESRB needs to draw on more specific competences than the ones usually available at the ECB. The ATC will be able to bring this technical expertise on issues for which it might be needed to go beyond the support provided by the secretariat (e.g., problems linked to the supervision of the insurance sector…).

9.

MEMO/09/404

Brussels, 23 September 2009

European System of Financial Supervisors (ESFS): Frequently Asked Questions
(see IP/09/1347 and MEMO/09/405)

Why are the new European Supervisory Authorities (ESAs) needed?

The report of the de Larosière group [1] identified serious shortcomings in the existing system of financial supervision in Europe. There is a single market, and financial institutions operate across borders, but supervision remains uneven and often uncoordinated. A stronger financial sector in the EU in the future needs to have convergence between Member States on technical rules, and a mechanism for ensuring agreement and co-ordination between national supervisors of the same cross-border institution or in colleges of supervisors. A rapid and effective mechanism to ensure consistent application of rules is also necessary, as is co-ordinated decision making in some areas in emergency situations. The current advisory financial services committees are not currently equipped to carry out these functions.

What is the current situation?

The current financial services committees at EU level have advisory powers and can issue non-binding guidelines and recommendations. National supervisors of cross-border groups must co-operate within colleges of supervisors, but if they cannot agree, there is no mechanism to resolve the issue. Many technical rules are determined at Member State level, and there is considerable variation between Member States. Even where rules are harmonised, application can be inconsistent. This fragmented supervision undermines the single market, imposes extra costs for financial institutions, and increases the likelihood of failure of financial institutions with potentially additional costs for taxpayers.

What will be the powers of the new authorities?

The new authorities build on the existing powers of the current financial services committees [2], with a number of additional technical powers, including the following:

- Developing draft proposals for technical standards – to help to ensure more consistent rules within the EU, working towards a common rulebook;
- Facilitating exchange of information and agreement between national supervisory authorities, and where necessary, settling any disagreements, including within colleges of supervisors – to ensure supervisors take a more coordinated approach;

- Contributing to ensuring consistent application of Community rules – to ensure incorrect or inconsistent application is dealt with quickly and effectively;
- Exercising direct supervisory powers for credit rating agencies;
- Co-ordination and some decision-making in emergency situations.

How will the new authorities be able to contribute to the creation of a "common European rulebook" for financial services?

The new authorities will play an important role in working towards a common rulebook by developing technical standards where necessary, in the areas defined in legislation, and by drawing up interpretative guidelines to assist national authorities in taking individual decisions. The technical standards can only become binding law after formal endorsement by the Commission.

How will the new authorities be able to arbitrate between national supervisors which cannot agree, and on what subjects?

By ensuring a more complete exchange of information and views at an earlier stage, the new authorities will considerably reduce the likelihood of disagreement. Nevertheless, being in a position to resolve any remaining disagreements is a key role of the authorities, to ensure consistent decision making in the EU, and certainty for firms. In the vast majority of cases, this would take the form of the authority assisting the national supervisors in coming to an agreement. But where they cannot agree on a matter. In case of a persisting disagreement, the European Supervisory Authorities should, through a decision, be able to settle the matter, taking into account the views of all supervisors involved.

Why can the new authorities address decisions directly to financial institutions?

In certain defined situations the authorities will be able to take decisions directly applicable to financial institutions but only at the end of a long procedure for the consistent application of Community law, in order to ensure the effectiveness of that procedure, and only in cases where there is directly-applicable EU legislation.

Will the ESFS interfere with the system of colleges of supervisors?

No. Colleges of supervisors and the new authorities are complementary parts of a comprehensive supervisory reform. Colleges of supervisors will remain at the heart of supervision of cross-border financial groups in Europe, and are being introduced for all such groups. The authorities will complement colleges by ensuring that supervisory standards in the EU are of the highest quality for all institutions by, for example, helping to develop a common rulebook for financial services regulation. They will further facilitate colleges by playing a role in distribution of information, and can participate in colleges themselves. They will also provide a mechanism for ensuring that supervisory colleges are consistent for each cross- border group.

Why is it proposed that some specific institutions with Community-wide reach be supervised at the EU level?

First of all, domestic financial institutions in Europe will continue to be supervised by national supervisors. Cross-border institutions will be supervised by colleges of supervisors. Entities with a Community-wide reach by their very nature are most efficiently supervised at European level since national supervisors would only have a partial view of their activity. In the near future this would only be appropriate for credit rating agencies. The Regulations creating the authorities do not grant them any direct supervisory powers over any institutions, they merely open up the possibility for subsequent legislation to grant supervisory powers for any particular category of institution.

What powers will the authorities have in emergency situations?

In an emergency situation, the existence of which will be determined by the Commission, the authorities will have an important co-ordinating role between national supervisors, and will also be able to adopt decisions requiring supervisors to take action. An example of how this power might be

used would be to adopt harmonised bans on short selling on EU securities markets, not unco-ordinated bans in different Member States, as happened in 2008.

What will the new authorities cost and how will they be financed?

The total costs of the European Supervisory Authorities have been estimated at about € 37 million in the first full year of operations (2011), reaching just over € 68 million after three years (2014), given increases in activity and staff levels. This is a very small budget compared with the more than a billion euros incurred by Member State governments in rescuing banks in difficulty, so if the new authorities can prevent even a small part of that outlay in future, they will have paid their way. It is proposed that the share of this cost for Member States and the Community budget should respectively be 60% and 40%. The shared funding is intended to reflect the architecture of the ESFS which brings together a European dimension with a key ongoing role for national supervisors. It also reflects the fact that the current "financial services committees" are funded entirely by the Member States.

How will the independence and accountability of the authorities be ensured?

Firstly, the voting members of the boards of the authorities are under a legal obligation to consider only EU interests, not national or any other interests, in their decision-making. The authorities will be accountable to the Council (representing the Member States) and the Parliament (representing the Community), not to the Commission. The Chairpersons of the Boards will be selected on merit after an open selection procedure and subject to conformation by the European Parliament. The EU's Court of Auditors and Anti-Fraud Office will have full competence to inspect the books of the authorities.

How will the new authorities respect the better regulation agenda?

Better regulation principles are fundamental. Before submitting draft technical standards to the Commission, the authority will use better regulation tools including open public consultations on technical standards and analysis of potential related costs and benefits. Moreover, a balanced stakeholder group for each authority will enable stakeholders to be consulted on all regulatory matters such as technical standards or guidelines developed by the authorities. These stakeholders will include financial institutions, their employees, investors, and end users including SMEs. In addition, the current public consultation practices developed by the financial services committees should continue to be followed.

Is this a Europeanisation of financial supervision in Europe?

No. Day-to-day supervision is best done on national level, close to the ground, where there are strong local traditions. There will always be a pivotal role for national supervisors. The proposed system is a "hub and spoke" type of network of EU and national bodies. The new authorities will act only where there is clear added value, such as the development of technical standards which will apply throughout the EU, and settlement of disagreements between national supervisors on matters which require co-operation. The areas where the authorities can act will be strictly defined by Council and Parliament in co-decision. The Commission's approach is based on common rules applied at national level but consistence and co-operation ensured by Community bodies. The European System of Financial Supervisors will be evaluated after three years. While it is not possible to pre-judge the outcome of the evaluation, this will be the opportunity to take stock of how well the ESFS is working and to look at whether further steps are needed.

What safeguards are in place to protect the fiscal prerogatives of Member States and national taxpayers' money?

The purpose of the new European supervisory system is precisely to prevent us getting to the point reached in autumn 2008 where banks had to be bailed out. The system will save taxpayers' money by helping to make bank failures less likely in future, through supervision strengthened by the ESAs, and warnings of the European Systemic Risk Board which should be acted upon. As an additional safeguard, the Regulations establishing the new Authorities clearly prohibit them from

taking any decisions which impinge on the fiscal responsibilities of Member States. In case any Member State considers that its fiscal responsibilities have been impinged upon, there is a clear and robust procedure for deciding whether this is genuinely the case, with the Council taking a decision.

Will the new authorities be dominated by the big Member States?

No, there will be a balance of influence. The boards of the authorities will vote by qualified majority voting on key issues developing technical standards and guidelines, as well as budgetary matters. But one-member-one-vote will apply to enforcement and implementation matters. This differentiated voting system ensures a balance of interests between Member States; and between home and host state supervisors' interests.

Will there be different rules or enforcement standards for small domestic institutions and for multinationals?

No. The whole point of the new system is to achieve convergence of rules not divergence. The goal is one set of rules for all financial institutions in the EU, big or small, domestic or multinational. The new authorities will contribute to common rules and common application of rules, and not develop different rules for multinationals. This was the spirit of the de Larosière proposals which the Commission fully supports.

Will financial institutions be subject to additional reporting burdens?

The new structure should not lead to a duplication of reporting burdens. National supervisory authorities generally have the necessary information available, and the European Systemic Risk Board and the European Supervisory Authorities should rely on these data. Only where in a specific situation the data available from national supervisors is clearly insufficient for the European Supervisory Authorities to carry out their tasks, it can be envisaged that they could request information directly from financial institutions.

[1] :

Report of 25 February 2009 on financial supervision by a high-level group of experts chaired by J. de Larosière.

[2] :

The Committee of European Banking Supervisors (CEBS), Committee of European Insurance and Occupational Pensions Committee (CEIOPS) and the Committee of European Securities Regulators (CESR), widely known as the "Lamfalussy level 3 committees".

10.

IP/09/1296

Brussels, 10 September 2009

Single Euro Payments Area : Commission presents actions to make SEPA a success

(see *MEMO/09/383*)

The European Commission has adopted a Communication on Completing SEPA: a Roadmap for 2009-2012 in response to the Communication on 'Driving European recovery' (IP/09/351 ***). The Single Euro Payment Area, or SEPA, is an initiative of the European banking and aims at creating an integrated market for electronic payment services in euros, with harmonised sets of business rules and technical standards. With***

these new European payments, consumers, companies, merchants and public administrations will be able to make payments under the same conditions throughout Europe as easily as within their own country. The Communication provides a framework for action within six priority areas where greater involvement of all relevant actors is required in order to achieve the full implementation of the Single Euro Payments Area (SEPA).

Internal Market Commissioner Charlie McCreevy said: *"To make SEPA a success, a strong commitment by all actors concerned is needed to ensure that the project is delivered on time and in a fully accountable way. At the same time, there is an increasing need for regulators and market players to work together to give Europe an efficient, secure and high performance system for non-cash payments in euro. By providing a Roadmap where actions, actors and deadlines are clearly identified, this Communication will play a decisive contribution in helping SEPA successfully achieving its last miles."*

The Communication , which is also in line with the view of the European Central Bank (ECB), presents a series of actions to be undertaken by EU and national authorities, industry and users over the next three years. The Commission has identified six priority themes:

(1) **Foster migration** : Rapid migration is crucial in order to minimise the costly period of running legacy and SEPA systems in parallel. Public authorities should play a key role here. An efficient monitoring of the migration process will help anticipate and remedy possible migration problems. Setting an end-date to the SEPA changeover could significantly boost the SEPA migration process.

(2) **Increase SEPA awareness and promote SEPA products** : All parties involved in the SEPA changeover need to be fully informed about its numerous benefits. This could be achieved through tailor-made information and communication initiatives.

(3) **Design a sound legal environment and strengthen SEPA compliance** : The removal of legal barriers and the design of proper business models which are fully in line with competition rules are cornerstones for a smooth SEPA take-up and increased competition in the payments market. In a self-regulatory context, efficient compliance monitoring deserves special attention.

(4) **Promote innovation** : SEPA should be a driver for the modernisation of retail payment markets, facilitating the use of internet and mobile phones for making payments and promoting the development of environment-friendly e-invoicing solutions.

(5) **Ensure necessary standardisation, interoperability and security** : Interoperable, open and secure standards are essential in a network industry such as payments in order to reap the full benefits of SEPA.

(6) **Clarify and improve SEPA governance** : A n over-arching and efficient governance mechanism that meets the needs of the users is needed at EU level. The main objectives of the new governance structure should be to define a clear strategic vision for SEPA, monitor and support SEPA migration and ensure transparency and accountability.

Background

While the banking industry has been successful in designing the necessary rulebooks for SEPA Credit Transfers (SCT) and SEPA Direct Debits (SDD), migration to the new S CT is currently lagging behind. In July 2009, one and a half years after the launch of SCT, only 4,4% of all credit transfers used SEPA standards [1]. Whilst acknowledging that SEPA should continue to be an industry-driven project, it has to be ensured that SEPA is delivered

on time and acts as a driver of greater competitiveness and higher growth, benefiting to businesses and citizens alike. In its ECOFIN Council conclusions of 10 February 2009 the Council " *recognised* that the current financial crisis and economic slow-down provides opportunities for major efficiency gains and cost savings, thus requiring reinforced commitment to the project from all parties and *invited* the Commission and the ECB and the Eurosystem to continue their role in identifying the necessary actions for its successful realisation". It can be expected that payment service providers will increase their focus on retail financial services in the future. Due to their pervasive role in our modern societies, integrated payment markets will therefore play a key role in the future of these banks. SEPA lays the necessary foundations for this.

More information is available at:

http://ec.europa.eu/internal_market/payments/sepa/index_en.htm

[1] :

http://www.ecb.int/paym/sepa/timeline/use/html/index.en.html

11.

MEMO/09/383

Brussels, 10 September 2009

Single Euro Payments Area (SEPA) – Frequently Asked Questions

see (*IP/09/1296*)

What is the aim of creating a Single Euro Payments Area (SEPA)?

The single market for electronic payments has been under construction for about half a decade and substantial progress has been achieved. Once completed, individuals and companies will be able to make cashless payments in euro throughout the SEPA zone (EU, the European Economic Area [1] and Switzerland) from a single payment account using a single set of payment instruments as easily, efficiently and safely as they can make them today at the national level.

What are banks doing to achieve SEPA?

Price differences between cross-border and national payments in euro were eliminated in 2001. [2] This gave a strong incentive to the banking industry to build up pan-European infrastructures. Since then, banks, and in particular the European Payments Council (EPC), have undertaken significant steps to achieve SEPA. Today, a harmonized framework is available for credit transfers, with common standards and, since 28 January 2008, the possibility for EU citizens to make SEPA credit transfers throughout the SEPA zone is opened. Likewise, a framework for direct debits has been developed and the first SEPA direct debits will be available as of 2 November 2009. As to cards, the SEPA cards framework has been established and standards are currently under definition.

Why a SEPA Roadmap?

The current financial crisis and economic slowdown means business is sometimes hesitating to make the necessary investments to drive SEPA forward. While SEPA is primarily a market-driven project, given its benefits and importance to the wider economy, the European Commission has a responsibility to ensure its success. Our aim is to re-kindle

market enthusiasm and commitment to the project. The SEPA "Roadmap" provides a framework for action and is also a follow-up to the Commission's Communication for the spring European Council of 4 March 2009 where the Commission announced its intention to "come forward by mid-2009 with proposals to ensure that the full benefits of a Single Euro Payments Area are realised".

Is there a need for an end-date for SEPA migration?

An end-date for SEPA migration would bring certainty to the migration process, thereby increasing current commitment and also reducing the costs of running duplicate payment systems during the migration period. These are strong arguments in favour of an end date. However, the Commission needs to consider the right way forward properly. That is why an extensive public consultation has been conducted to get the necessary facts and figures. On the basis of the responses received, the Commission will carefully assess the case and examine various options.

How is the governance of the SEPA project currently organised?

SEPA governance is currently organised at two levels: First, at EU level where the SEPA process is coordinated by the European Payments Council (EPC), with the support of the European Commission and the ECB. Secondly, at national level, where SEPA implementation is in most cases coordinated and monitored by the national SEPA Coordination Committees, typically with the support of the national banking community and the national central bank.

What could be done to ensure a proper monitoring and steering of the SEPA project?

As SEPA implementation is progressing in a period of the recent market turmoil and given its substantial benefits to the wider economy, a greater steer is needed to ensure that the SEPA project stays on track, that rapid migration is realised and that the ultimate goal of a better service for users fully materialises. The European Commission therefore considers that there is a need for an over-arching SEPA governance model at EU level, which fosters integration of the euro retail payments market in a way that meets the needs of end users and is to be developed in close cooperation with all actors concerned.

Given the crucial role of the EPC within the SEPA project, the existing governance arrangements of the EPC deserve special attention. Although the EPC has made considerable progress in balancing the interests of different stakeholders, greater transparency and early involvement of all stakeholders in the planning of future initiatives need to be ensured.

What is the Commission doing to support SEPA?

Although fundamentally SEPA remains a market driven project, to the Commission supports SEPA and SEPA migration in a variety of ways:

- Working closely with Member States to make sure the transposition of the Payments Services Directive (PSD) is in place.
- Striving to build political support for SEPA with European Finance Ministers and encouraging Member States and their public authorities to be early adopters of SEPA.
- Striving to be an early-adopter of SEPA by migrating the account databases to IBAN and BIC. The recently published call for tender now requires banks to be SEPA compliant.

Is the transposition of the Payment Services Directive still on track?

The Payment Services Directive (PSD) forms the legal foundation of SEPA, in particular for SEPA Direct Debit. The European Commission is working closely with Member States and other stakeholders through workshops and an inter-active web site to make sure the transposition of the PSD is in place by 1 November 2009. With probably one exception (Sweden), all Member States should have implemented the PSD on time and in full. The Commission will continue to carefully monitor the situation. Failure to transpose the PSD on time will cause legal uncertainty for citizens and the payment industry. The European Commission will therefore not hesitate to take the necessary measures.

What are the main changes of the new Regulation on cross-border payments compared to the previous one?

The new Regulation on cross-border payments in the Community which applies as from 1st November 2009, extends the principle of equal charges for national and cross-border payments to direct debits, in addition to credit transfers, electronic payments (including card transactions) and ATM cash withdrawals. It strengthens the supervisory and complaint-solving role of the competent national authorities and provides for the establishment of out-of-court redress procedures. It also removes, up to EUR 50.000, the payments-based statistical reporting obligations that hinder the smooth flow of cross-border transactions.

In order to facilitate the launch of the SEPA direct debit scheme on 2nd November 2009, the Regulation introduces temporary rules on multilateral interchange fees and reachability for direct debit transactions. These temporary rules will give to the payments industry enough time to come forward with a long-term business model for direct debits in full respect of the competition rules.

More information on SEPA can be found on:

http://ec.europa.eu/internal_market/payments/sepa/index_en.htm

[1] :

Entered into force in 1994, the European Economic Area (EEA) Agreement allows Norway, Iceland and Liechtenstein to participate in the EU Single Market. All new relevant Community legislation is dynamically incorporated into the Agreement and thus applies throughout the EEA, ensuring the homogeneity of the Single Market.

[2] :

Regulation 2560/2001 on cross border payments in euro. More information can be found on: http://ec.europa.eu/internal_market/payments/crossborder/index_en.htm

12.

IP/09/1309

Brussels, 14 September 2009

EU interim forecast: coming out of recession but uncertainty remains high

The economic situation has improved markedly since the second quarter, pointing to a better growth outlook for the second half of the year. But as economic activity at the end of 2008 and beginning of 2009 was worse than initially estimated, GDP is still expected to fall by 4% overall this year in both the EU and the euro area, as forecast in the spring. However, uncertainty remains rife, and while the recovery may surprise on the upside in the very short term, how sustainable it will be remains to be seen. The Commission's forecasts for inflation in 2009 also remain unchanged at 0.9% in the EU and 0.4% in the euro area, with the base effects of past hikes in energy and food prices, which were pushing prices down, fading away and no other significant inflationary pressures in view.

" The situation has improved – mainly due to the unprecedented amounts of money pumped into the economy by central banks and public authorities – but the weak economy will continue to take its toll on jobs and public finances. We need to continue implementing the recovery measures announced for this year and 2010 and accelerate the repair of the financial sector to make sure banks are ready to lend at reasonable terms when companies and households resume their investment plans. And we need to define a clear, credible and coordinated 'exit' strategy to put public finances progressively back on a sustainable path and to find the necessary resources to increase Europe's growth and jobs potential ," said Joaquín Almunia, Economic and Monetary Affairs Commissioner.

Tailwinds have gained strength during the summer, as the global economy has started to stabilise, partly as a result of strong policy interventions. Helped by improved financial conditions, the fall in EU GDP slowed significantly in the second quarter (to -0.2% quarter-on-quarter (q-o-q) from -2.4% in the first quarter of 2009). With the inventory cycle at a turning point and confidence improving in almost all sectors and countries, the near-term outlook is favourable.

Based on these trends, growth projections for the second half of this year have been revised slightly upward in the Commission's forecast. But because of downward revisions to the previous estimates for 2008 and the first quarter of 2009, the rate of the projected fall in GDP in 2009 as a whole remains unchanged at 4% in both the EU and the euro area. This is calculated on the basis of updated projections for France, Germany, Italy, the Netherlands, Poland, Spain and the United Kingdom, which together account for about 80% of the EU's GDP.

External conditions increasingly favourable

The global economy is no longer in freefall. Recent data for trade and industrial production, as well as business and consumer confidence, are encouraging. Emerging Asia appears to be leading the recovery, with growth in China remaining robust, while the contraction in the US has also levelled out. The stimulus package and net exports are expected to allow the US to return to positive growth from the third quarter onwards. Overall, the projected drop in world GDP in 2009 is halved in this update (from -1.4% in the spring forecast to -0.7%). But how sustainable the global recovery will be and what shape it will take are still highly uncertain.

Turning to Europe, there are reasons to be moderately optimistic about the short-term outlook. Beyond the improved external outlook and more favourable financing conditions, both private and public consumption have held up well, while the inventory correction is

advancing and high-frequency indicators point to a certain recovery in the coming quarters. This is partly due to sizeable stimulus measures, some of which have yet to be implemented later this year, in several Member States. However, the full impact of the crisis on labour markets and public finances is still to come, and the correction in housing markets continues to hold back construction investment in several countries. The recovery may therefore prove volatile and sub-par further down the line.

Inflation now at a low

The rate of consumer-price inflation declined in the first half of 2009, reaching a trough of 0.2% in July in the EU (and as low as -0.7% in the euro area), pushed down mostly by the reversal of past hikes in energy and food prices. But with this effect coming to an end and commodity prices moving higher, the inflation rate is set to increase towards the end of the year. However, there are no domestic inflationary pressures as there is still substantial slack in the economy and wage growth is expected to decelerate. Taken together, the forecast for inflation remains unchanged from the spring forecast at 0.9% in the EU in 2009 (and 0.4% in the euro area).

Risk assessment

The risks to the growth outlook for 2009 appear broadly balanced. On the downside, further adverse feedback loops between a slowly recovering real sector and a still fragile financial sector cannot be ruled out. On the upside, policy interventions may be more effective than expected in sustaining demand, improving sentiment and restoring the soundness of the financial sector.

The risks to the inflation outlook also appear largely balanced. Higher commodity prices and improving economic conditions suggest some upside risks, balanced by considerable slack in the economy which may hold down inflation more than expected.

More detailed report available on:

http://ec.europa.eu/economy_finance/thematic_articles/article15857_en.htm

Table 1: Real GDP growth

Figures and graphics available in PDF and WORD PROCESSED

Note: the quarterly figures are working-day and seasonally adjusted, while the annual figures are unadjusted.

Table 2: Consumer price inflation

Figures and graphics available in PDF and WORD PROCESSED

A sajtóbejentések elérhetőek:

http://europa.eu.int/rapid/searchResultAction.do?search=OK&query=markt&username=PROF&advanced=0&guiLanguage=en