# Financial services: action plan. Progress report

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The Financial Services Action Plan (FSAP) is now halfway through its timetable for implementation. The last progress report called for real and tangible progress. This sixth report, prepared with the Financial Services Policy Group (FSPG) comprising personal representatives of the EU's finance ministers, concludes that there has been a positive response. The climate in financial services has improved; a number of agreements have been struck, but significant challenges remain to complete the Plan by 2003/5. The Belgian and Spanish Presidencies have helped create the necessary political momentum. Progress is being made in the Council and the Parliament on many proposals. The mid-term review of progress of 22 February 2002 on the Action Plan underlined strongly that financial integration will bring real benefits for European citizens in terms of economic growth, more jobs and sustained prosperity. In March, the Barcelona European Council reaffirmed the objectives of the Action Plan as a key priority of the Lisbon economic reform agenda, and set clear deadlines for the adoption of eight specific measures. The informal meeting of ECOFIN ministers in Oviedo on 13 April 2002 gave further impetus to the process and recognised the need to step up its own efforts in order to complete the Action Plan on time. Three concerns were identified in the Fifth Progress Report: on the overall pace of delivery; - on the take-over bids proposal and on pension funds. - concerns about the general pace of the legislative process have eased somewhat. - taking into account the recommendations of the High Level Group of Company Law Experts, the proposal on take over bids will address the three principal concerns of the European Parliament: the issue of the "level playing field", a definition of an "equitable price" and the possibility for a majority shareholder to buy out a minority shareholder ("squeeze-out"). The Commission will bring forward its proposal as soon as possible following discussion with many interested parties. - progress on Supplementary Pension Funds remains of concern. However, the Spanish presidency is pressing hard to reach an agreement in Council before mid-2002. Concerns remain on a number of other proposals. Many important issues need to be resolved if the Prospectuses Directive is to be adopted without delay, particularly those related to the specific needs of SMEs. The Distance Marketing of Financial Services Directive has now reached a critical stage in the Parliament where it is undergoing a second reading. A vote is due during the May 2002 plenary session which could either pave the way for rapid adoption of the Directive or lead into a difficult conciliation procedure. Lastly, the Barcelona European Council, the informal ECOFIN meeting in Oviedo and the mid term review have all stressed the vital importance and benefits of integrated capital markets in achieving economic growth and job creation, for financial stability and to enable consumers and businesses alike to reap the full benefits of the euro. Recent progress in the Council and the European Parliament on a number of proposals demonstrate that the political commitment to implement the FSAP on time is beginning to be translated into firm political agreements. The agreement on the Lamfalussy process was a key development in this process. But the rhythm of recent successes needs to be continued if the 2005 deadlines are to be met. All measures must be agreed by mid-2004 at the latest to allow adequate time for implementation by Member States. The next Progress report will be sent to the ECOFIN Council at the end of this year. Even if not all barriers have been removed, significant and irreversible progress towards a strong integrated European financial sector by 2005 is achievable.