Financial markets: the current state of integration in the European Union

2005/2026(INI) - 28/04/2005 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Ieke VAN DEN BURG (PES, NL) on the current state of integration of the EU financial markets. (Please see the summary of 30/03/2005.) Parliament recommended that greater political attention be given to the implementation and application of existing legislation, and it stated its intention to organise on a systematic basis dialogues at the level of its competent committee with all relevant players, so as to ensure democratic scrutiny of the implementation process. Parliament also recalled that recognition of its right to challenge implementing measures at level 2 and provisions to that effect in the EC Treaty were a precondition for the European Parliament's support of the Lamfalussy process and its extension to the banking, insurance, pension funds and UCITS sectors and the sunset clauses in the various directives. Any future measures, which should be targeted at correcting specific market failures, should include a cost-benefit analysis of non-legislative options for addressing such failures;

Moving on, it regretted the lack of input from consumers and users with regard to financial services legislation, and asked the Commission and the Member States to promote and support consumer awareness programmes and education initiatives and the creation of specialised consumer initiatives in the financial sector.

With regard to the supervisory and regulatory system, Parliament noted that the convergence of the supervisory practices of Member State authorities is key for efficient cross-border operations. Cooperation and mutual trust between supervisory authorities is crucial, and those authorities are asked to strengthen theircooperation. So as to guarantee democratic accountability and enable Parliament to exercise its prerogatives to the full under the Lamfalussy procedure, Parliament called for the regulators' committees responsible not just for securities, but also for banking and insurance to be heard twice a year by the appropriate committee of Parliament in order to report on their activities.

Whilst acknowledging the need for national supervisors to be able to organise themselves in the discharge of the powers that have been conferred on them by Community Directives and Regulations as well as by their national laws, Parliament attached the utmost importance to guaranteeing the political accountability of the supervisory system at European and national level. In this respect it noted the gaps in parliamentary scrutiny and democratic control particularly with respect to work undertaken at Level 3, because of a transfer of competences to the European level or initiatives by supervisors in their European coordination structures that might have a significant impact on the single market.

Parliament was also concerned to ensure political and democratic accountability where other regulatory bodies such as the International Accounting Standards Board, the International Auditing and Assurance Standards Board (IAASB), or the Financial Action Task Force (FATF) deal with 'technical measures' that may have an impact beyond the technical level and touch on major policy principles that should be decided at the political level.

With regard to a follow up of the FSAP, Parliament felt that the Commission should only bring forward targeted and carefully argued and assessed proposals, accompanied by an impact analysis and a justification for the choice of either legislative or non-legislative means to achieve the intended objectives. Furthermore, the Commission needs to ensure that the horizontal directives in this field are consistent with those governing consumer protection. Commission must also prioritise amendment or removal of any legislation that is detrimental to the smooth functioning of European financial markets.