Basic information

1998/2208(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Financial services: building a framework for action. Vienna Council, December 1998 **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.04 Banks and credit 4.60.06 Consumers' economic and legal interests	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs, Industrial Policy	FAYOT Ben (PSE)	20/01/1999

Committee for opinion	Rapporteur for opinion	Appointed
RELA External Economic Relations	KITTELMANN Peter (PPE)	18/03/1999
JURI Legal Affairs, Citizens' Rights	CASSIDY Bryan M.D. (PPE)	21/01/1999
ENVI Environment, Public Health and Consumer Protection	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2136	1998-11-23

Key events

Date	Event	Reference	Summary
28/10/1998	Non-legislative basic document published	COM(1998)0625	Summary
23/11/1998	Debate in Council		
18/12/1998	Committee referral announced in Parliament		
30/03/1999	Vote in committee		
30/03/1999	Committee report tabled for plenary	A4-0175/1999	

15/04/1999	Debate in Parliament		
04/05/1999	End of procedure in Parliament		
01/10/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1998/2208(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/10528

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0175/1999 OJ C 219 30.07.1999, p. 0008	30/03/1999	
Text adopted by Parliament, single reading		T4-0377/1999 OJ C 279 01.10.1999, p. 0024-0096	04/05/1999	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1998)0625	28/10/1998	Summary
Non-legislative basic document	COM(1999)0232	11/05/1999	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0559/1999 OJ C 209 22.07.1999, p. 0035	26/05/1999	

Financial services: building a framework for action. Vienna Council, December 1998

1998/2208(COS) - 04/05/1999 - Text adopted by Parliament, single reading

The European Parliament adopted the resolution by Ben Fayot (PSE,LU) on the communication from the Commission on Financial Services: Building a Framework for Action. The report welcomes the Commission's communication, while stressing that a fully integrated EU financial market should be based on a coherent and effective body of legislation. It calls for the introduction of a uniform European payments system for small payments in order to eliminate the obstacles to international payment transactions. The Parliament calls on the Commission to present rapidly a proposal for appropriate supervision of financial services institutions of a European scale. With regard to wholesale markets, the Parliament advocates an approach which seeks to coordinate national stock markets and wishes a pan-European equity-listing to be set up and the 1989 Listing and Prospectus Directive to be repealed. It requests the Commission to study the possibility of replacing the host-country or home-country control rule by the EU rule which should ensure maximum protection for unsophisticated investors (i.e. ordinary citizens), and calls for the EU passport and sigle licence to be based upon the EU rule. The report calls on the Commission to examine the prospects for greater synergy among the new share markets for SMEs at European level, and to study the case of SMEs listing and trading in Europe as that of an infant industry requiring a special status. It stresses the importance of a genuine single market for pension funds in the context of the emergence of new needs on the part of an aging population, and the definition of rules to enable these funds to be invested in diversified and internationalised portfolios, with due respect for the principles of freedom of choice. With regard to retail markets, the Parliament considers that the concept of "general interest" is also applicable to financial services and calls for an EU directive on the concept of "general interest", specifying the content of the universal services principle. The Commission is called upon to propose legislation on financial intermediaries in the field of consumer credit and mortgage loans and insurance agents in order to protect consumers in cross-border markets. The European Palriament believes that to achieve the single market in financial services, the most urgent need is for the Council and the European Palriament rapidly to complete the current legislative procedures, for Member States to implement and enforce exisitng directives and for the Commission to submit further new proposals for legislation, aimed especially at simplification. The Commission is called upon to submit an Action Plan in this respect. Finally, the Parliament proposes the establishment of an EU Ombudsman for financial services covering retail markets, who would be independent of any Community or national institution.

Financial services: building a framework for action. Vienna Council, December 1998

1998/2208(COS) - 28/10/1998 - Non-legislative basic document

PURPOSE : This Commission Communication entitled 'Financial services : Building a Framework for Action' focuses on two main aspects of the completion of the Single Market in Financial services, whose potential is enhanced by the Euro. The first relates to deep and liquid European capital markets which serve both issuers and investors better, and the second to the removal of remaining barriers to cross-border provision of retail financial services in order to ensure consumer choice while maintaining consumer confidence and a high level of consumer protection. CONTENT : The Communication highlights a range of issues which need to be addressed to equip the EU with financial markets capable of sustaining competitiveness and weathering financial instability. There is a need for a leaner, more modern regulatory apparatus in the fast moving environment of financial services. The Commission calls on the Council and the Parliament to explore ways of delivering a more streamlined, flexible and faster legislative approach. Mechanisms are also required to reinforce collective discipline in the implementation and enforcement of EU legislation in the financial services sector. With the advent of the Euro, a market-driven modernisation of EU wholesale markets is being spurred on. A coherent programme of action to smooth out remaining legislative, administrative and fiscal barriers to cross-border flotations and investment-related activities can deliver significant economic dividends. The Commission urges Member States to finalise and implement a set of priority actions to promote the efficient integration of wholesale financial markets as a matter of urgency. As for retail financial market, despite great progress in the completion of the single market, the cross-border sale of traditional financial products to individual consumers remains the exception. The Commission intends to promote a clear and common understanding of the distinction between professional and non-professional users of financial services. In keeping with relevant provisions on international private and EU law, efforts will be made to limit additional host country requirements to consumers acting in a non-professional capacity. The Commission will identify and catalogue substantive differences between Member States· ·general good· rules so as to improve transparency and allow verification that host country rules are proportionate to their stated objective. The Commission is to continue to promote the convergence of national practices towards a high level of consumer protection where this is a necessary and proportionate response to consumer concerns. The Commission points out that as the regulatory framework for a single financial market crystallises, fault lines at the level of supervision become more prominent. The Commission considers that structured co-operation between national supervisory bodies · rather than the creation of new EU level arrangements · can be sufficient to ensure financial stability. At present, this co-operation is organised on an ad hoc basis and will need to be upgraded. In the area of securities markets supervision, in particular, present arrangements are unable to keep pace with thesudden acceleration in market integration. The Commission and Member States must actively contribute in the promulgation of an international base line of fundamental prudential requirements and assist in the widest possible dissemination of best supervisory practice. Creating the general conditions for a fully integrated EU financial market requires action in the following areas : In order to provide for an integrated infrastructure, interaction between national securities and payments systems needs to be improved, as well as the development of appropriate mechanisms to combat fraud and money laundering. To ensure a level playing field for financial operators, financial market integration will need to be enhanced by strict application of the Treaty rules on competition and state aids. With the disappearance of exchange risks as a deterrent to real pan-European investment strategies, disparities in tax treatment are already emerging as a significant distortion of the allocation of resources. Political agreement has been reached to address the most pressing distortions (to the allocation of savings and harmful tax competition between financial centres). Work will also need to be done in respect of key financial products such as life insurance and pension funds, where tax treatment prevents cross-border marketing. The Commission invites the Parliament and the Council to work with it in taking forward the debate. The Commission proposes that personal representatives of the Finance Ministers should be nominated and meet in a Financial Services Policy Group, chaired by the Commission. The Group would identify and prioritise a set of actions by June 1999 to be presented to the Council, and, prior to June 1999, it would define a number of immediate priorities to guarantee momentum to the process. It would also assist the Commission in collective monitoring of implementation and enforcement of financial services legislation. The Commission will also establish a High Level consultation mechanism to ensure that both market practitioners and users of financial services are able to make a full contribution to the formulation of policy in this area.