Basic information

1999/2117(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Financial services: action plan. Progress report **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	GARCÍA-MARGALLO Y MARFIL José Manuel (PPE-DE)	27/07/1999

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs and Internal Market	MEDINA ORTEGA Manuel (PSE)	23/09/1999
ITRE Industry, External Trade, Research, Energy	PLOOIJ-VAN GORSEL Elly (ELDR)	04/10/1999
ENVI Environment, Public Health, Consumer Policy	SACCONI Guido (PSE)	22/09/1999

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2225	1999-11-29
Economic and Financial Affairs ECOFIN	2268	2000-06-05
Economic and Financial Affairs ECOFIN	2353	2001-06-05

Key events

Date	Event	Reference	Summary
11/05/1999	Non-legislative basic document published	COM(1999)0232	Summary
13/09/1999	Committee referral announced in Parliament		

29/11/1999	Resolution/conclusions adopted by Council		
29/02/2000	Vote in committee		Summary
29/02/2000	Committee report tabled for plenary	A5-0059/2000	
12/04/2000	Debate in Parliament		
13/04/2000	Decision by Parliament	T5-0178/2000	Summary
13/04/2000	End of procedure in Parliament		
05/06/2000	Debate in Council		
07/02/2001	Final act published in Official Journal		
05/06/2001	Debate in Council		Summary

Technical information

Procedure reference	1999/2117(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/4/11003

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0059/2000 OJ C 377 29.12.2000, p. 0005	29/02/2000	
Text adopted by Parliament, single reading		T5-0178/2000 OJ C 040 07.02.2001, p. 0163-0453	13/04/2000	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1999)0232	11/05/1999	Summary
Document attached to the procedure	COM(1999)0630	24/11/1999	Summary
Follow-up document	COM(2000)0336	30/05/2000	Summary
Follow-up document	COM(2000)0692	08/11/2000	Summary
Follow-up document	COM(2001)0286	01/06/2001	Summary

Follow-up document	COM(2001)0712	30/11/2001	Summary
Follow-up document	COM(2002)0267	03/06/2002	Summary
Follow-up document	SEC(2002)0314	19/11/2002	

Financial services: action plan. Progress report

1999/2117(COS) - 24/11/1999 - Document attached to the procedure

This is a progress report on the first six months since the adoption of the Action Plan on Financial Services. The mechanisms for its implementation are critical to its achievement. The following structures have been put in place: The Financial Services Policy Group whose task it is to forge consensus between national ministries involved in financial service regulation. - Initial discussions with representatives of the European Parliament with a view to finding arrangements to discuss major policy orientations with parliamentarians at an early stage. - EU Representative bodies have submitted short lists of experts to help the Commission assess certain implications of technical issues raised in the Action Plans. These Forum Groups are composed of market experts. Progress has bee made in implementation of the Action Plan. The Commission has issued its Communication on pension funds, and also on Risk Capital; taken steps to amend the money laundering directive; worked on wholesale markets and made progress on opening up retail markets. Discussions on the distance selling proposal for financial services are continuing. It is preparing a Green Paper on E- Commerce and financial services, and is working on prudential rules and supplementary pensions. It will soon adopt a Recommendation on the disclosure of financial instruments. Council deliberations on a minimum tax for savings income continue. Progress on the following areas has been disappointing: - the Directive on Takeover Bids, which is not progressing in Council due to the lack of an acceptable solution on the status of Gibraltar - the Directive on the Winding-up and Liquidation of Banks, also held up due to the Gibraltar issue - the European Company Statute - The Recommendation on Prior Information for Consumers, due to delays within industry. - The Commission Communication on Payments in the single Market and Fraud and Counterfeiting in Payment systems Over the next six months, the Commission services will produce some measures required by the Plan on pension funds etc. The Union must refine its strategy in the light of accelerating structural changes in financial markets.

Financial services: action plan. Progress report

1999/2117(COS) - 05/06/2001

The Stockholm European Council asked for full implementation of the Financial Services Action Plan by 2005, with every effort made by all parties concerned to achieve an integrated securities market by the end of 2003. This work is complemented by the objective of a well functioning risk capital market by 2003 through implementation on the Risk Capital Action Plan. The Council takes note of the Commission's progress report of the implementation of the Financial Service Action Plan. The report illustrates that significant steps have been made to accelerate progress. The Council welcomes the adoption of the key directives on the reorganisation and winding-up of credit institutions and insurance undertakings, Common positions have been adopted on two UCITS proposals. In addition, two insurance solvency directives are now being finalised under the fast-track provisions off the Treaty. The Council will build on the consultation envisaged in the Stockholm Resolution on securities markets. It will also seek to identify and resolve key issues at an early stage. Lastly, the Council invites the Commission to present, before the end of the year, a further and timely progress report on the Financial Services and Risk Captial Action Plans in the light of established priorities and of the timetable of individual items in the Action Plans.

Financial services: action plan. Progress report

1999/2117(COS) - 03/06/2002 - Follow-up document

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.

Financial services: action plan. Progress report

1999/2117(COS) - 01/06/2001 - Follow-up document

PURPOSE: to report on progress on the implementation of measures aimed at harmonising the EU's Financial Services. Attention is given to the political context within which harmonisation is taking place. CONTENT: the European Commission's fourth report on financial services portrays a largely positive picture, noting that of the initial 41 measures adopted under the FSAP, 16 have now been finalised. Only 6 legislative proposals are to be made by the Commission in line with timetables set out by the FSAP. They include: - an Investment Services Directive; - capital Adequacy Proposals; - a Tenth Company Law Directive on Mergers; - a Fourteenth Company Law Directives on the transfer of corporate seats; - amendments to the fourth and seventh Company Law Directives on fair value accounting and - regular reporting. Furthermore, in line with objectives established at Stockholm, the European Commission will shortly set up a new " Securities Committee" and a new "Regulators Committee". National regulators are also working to organise the establishment of an independent Regulators committee to act as an advisory group for the Commission - in particular in the preparation of draft implementing measures. In spite of these achievements, the Communication expresses concern over the political deadlock relating to: - pension funds; - distance marketing of financial services; and - money Laundering. The Communication notes that if consumers and the European economy are to reap the benefits of both the single currency and a harmonised financial services sector, then the prevailing political quagmire needs to be addressed. Lastly, the Commission Report notes that the legislative centre of gravity is now moving away from the Commission and towards the European Parliament and Council. It calls on these institutions to speed up the decision making process and not to allow deadlines for opinions/amendments to slip.

Financial services: action plan. Progress report

1999/2117(COS) - 30/11/2001 - Follow-up document

In June 2001, the Commission concluded that the overall balance sheet on progress towards financial integration was broadly positive. There were, nonetheless, a number of test cases which would shortly demonstrate whether there is a real political will to meet the European Council deadlines of 2005 (2003 for securities markets) set in the Financial Services Action Plan. Failure of timely delivery of individual measures could endanger the overall optimal timeframe. The economic context for making progress was already recognised as being difficult; any delays would increase the cost pressures for consolidation of the EU's still fragmented financial sector. Against this backdrop, this fifth progress report has been drawn-up again with the assistance of personal representatives of Ecofin ministers in the Financial Services Policy Group. It delivers three central messages to the Ecofin Council: - an integrated European financial sector remains as crucial as ever as a motor for growth and employment. Crucially it also can act as a buffer against volatility and hence a pole of stability in these turbulent economic circumstances; - there has been important progress since the last report. But there remains a concern about the pace to deliver the Action Plan in line with the agreed timeframe and political statements of successive Ecofin and European Councils; and - a broad and critical mid-term review is needed of what has been accomplished, what benefits of integration there are, and what still needs to be done. Political action must follow. There are particular concerns about the effects of the downturn in equity markets on the insurance sector, since equities represent a substantial proportion of investments (30%). The precise effect of the downturn in equities and the final estimates of claims flowing from 11 September have not yet crystallised (estimates range from $20 to $80 billion). Moreover, the Action Plan contains a number of important measures that, once implemented, will respond directly to the twin challenges of uncertainty and the less favourable economic outlook. For financial services companies, financial resilience remains paramount - strong prudential rules for banks, investment firms and insurance companies to reflect the real risks they run are needed more than ever. Adequate provisions, reserves and risk management measures are essential to meet times of strain. A new roadmap for a single retail financial market is being developed by the Commission in close co-operation with the Member States, covering three policy areas: - a programme of convergence covering contractual and non-contractual rules to provide high quality and comparable information to consumers. The final adoption of the proposal for a Directive on the Distance Marketing of Financial Services will be an important element in securing that coherence. Together with the Commission's Communication on E-Commerce and Financial Services, the Directive will be a cornerstone of the policy for retail financial services traded on the internet; - targeted steps to encourage consumer confidence in cross-border redress and internet payments to improve security and provide consumers with legal security when making payments on-line within the Union; and - enhanced supervisory co-operation between host stateauthorities and those in the country where the provider is established. To these ends, the Commission will in particular: - in order to assist Member States and service providers and to ensure compliance with the E-Commerce Directive carry out the analysis foreseen in its Communication on E-Commerce and Financial Services; and Bank charges: - propose to revise and update the Consumer Credit Directive (anticipated for the end of 2001). In conclusion, the case for integrated financial markets is stronger than ever - particularly as the economic outlook is deteriorating - as a motor for growth and employment and as a pole of financial stability for the benefit of EU citizens and businesses. Good progress on the implementation of the Action Plan has already been made during the Belgian presidency; 25 of 42 original measures have now been finalised. But there still remains a real concern about the present pace of work if we are to deliver the Action Plan in line with its agreed timeframe. Repeated and unambiguous political declarations from successive ECOFIN and European Councils must now be translated into hard agreements and matched by real political progress. Any inability to find politically and technically viable solutions within the set timeframe will

result in political and economic failure for the EU. The timeframe for progress in the European Parliament and the Council is equally pressing. By the end of next year 10 legislative proposals must be adopted to meet the Action Plan deadlines. - In the Spanish presidency: directives on Distance Marketing, Prospectuses, Market Abuse, and the IAS Regulation; and - In the Danish presidency: directives on Insurance Intermediaries, Pension Funds, Financial Conglomerates, 10th Company Law amending directive, Collateral directive, and Taxation of Savings.

Financial services: action plan. Progress report

1999/2117(COS) - 08/11/2000 - Follow-up document

This third report on the progress in implementing the Financial Services action Plan (FSAP) confirms that, across the board, the situation remains satisfactory but with important qualifications. There is yet to be the quantum leap needed to achieve the 2005 deadline set by the Heads of State and Government at the Lisbon European Council. The Commission cannot allow any significant slippage in bring forward the many initiatives, legislative and non-legislative, promised in the FSAP. Given the urgency of implementing the FSAP, the Commission, in this report, at the request of the Ecofin Council has reviewed the priorities indicating for each the critical path must be achieved if the 2005 deadline is to be met. The ten measures that are prioritised for an integrated wholesale market will vastly improve the climate for investing and raising capital on an EU basis and creating a transparent environment for cross-border restructuring. These measures concern in particular the European Company Statute, the Directive on Take over bids, the Directive on the Prudential supervision of Supplementary Pension Funds, the two UCITS Directives, the Directive on Cross-border use of Collateral and the Directive on Market Manipulation. Moreover, a priority legal framework is required to equip EU consumers with the necessary information and safeguards to allow new distribution channels and marketing technologies to be put to work on a pan-European scale. Priorities are suggested for sound prudential rules to meet the challenges of industry consolidation and financial market developments and maintain financial stability in the Union. Lastly, in order to improve the coordination between the Commission, the Council and the European Parliament, a high-level group, the "2005 Group" has been set up to help improve institutional co-ordination.

Financial services: action plan. Progress report

1999/2117(COS) - 13/04/2000 - Text adopted by Parliament, single reading

The Parliament adopted its resolution based on the report by Mr Jose Manuel Garcia-Margallo y Marfil (EPP/ED, Spain) on the Financial Markets Action Plan. The main points are as follows: - whilst the Parliament agrees with the strategic objectives of the Action Plan, it believes that these objectives will not be attained unless the current institutional arrangments are completely reformed. It asks for a list of administrative practices which prevent financial services providers from benefiting from the single financial market. - Parliament asks the Commission to table proposals for legislative harmonisation in order to develop integrated securities dealing systems. The necessary guarantees must be laid down to protect investors from fraud and maladministration resulting from the opening up of the financial markets. A thorough assesment of legal and fiscal barriers that prevent SME's and corporate entities from reaping the full benefits of the single currency is needed. - the resolution contains proposals on measures concerning the wholesale markets, the retail markets, prudential rules and supervision and supplementary measures for an optimal market. - on retail markets, it is pointed out that cross-border payments should be made easier and cheaper in the interests of consumers. Parliament calls for the development of a payments infrastructure which can support secure and low-cost card payments. It characterises the current situation where cross border card payments incur charges which far exceed domestic transfer rates as intolerable. - Parliament calls for a Green Paper on the creation of an EU Securities and Exchange Commission along the lines of the US-SEC, and a Green Paper on whether thee is a need to create a single Advisory Forum or financial stability in Europe in order to enhance cooperation among European supervisors.

Financial services: action plan. Progress report

1999/2117(COS) - 11/05/1999 - Non-legislative basic document

PURPOSE : to table a framework for action in order to improve the single market in financial services. CONTENT : this action plan, presented at the request of the Vienna European Council 1998, consolidates the issues which have emerged from the Commission's communication, as fleshed out by the Financial Services Policy Group (FSPG). Essentially, action is envisaged under three headings : wholesale markets; retail markets, and sound supervisory structures. 1) Wholesale markets : the euro is the catalyst for the market-driven modernisation of EU securities and derivatives markets. Profound changes in the organisation of the EU financial marketplaces are already visible, notably in the relationship between different exchanges and in the consolidation of payment and securities settlement systems. These hold out the prospect of cheaper and more flexible financing arrangements for corporate borrowers, including innovative start-up companies. Similarly, the present mass of legal and administrative barriers needs to be stripped away lest the emergence of better-integrated securities trading systems driven by market forces is frustrated and the benefits of access to EU-wide capital markets denied. Broadly, action is needed under 6 chapters : a) common rules for integrated securities and derivatives markets : the Commission must pave the way for effective cross-border provision of investment services. A communication summarising the common interpretation between national supervisory authorities could be an important first step in clarifying the boundary between the sophisticated investor (where the choice of 'conduct of business' regime can be left to the two contracting parties) and the less professional 'household investor' (where local rules could continue to be applied) ; b) raising capital on an EU-wide basis : producing multiple sets of official documentation before issuers can offer securities in other Member States is costly and undoubtedly inhibits pan-EU activity. In addition, to secure practical improvements in the operation of the Public-Offer Prospectus Directive, collaboration between the Commission and the Forum of European Securities Commissions (FESCO) will be intensified ; c) financial reporting : comparable, transparent and reliable financial information is fundamental for an efficient and integrated capital market. FSPG discussions pinpointed the urgent need for solutions which give companies the option of raising capital throughout the EU using financial statements prepared on the basis of a single set of financial reporting requirements. Solutions to enhance comparability within the EU market must mirror developments in internationally accepted best practice. At the present juncture, International Accounting Standards (IAS) seem the most appropriate bench-mark for a single set of financial reporting requirements which will enable companies to raise capital on international markets. A screening mechanism will be required in order to ensure that IAS output conforms with EU rules and corresponds fully with EU public policy concerns. These

issues will be amplified in a Commission communication to be published by the end of 1999, which will prefigure amendments of the 4th and 7th Company Law Directives. Auditing issues will be addressed in a separate Commission Recommendation ; d) a single market framework for supplementary pension funds: the supplementary pension funds (employment-related) should be able to cooperate in a coherent single market framework. A communication could serve as the basis for a proposal for a Directive on the prudential supervision of pension funds. The envisaged prudential framework would take into account the diversity of pension funds currently operating in the EU and will examine questions such as the coordinationof the tax arrangements governing supplementary pensions and the removal of the obstacles to labour mobility would also be explored ; e) collateral : the mutual acceptance and enforceability of cross-border collateral is indispensable for the stability of the EU financial system and for a cost-effective and integrated securities settlement structure. In close cooperation with the financial services sector and national authorities, the Commission will begin work on proposals for legislative action on collateral; f) a secure and transparent environment for cross-border restructuring : the early adoption of the Take-Over Bids Directive and the European Company Statute will provide much-needed legal underpinning for protection of minority shareholdings and a more rationalised organisation of corporate legal structures in the single market. It will also pave the way for the Commission to come forward with long overdue and important proposals for Directives on cross-border mergers of public limited companies, and on the transfer of company seat. Prudential considerations must,of course, be fully taken into account. 2) Retail markets : regulatory and structural problems which prevent financial service suppliers and consumers from mutually benefiting in a climate of trust and legal security must be tackled head on. Appropriate and progressive harmonisation of marketing and information rules throughout the Union together with a pragmatic search for non-legislative solutions offers the prospect of a truly integrated retail market fully respecting the interests of consumers and suppliers. In this respect, the Commission has identified 6 key areas : a) information and transparency : clear and understandable information for consumers is vital when they are investing significant savings in another country. The Commission will continue the policy of dialogue between financial service providers and consumers, initially by issuing a Recommendation to follow-up on a code of good practice on information provision in the area of mortgage credit. Furthermore, a communication will be published which will examine possible guiding principles for the full range of cross-border financial services, taking account of provisions laid down in existing EU and national provisions ; b) redress procedures: it is necessary to find an efficient and effective judicial and extra-judicial settlement of disputes to provide the necessary confidence in cross-border activity. The Commission could consider the development of a Union-wide complaints network (including the use of an ombudsman for financial services) by basing its action on its recommendation on the principles applicable to the bodies responsible for out-of-court settlements ; c) a balanced application of consumer protection rules: for a number of specific financial products, the Commission could analyse national consumer protection rules. Detailed work could be undertaken to establish possible equivalence between clearly similar rules. This work could culminate in detailed report to the Council and the European Parliament on the basis of which conclusions for the future policy will be drawn. In addition, the Commission has already announced its intention to issue a communication on the application of the general good in the insurance sector ; d) electronic commerce : proposal for E-Commerce and Distance selling Directives are on the table, which will facilitate the emergence of these activities. Furthermore, the Commission envisages publishing a Green Paper to establish whether the provisions of existing financial legislation contain coherent provisions on prudential procedures provide a propitious legal environment in which e-commerce based financial service business can thrive, while ensuring that consumers' interests are fully safeguarded; e) insurance intermediaries : the Commission is working towards tabling a Directive to update the 1976 Directive on insurance intermediaries and tostrengthen consumer protection by establishing common requirements on inter alia registration, financial security and information disclosure to the consumer ; f) cross-border retail payments: there is a clear need for integrated retail payments systems, which provide for secure and competitive small-value cross-border transfers comparable with the service provided within domestic payment systems, to be put in place before the end of the euro transition period. Thus, there is need for a concerted effort involving the ESCB, EU institutions and the private sector. As regards regulation, the Union should strive to maintain the highest standards of prudential regulation for its financial institutions. Therefore, it intends to present proposals to maintain high standards of banking, insurance and securities prudential legislation. To this end, the work of the existing bodies will be taken into account as much as possible (Basle Committee, FESCO, etc). Appropriate and efficient arrangements will be put into place to increase cross-sectoral discussion and co-operation between authorities on issues of common concern. The differences in corporate governance arrangements in different Member States could give rise to legal or administrative barriers which might frustrate the development of an EU financial market. A review of existing national codes of corporate governance will be launched with a view identifying any legal or administrative barriers which may appear. In addition, the Council is invited to adopt the 1998 proposal for a Directive to ensure a minimum effective taxation of cross-border savings income. The Commission will continue its efforts to tackle tax barriers to a fully functioning single market for financial services. The Commission will present proposals, in light of the Taxation Policy Group discussions, as regards pension funds and insurance. Lasty, the communication proposes to put in place mechanisms to identify future challenges and to frame priorities in a broad context (e.g., the creation of a forum to forge consensus on emerging challenges between national ministries involved in financial services regulation; adoption of appropriate arrangements to allow policy orientations to be discussed informally with EP representatives at an early stage; the creation of a high level forum).

Financial services: action plan. Progress report

1999/2117(COS) - 30/05/2000 - Follow-up document

PURPOSE : To present the second report on progress on financial services. CONTENT : The Lisbon European Council in March 2000 recognised the central role of efficient financial markets for long-term European competitiveness and for the development of the New Economy. It asked that the Financial Services Action Plan (FSAP) should be completed by 2005, and the Risk Capital Action Plan by 2003. These target dates are now the key reference for this and all subsequent reviews. This report examines key developments in the financial sector that are of relevance to the policies underpinning the Action Plan, provides a progress report on the implementation of the measures of the Action Plan and considers those areas that require acceleration or new policy orientation. Key developments in the financial sector - financial services represent about 6% of EU GDP and 2.5% of EU employment. It is a sector that underpins all economic activity and one where the Union has the greatest potential for expansion. Integrated European capital markets are essential for sustained growth and employment. The euro had made its mark, and has already captured about 40% of the international bond market. The stock market capitalisation of EU Member States is still only one half of the US level, but there are signs of renewed growth. Pension funds can also improve the flow of funds for private sector investment. The rapid emergence of e-commerce is beginning to change the financial services landscape. The Action Plan develops a dual approach: protecting consumers against unfair trading practices but helping them to seek the best offers on the market. EU Internet banking is growing rapidly. The interdependence between EU financial markets and institutions and their counterparts in the candidate countries of Central and Eastern Europe is growing. Progress on implementation of the FSAP - progress had been made on pension funds, wholesale markets and retail markets. Work on prudential rules has also advanced. Work is continuing on a minimum taxation

of savings income. The Risk Capital Action Plan is advancing. There is, however, the need for greater effort, particularly in the area of the European Company Statute. Policy areas and measures requiring further policy consideration or refinement - two key policy areas need further consideration: facilitating access to capital markets and improving financial stability. The Lisbon Summit singled out a number of priority actions relating to the functioning of securities and wholesale markets where accelerated progress needs to be made to reach the overall 2005 deadline. These are: a "single passport" for issuers, enhancing the comparability of companies financial statements, eliminating barriers to investment by pension funds and UCITS, the improved functioning of cross-border sale and repurchase markets, and a fundamental review of the Investment Services Directive. The Commission is taking action on all these areas. It will also bring forward a number of measures on regulatory and supervisory contributions to financial stability.