Basic information

2017/2253(INI) INI - Own-initiative procedure	Procedure completed
Relationships between the EU and third countries concerning financial services regulation and supervision **Subject** 2.50.08 Financial services, financial reporting and auditing 2.50.10 Financial supervision	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs	HAYES Brian (PPE)	05/10/2017
		Shadow rapporteur FERNÁNDEZ Jonás (S&D) FOX Ashley (ECR) JEŽEK Petr (ALDE) MATIAS Marisa (GUE/NGL) LAMBERTS Philippe (Verts/ALE)	

European Commission	**Commission DG**	**Commissioner**
	Economic and Financial Affairs	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
14/12/2017	Committee referral announced in Parliament		
11/07/2018	Vote in committee		
18/07/2018	Committee report tabled for plenary	A8-0263/2018	Summary
10/09/2018	Debate in Parliament		
11/09/2018	Decision by Parliament	T8-0326/2018	Summary
11/09/2018	Results of vote in Parliament		
11/09/2018	End of procedure in Parliament		

Technical information	
Procedure reference	2017/2253(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/11347

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE619.408	04/04/2018	
Amendments tabled in committee		PE621.121	04/05/2018	
Committee report tabled for plenary, single reading		A8-0263/2018	18/07/2018	Summary
Text adopted by Parliament, single reading		T8-0326/2018	11/09/2018	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2018)829	11/03/2019	

Relationships between the EU and third countries concerning financial services regulation and supervision

2017/2253(INI) - 11/09/2018 - Text adopted by Parliament, single reading

The European Parliament adopted by 564 votes to 71, with 49 abstentions, a resolution on relationships between the EU and third countries concerning financial services regulation and supervision.

Relations with third countries since the crisis: since the financial crisis, more than 40 new pieces of EU financial legislation have been adopted, of which 15 include ‘third-country provisions’ that give the Commission, on behalf of the EU, discretion to unilaterally decide whether regulatory rules in foreign jurisdictions can be considered equivalent.

There is no single framework underpinning equivalence decisions, each legislative act sets out a targeted equivalence regime tailored to its policy objectives.

Members welcomed the increased regulatory and supervisory cooperation between the EU and third countries. They recognised that this has contributed to improving global consistency in financial regulation and has contributed to making the EU more resilient to global financial shocks.

In a context where international cooperation is becoming increasingly difficult due to diverging national interests, Members insisted that any framework for international regulatory and supervisory cooperation should **preserve the Union's financial stability** and respect its regulatory and supervisory regime and standards and their enforcement.

EU equivalence procedures: Parliament stressed that, through its relations with third countries in the regulation and supervision of financial services, the EU should **strengthen tax cooperation with third countries** in line with international and EU standards.

Equivalence decisions should in particular:

- be made dependent on satisfactory third-country rules on **fighting tax evasion**, tax fraud, tax avoidance and money laundering;
- be **objective, proportionate and risk-sensitive**, while upholding high standards of EU regulation;
- be **in the interest of the Union**, its Member States and its citizens, having regard to the financial stability of the Union or one or more of its Member States, market integrity, investor and consumer protection and the functioning of the internal market.

Establishing a consistent structured framework: as things stand, Members considered that the EU's process for granting equivalence would benefit from **more transparency towards the European Parliament**. They insisted that the process for granting equivalence to a third country in the area of financial services should be subject to appropriate scrutiny by Parliament and the Council and that, for purposes of greater transparency, such decisions should be taken by means of delegated acts, and where necessary facilitated by an early non-objection procedure.

Parliament called for the development of a consistent framework for **ongoing supervision** of an equivalent third-country regime involving regular information to Parliament on regulatory reviews and supervision undertaken by third countries. European Supervisory Authorities (ESAs) should have the competence to advise the Commission and monitor regulatory and supervisory developments in third countries. Equivalence decisions should be continuously monitored by the relevant ESA and the result of this monitoring should be made public. ESAs should also carry out ***ad hoc* assessments** of developments in third countries on the basis of reasoned requests from Parliament, the Council and the Commission.

The Commission is urged to:

- review and provide a **clear framework** for a transparent, coherent and consistent application of equivalence procedures which introduces an improved process for the determination, review, suspension or withdrawal of equivalence;
- assess the benefits of introducing an application process for granting equivalence for third countries;
- consider the current equivalence regime and to assess whether it contributes to achieving a level playing field between EU and third-country financial institutions, while preserving the financial stability of the Union;
- annually report to the European Parliament all decisions on equivalence, including equivalence granted, suspended and withdrawn, and to explain the rationale for those decisions.

Parliament underlined the importance of the **EU's active role in global standard-setting** as a means of working towards international consistency in financial regulation. To that end, it called for the Joint EU-US Financial Regulatory Forum to be upgraded to include more regular meetings with the aim of a more frequent and consistent coordination.

Relationships between the EU and third countries concerning financial services regulation and supervision

2017/2253(INI) - 18/07/2018 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted an own-initiative report by Brian HAYES (EPP, IE) on relationships between the EU and third countries concerning financial services regulation and supervision.

Since the financial crisis, more than 40 new pieces of EU financial legislation have been adopted, of which 15 include 'third-country provisions' that give the Commission, on behalf of the EU, discretion to unilaterally decide whether regulatory rules in foreign jurisdictions can be considered equivalent.

There is no single framework underpinning equivalence decisions, each legislative act sets out a targeted equivalence regime tailored to its policy objectives.

Members welcomed the increased regulatory and supervisory cooperation between the EU and third countries. They recognised that this has contributed to improving global consistency in financial regulation and has contributed to making the EU more resilient to global financial shocks.

In a context where international cooperation is becoming increasingly difficult due to diverging national interests, Members insisted that any framework for international regulatory and supervisory cooperation should **preserve the Union's financial stability** and respect its regulatory and supervisory regime and standards and their enforcement.

Equivalence decisions should in particular:

- be made dependent on satisfactory third-country rules on **fighting tax evasion**, tax fraud, tax avoidance and money laundering;
- be objective, proportionate and risk-sensitive, while upholding high standards of EU regulation;
- be in the **interest of the Union**, its Member States and its citizens, having regard to the financial stability of the Union or one or more of its Member States, market integrity, investor and consumer protection and the functioning of the internal market.

Members considered that, as things stand, the EU's process for granting equivalence would benefit from **more transparency towards the European Parliament**. They insisted that this process should be subject to appropriate scrutiny by Parliament and the Council and that, for purposes of greater transparency, such decisions should be taken by means of delegated acts, and where necessary facilitated by an early non-objection procedure.

The report called for the development of a **consistent framework for ongoing supervision** of an equivalent third-country regime. It demanded that Parliament should be kept informed of ongoing regulatory and supervisory reviews of third countries.

Equivalence decisions should be subject to ongoing monitoring by the relevant European Supervisory Authority (ESA) and for the outcome of such monitoring to be made public.

The Commission is urged to:

- review and provide a **clear framework** for a transparent, coherent and consistent application of equivalence procedures which introduces an improved process for the determination, review, suspension or withdrawal of equivalence;
- assess the benefits of introducing an application process for granting equivalence for third countries;
- consider the current equivalence regime and to assess whether it contributes to achieving a level playing field between EU and third-country financial institutions, while preserving the financial stability of the Union;
- annually report to the European Parliament all decisions on equivalence, including equivalence granted, suspended and withdrawn, and to explain the rationale for those decisions.

The report underlined the importance of the **EU's active role in global standard-setting** as a means of working towards international consistency in financial regulation. To that end, it called for the Joint EU-US Financial Regulatory Forum to be upgraded to include more regular meetings with the aim of a more frequent and consistent coordination.