



CALL FOR EVIDENCE: EU REGULATORY FRAMEWORK FOR FINANCIAL SERVICES

Brussels, 30 September 2015

1. What is the call for evidence?

The call for evidence is a public consultation in which the Commission invites all interested parties to provide feedback and empirical evidence on the benefits, unintended effects, consistency and coherence of the financial legislation adopted in response to the financial crisis.

2. Why is the Commission consulting on the EU rules for financial services?

The EU put in place a wide range of measures in the wake of the crisis to restore financial stability and public confidence in the financial system. Many of those measures - over 40 in total - were adopted in difficult circumstances and in a short period of time. As a result of this period of intensive rule-making, improved supervision and market actions, the EU financial sector is now more resilient and in a better position to fund the European economy and support jobs and growth, as several studies have shown^[1].

However, it is important that EU legislation strikes the right balance between reducing risk and enabling growth and does not create new barriers that were not intended. Given the different pieces of legislation adopted over the past years and the numerous interactions between them, their collective impact may give rise to some unintended consequences, which may not be picked up by individual sectoral reviews. This call for evidence will help the Commission to assess the efficiency, consistency and coherence of the overall EU regulatory framework for financial services. This exercise is an essential part of the Commission's Better Regulation Agenda ([IP/15/4988](#)).

This comprehensive review complements the work started by the European Parliament in 2013 to look at the coherence of EU financial services legislation, such as the European Parliament's draft report on stocktaking and challenges of EU financial services legislation^[2]. It is also coherent with the work of international bodies (such as the G20, the Financial Stability Board, and the Basel Committee on Banking Supervision) which are also currently assessing the overall coherence of the reforms that have been undertaken globally.

3. What is the Commission consulting on?

The Commission is looking for **evidence and concrete feedback** on:

- Rules affecting the ability of the economy to finance itself and to grow;
- Unnecessary regulatory burdens;
- Interactions, inconsistencies and gaps;
- Rules giving rise to possible other unintended consequences.

The complete list of the issues covered in this public consultation is accessible at the following page: http://ec.europa.eu/finance/consultations/2015/financial-regulatory-framework-review/index_en.htm. All interested parties can submit their contributions by **6 January 2016**.

4. Who is being consulted?

The aim of the call for evidence is to gather relevant data and feedback from all interested parties including national parliaments and other EU institutions, Member States, citizens, small and medium enterprises (SMEs), the non-governmental sector as well as the financial sector.

5. What are the next steps? Will the Commission make legislative proposals?

The feedback to this consultation will provide a clearer understanding of the interaction of the individual rules and their cumulative impact on fostering growth in the EU economy.

The Commission may consider taking action in specific areas if the evidence gathered clearly demonstrates there are disproportionate costs or deficiencies.

The call for evidence will also help the Commission to make informed decisions when it comes to the

reviews enshrined in the existing legislation, including the ongoing review of the Capital Requirements Regulation ([IP/15/5347](#), see also question 6). The consultation will also allow the Commission to contribute to the ongoing global debate on the cumulative impact and coherence of financial rules.

6. How does this interact with the review of the Capital Requirements Regulation and the European Market Infrastructure Regulation?

The [Capital Requirements Regulation \(CRR\) review](#) along with other forthcoming reviews^[3] already highlights some unintended effects of legislation adopted in recent years. However, individual reviews may not capture overlaps stemming from cross-sectoral activities, for example. The call for evidence is therefore a more wide-ranging exercise.

7. Does the Commission plan to return to light touch regulation that preceded the crisis?

The rules in place to ensure financial stability and investor protection are essential for the functioning and the safety of the system and to restore investors' trust in financial services. The exercise that is launched today is not about undoing the financial regulatory framework. The Commission is not putting hard-fought recent reforms in question. The EU has taken essential steps to restore financial stability and public confidence in the financial system. Our financial sector is now stronger as a result and in a better position to fund the European economy.

However, it is important that EU legislation strikes the right balance between reducing risk and enabling growth and does not create barriers that were not intended. If the legislation has produced unintended consequences, then we should adapt the existing framework.

Regulatory coherence and certainty are essential to investor decision-making.

^[1] Major assessment studies were carried out by the BCBS and BIS-FSB in 2010, 2011 and 2013 on the macroeconomic impact of: stronger bank capital and liquidity requirements (<http://www.bis.org/publ/bcbs173.pdf>, <http://www.bis.org/publ/othp12.pdf>); higher loss absorbency for G-SIBs (<http://www.bis.org/publ/bcbs202.pdf>); and OTC derivatives regulatory reforms (<https://www.bis.org/publ/othp20.pdf>). Commission staff [working document SWD \(2014\) 158](#) – Economic Review of the Financial Regulation Agenda (ERFRA)

^[2] Stocktaking and challenges of the EU Financial Services Regulation: Impact and the way forward towards a more efficient and effective EU framework for Financial Regulation and a Capital Markets Union.

^[3] More than 100 review reports are required to be delivered in the following years by the recently adopted regulations and directives in the financial sector.

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