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***Stocktaking and current challenges of European financial regulation***

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and hosted by Professor Danuta Hübner  
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Let me first welcome you here and thank Karel Lannoo for writing the book which has become an excellent pretext for our meeting. Karel has undertaken an extremely useful effort towards listing and studying what has been done in the past years concerning financial regulation.

We did not prevent the crisis, we did not see it coming but we did our best to draw the lessons from the major gaps and failures that had led to the 2008-2009 crisis and dramatic changes have taken place in almost all areas related to financial services. The sheer scale of the work done is impressive: regulation of derivatives, credit rating agencies, investment funds, capital markets, change of capital requirements for banks and insurance companies, as well as first steps towards the establishment of the banking Union. The regulatory framework has been completely overhauled, much of it done under crisis conditions.

After such a major effort, and now that we are a few years into the implementation of the earlier measures and even at the time of the review of some of them (such as EMIR) it is time to look back and take stock of what has been done and to reflect on how to come with what needs to be done.

I would point to five elements:

Firstly, we need, after such a legislative effort, to monitor very closely the implementation of what has been agreed. Key elements of the new system that is being put into place, for instance the Bank Recovery and Resolution Directive, still need to be transposed and implemented, and only after that will we have an opportunity to assess their effectiveness and whether or not they have been able to achieve the intended objectives (in the case of BRRD, breaking the bank-sovereign negative feedback loop). In any case, proper and effective implementation of the measures agreed on is also of the essence and should be, in the near future, one of the main priorities

Secondly, the effort made in terms of financial re-regulation, aiming at stability, is worthy of praise, and surely our financial systems have now been made more resilient. However, the capacity of the reformed system to generate growth, investment and job creation is still untested. More generally, it is time now to shift the focus to these objectives and to work towards addressing the investment gap that the EU has been suffering from for decades. There have been welcome projects in this area with the establishment of the EFSI and with the Capital Markets Union project.

Thirdly, I would like to stress that recent developments, in particular in the area of the Banking Union, might entail the risk of increased fragmentation and of a divide between countries that are members of the euro area and therefore automatically members of the banking union, and the others, that have to choose to opt in. Bearing in mind that most of countries which are currently not members of the euro area are actually pre-ins, intending to adopt the single currency when they meet the criteria, there is a solid case for a system that allows non-euro area countries to remain as closely involved as possible in the decisions taken in the euro area. This is something that should be kept in mind in a context in which there is sometimes a tendency to push for a reinforcement of the cohesion of the "core" in order to solve immediate issues and demonstrate credibility on the short term. A balance must be found and multi-speed Europe is certainly one of the most important current constitutional issues.

There is an important question whether the new framework allows all EU financial service providers to remain competitive in the global market.

We have been involved in regulating an industry which is a global one. The challenge is to take on board EU specificities in a way that allows our regulatory framework to remain compatible with those of other jurisdictions. This challenge must not be ignored.

Finally, I would like to emphasise that stocktaking is not only about assessing the impact of individual pieces of legislation. There is a cumulative impact of proposals, issues of consistencies, possible gaps and loopholes, or, on the contrary, overlaps, duplications and unnecessary burdens. There is a real need for a holistic approach and I think this is getting more and more understood. In particular, I welcome the launch by the Commission last September, within the framework of the Capital Markets Union action plan, of a call for evidence on the EU regulatory framework for financial services.

The Commission explained, on the occasion of this launch, that they were looking for empirical evidence and concrete feedback for stakeholders on issues including rules affecting the ability of the economy to finance itself and growth; unnecessary regulatory burdens; interactions, inconsistencies and gaps; rules giving rise to unintended consequences.

This is very important work and a very much needed one. I look forward to the results of the call for evidence and hope that it will not be delayed.