



**COUNCIL OF  
THE EUROPEAN UNION**



## **Council conclusions on Financial Supervision**

**(2726th ECONOMIC AND FINANCIAL AFFAIRS Council meeting  
Brussels, 5 May 2006)**

The Council adopted the following conclusions:

"The Ecofin Council reviewed the EU supervisory framework on the basis of a report by the Financial Services Committee.

The Council **STRESSES** that significant improvements in the EU supervisory framework brought about by the Financial Services Action Plan (FSAP) and the implementation of the Lamfalussy arrangements should be complemented with further steps to keep up with market developments in a flexible way. The shift to the implementation and enforcement of the FSAP measures; the growing number of cross-border financial groups; and the increasing international and cross-sector inter-linkages in the financial markets call for further progress in the convergence of supervisory practices and cross-border cooperation among supervisory authorities in the EU.

The Council **UNDERLINES** that supervisory convergence needs to be intensified to fully benefit from the FSAP and related measures and thus, to reap the benefits of an integrated financial market. The overarching goal should be to further develop the European financial system in contribution to the Lisbon strategy; strengthen the financial stability framework in the EU; and enhance the efficiency of supervision by avoiding both excessive supervisory burden on the industry and inhibiting or restricting fair competition.

In this context, the Council **URGES** Member States to timely implement all remaining FSAP and related measures as well as to ensure their proper and consistent enforcement; **SUPPORTS** the Lamfalussy framework as well as the level 3 supervisory committees in their co-operation and convergence of their tasks; and **ENDORSES** the report by the FSC on Financial Supervision. In particular, the Council:

# **P R E S S**

- REQUESTS the FSC to monitor the convergence of supervisory powers at an adequate level;
- UNDERLINES that the implementation of mediation, delegation, streamlined reporting requirements and data-sharing arrangements is a pragmatic response to the main challenges the EU faces in the area of financial supervision – taking into account the diverse state of progress in each financial sectors;
- INVITES the Committee of European Securities Regulators (CESR), the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) and the Committee of European Banking Supervisors (CEBS) to further strengthen their co-operation and day-to-day working arrangements by:
  1. assessing the functioning of the tools aimed at fostering a European supervisory culture and indicate any ways to help them work better in the regular Level 3 Committees’ supervisory convergence reports to FSC, beginning in 2007;
  2. exploring the preconditions to the establishment of a mediation mechanism – especially as regards the potential areas of application and the practical functioning of this mechanism – and where appropriate to test the mechanism in the securities field in 2006 and in the banking and insurance fields in 2008;
  3. exploring the preconditions for the use of a delegation mechanism especially through guidelines in each financial services sector and testing, where appropriate, such arrangements before the end of 2007;
  4. working on reporting requirements by delivering common formats before the end of 2007, and examining the question of IT data-sharing arrangements before the end of 2008, taking into account the costs and benefits of the different options available (such as common databases and interlinked national databases);
  5. reporting on progress and on any outstanding obstacles to the FSC; and
  6. continuing to contribute to a consistent implementation of EU directives.
- REQUESTS the FSC to report to the Council annually on the progress made in implementation of various elements outlined in the FSC report, starting in 2007.
- ASKS all parties involved to implement the strategic actions according to the timetables outlined in the FSC report.

## **P R E S S**

---

Finally, the Council

- NOTES the Commission's approach to examine, in line with its White Paper on Financial Services Policy (2005-2010), key areas where the current supervisory arrangements should be further clarified or complemented – including by regulatory action if necessary; and INVITES the FSC to look at them with a view to provide advice on further strategic priorities as appropriate, taking into account challenges arising from the market developments; and
- LOOKS FORWARD to the FSC's review of the Lamfalussy framework in 2006 and 2007."

---

**P R E S S**