



**COUNCIL OF
THE EUROPEAN UNION**



Council conclusions on cross-border consolidation in the financial sector

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

The Council adopted the following conclusions:

"The Council

- RECALLS that European financial integration is essential for improving growth and employment and in order to reach this objective, market participants must be able to seize cross-border business opportunities;
- UNDERLINES that unnecessary and unwarranted obstacles to cross-border consolidation in the financial sector should therefore be tackled in order to reap the economic benefits of integration and strengthen the global competitiveness of the EU financial industry;
- STRESSES the importance of sound, fair and non-discriminatory national supervisory practices to achieve a level playing field within the EU paying due attention to the appropriate balance of home/host country responsibilities; and the need for an adequate and independent financial supervision to ensure financial stability;
- WELCOMES the intention of the Commission to present a proposal for a revision of Article 16 of the Banking Directives and the corresponding articles in the MIFID and the insurance directives before the end of the year, in accordance with the agreed principles of better regulation;

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- INVITES the Committee of European Securities Regulators (CESR), Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) and Committee on European Banking Supervisors (CEBS) to take into account the obstacles identified, and the FSC report on supervisory convergence, in their efforts directed at convergence of rules and practices and in particular to work on common formats for financial institutions reporting to supervisors in order to avoid duplication of costs;
- SUPPORTS the Commission in its intention to make use of the powers granted to it under the Treaty to ensure the application of basic Treaty freedoms, including application of the existing provisions on competition and state aid;
- AGREES with the Commission that the fragmentation of retail markets is an obstacle to cross-border consolidation and SUPPORTS the strategy proposed by the Commission in its White Paper on Financial Services Policy 2005-2010 to promote the integration of retail markets;
- NOTES that where factors such as taxation create obstacles to cross-border consolidation, the Commission is invited to specify these and consider possible ways to overcome them; and
- REITERATES its commitment to an open and integrated EU financial market based on fair and healthy competition among financial institutions and calls for vigilance on discriminatory practices."

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