

To: **SMC**

Circular N°: MU 8147 (06/08)

Subjects: **For reaction: European Commission's Consultation Paper on Lamfalussy review**

Brussels, 4 June 2008

Dear colleagues,

On 23 May, the European Commission (EC) launched a consultation on amendments to the EC Decisions establishing CESR, CEBS & CEIOPS<sup>1</sup> which aims at strengthening the role and responsibilities of the Level 3 Committees (3L3) and clarifying their main tasks and mandate. The EC Consultation Paper is enclosed.

Although the EC does not consider a radical overhaul of the existing Decisions to be needed, it proposes changes to the existing framework in order to achieve greater consistency and transparency as to the activities of the 3L3 Committees in the area of supervisory cooperation and convergence.

The EC also suggests a clearer and more detailed mandate of the Committees, and proposes, in this respect, that the amended Decisions provide a non-exhaustive list of the main tasks that the 3L3 Committees are expected to perform in the future.

The EC indicates 10 areas where the revised Decisions establishing the 3L3 Committees could be amended:

- **Mediation:** the EC proposes to confer mediation responsibilities to all 3L3 Committees in the Decisions establishing them, and to extend their mediation activities.
- **Consultative role of the 3 Level Committees:** the EC reflects on obligatory consultations with CEIOPS with respect to certain decisions to be taken by supervisory authorities.
- **Information exchange:** the EC proposes amendments to the rules on information exchange between supervisory authorities and the respective role of Committees (e.g. more standardised reporting requirements). The Committees should be mandated in the Decisions to establish mechanisms to ensure effective information exchange.
- **Delegation of tasks and responsibilities:** the EC indicates possible ways of fostering delegation of tasks between national supervisors.
- **Streamlining reporting requirements:** the EC proposes to introduce more homogeneity in reporting requirements to be reflected in the amended EC Decisions.
- **Colleges of supervisors:** the EC proposes to improve the supervision of cross-border financial groups by colleges of supervisors and respectively the role of Committees.

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<sup>1</sup> Commission Decisions 2001/527/EC, 2004/5/EC, 2004/6/EC.

- **Developing of supervisory culture:** the EC proposes to develop a common supervisory culture in the EU, which would ensure a true level playing-field for financial institutions and progressively eliminate differences in the approaches of national supervisory authorities. This can be achieved by sharing a common understanding of the rules and comparable working procedures.
- **Cross-sectoral cooperation:** the EC proposes to provide a general framework on joint 3L3 work in the Decisions.
- **Qualified Majority Voting:** changes to the Decisions are proposed as regards qualified majority of Committees' voting.
- **Annual Work-Programme:** the EC proposes to include in the Decisions the obligation for the Committees to submit their annual work-programmes to the ECOFIN Council, the European Parliament and the Commission.

The last section in the Consultation Paper includes options for the 3L3 Committees to enhance their role and contribution to monitoring and safeguarding financial stability and regular reporting.

The EC asks for input on its suggestions as well as any additional tasks stakeholders may deem appropriate in the framework on this review. Responses will serve as a basis for the EC final decision on the revision of the Decisions before the end of 2008.

The deadline for comments to the Consultation Paper is 18 July.

You are kindly invited to send your comments on the Consultation Paper to the SMC Secretariat ([domaradzka@cea.eu](mailto:domaradzka@cea.eu)) by Friday 20 June 2008.

Kind regards,

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