

Brussels, 11 November 2008

## High Level Expert Group on EU financial supervision to hold first meeting on 12 November

*The independent High Level Group on financial supervision set up by Commission President José Manuel Barroso and chaired by Jacques de Larosière will hold its initial meeting on 12 November. The Group will make recommendations to the Commission on strengthening European supervisory arrangements covering all financial sectors, with the objective of establishing a more efficient, integrated and sustainable European system of supervision and also of reinforcing cooperation between European supervisors and their international counterparts. The full mandate for the Group is attached.*

President Barroso said: "I am delighted that Jacques de Larosière and the group members have been able to make such a swift start to their important work. There is an obvious mismatch between European and global financial markets and supervision which remains largely national. There is wide agreement that we need to bridge that gap but different ideas on how to go about it. So the Group's role is to bring forward concrete proposals which will contribute to greater financial stability and help maximise protection for depositors, policy-holders and investors."

Further meetings will take place as decided by the Group. The Group's secretariat will be provided by the Commission.

The Group will publish its initial recommendations in February 2009, in time to allow the Commission to take its work into account in preparing for discussion by Heads of State and Government at the Spring European Council in March. The Group does not expect to make any public statements before then.

The Group's members are:

- Jacques DE LAROSIERE, President
- Leszek BALCEROWICZ
- Otmar ISSING
- Rainer MASERA
- Callum Mc CARTHY
- Lars NYBERG
- José PEREZ FERNANDEZ
- Onno RUDING.

## **ANNEX**

### **Mandate for the High Level Expert Group on EU financial supervision**

The current financial crisis has highlighted the weaknesses in the EU's supervisory framework, which remains fragmented along national lines despite the substantial progress achieved in financial market integration and the increased importance of cross border entities. If financial integration is to be efficient in terms of safeguarding systemic stability as well as in delivering lower costs and increased competition, it is essential to accelerate the ongoing reform of supervision.

Supervisory reform has so far relied on an evolutionary approach, whereby the so-called Level 3 Committees in the Lamfalussy framework are expected to achieve significant convergence in supervisory practices and procedures across member states. While certain progress in convergence has been achieved, this progress has not allowed the EU to identify and/or deal with the causes of the current financial crisis. The current national-based organisation of EU supervision lacks a framework for delivering supervisory convergence and limits the scope for effective macro-prudential oversight based on a comprehensive view of developments in financial markets and institutions.

The Group is therefore requested to make proposals to strengthen European supervisory arrangements covering all financial sectors, with the objective to establish a more efficient, integrated and sustainable European system of supervision.

In particular the group should consider:

- how the supervision of European financial institutions and markets should best be organised to ensure the prudential soundness of institutions, the orderly functioning of markets and thereby the protection of depositors, policy-holders and investors;
- how to strengthen European cooperation on financial stability oversight, early warning mechanisms and crisis management, including the management of cross border and cross sectoral risks;
- how supervisors in the EU's competent authorities should cooperate with other major jurisdictions to help safeguard financial stability at the global level.

The Group will examine the allocation of tasks and responsibilities between the national and European levels.

The Group should present a report to the European Commission in view of the European Council of Spring 2009.

The Group will conduct hearings and organize a consultation as appropriate.