

OVERVIEW OF THE EU'S PROPOSALS FOR MORE REGULATION AND SUPERVISION OF THE FINANCIAL SECTOR**23 September 2009**

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I. Proposals to be tabled by the Commission

(1) EU-wide financial supervision

Content: In May 2009, the European Commission fully endorsed the recommendations on EU supervision that were set out in the so-called de Larosière report. The proposal set out the framework for:

- **Macro-prudential supervision:** The Commission proposes a European Systemic Risk Board (ESRB) which will monitor and assess potential threats to financial stability. To this end, the ESRB would provide an early warning of system-wide risks and, where necessary, issue recommendations to national regulators and supervisors to deal with these risks.
- **Micro-prudential supervision:** The Commission proposes a new European System of Financial Supervisors (ESFS), which will see three EU committees upgraded to fully-fledged EU authorities with the mandate to overrule national regulators. The proposal envisions a two-stage process. The first stage would give these committees a more proactive role in organising and guiding so-called colleges of supervisors (meetings of representatives of all national supervisors) and in reviewing the standards of national supervisors. The second stage would elevate the committees into three new authorities – called European Supervisory Authorities (ESAs) – overseeing banking, insurance and securities. The new authorities would have legally binding powers over national supervisors on supervisory standards and exercise legally binding mediation between national supervisors.

On 19 July 2009, the European Council endorsed the Commission's basic framework but, including giving the ESAs the binding powers to settle disputes between national financial supervisors.¹

On macro-supervision, the European Council foresees that the chair of the ESRB will be elected by the members of the General Council of the European Central Bank (ECB)².

Practical Implications: At macro-level, the European Council agreement gives more power to the ECB General Council, but it remains to be seen what kind of majority will be necessary to elect the president. A simple majority might give more power to the 16 eurozone members over the 11 non-eurozone countries within the General Council.

At the micro-level, ESAs will have the power to make binding decisions on cross-border disputes, relating, for example, to contentious issues such as short-selling and capital requirements for banks. In the event of conflicts between home and host authorities on the application of EU rules, the ESAs could be called in by the respective national authorities to settle disputes.

However, national ministers have agreed that decisions made by the ESAs should not impact on the fiscal responsibilities of Member States. It's far from clear what this will mean in practice, however, and the question on which country that will foot the bill if a financial institution needs to be bailed out, remains unclear.

¹ ECOFIN Conclusion to be retrieved at: http://www.meuc.eu/documents/ss9_-_council_conclusions_1.doc

² This stands in contrast to the EC proposal that envisions the president of the ECB chairing the ESRB.

Justification: Establishing an ESRB can help to spot threats to the stability of the financial system at an early stage, thereby reducing the risk of sudden and shock-like collapses of the system. The ESFS establishes a better link between national financial supervisors and facilitates cross border oversight of individual financial institutions.

Criticism: Giving the prominent role for the ECB within the systemic risk board threatens to skew the policies and recommendations of the board against non eurozone-members.

At the micro-level, giving the ESAs the power to issue binding recommendations and decide in disputes between national supervisors, mean a significant transfer of powers from national authorities to the EU level.

For example, the Commission proposes to grant ESAs exclusive competence to supervise CRAs. While this may be sensible in itself, it sets a precedent for further centralisation in future. The apparent trend of centralizing powers at the EU-level could for instance spill over to the supervision of hedge funds and private equity funds. Similar to the CRA directive, the AIFM Directive gives only an advisory role for the CESR at this stage. However, when the EC plans of financial supervision come into force, the CESR supervisory powers on hedge funds and private equity funds could become binding and shift competences away from national supervisors. It's far from clear whether this would be a good thing.

In addition, it's unclear whether the Commission can create authorities which such far-reaching powers without a change in the EU treaties.

Next Steps: The Commission is expected to propose detailed legislative measures on 23 September. The proposal will be introduced under the EU's internal market rules which has the effect that it will be decided by Qualified Majority Voting, thus giving member states no veto right.

(2) Derivatives

Content: On 3 July 2009, the Commission issued a Communication outlining ways to strengthen the stability of derivatives markets, including: (i) promoting further standardisation of over-the-counter (OTC)³ derivatives, (ii) using central data repositories, (iii) greater use of central counterparty clearing (CCP)⁴ (iv) moving trading to more public trading venues.

Justification: Derivatives play an important role in the economy but also come with risks. The crisis has highlighted that these risks are not sufficiently controlled or regulated. To this end the Commission considers that actions should be undertaken in

³ OTC implies trade directly between two parties or via a dealer network as opposed to centralized exchange (i.e. NYSE, TSX, AMEX). OTC contracts range from credit default swaps (CDS) to contracts linked to interest rates, equities and commodities.

⁴ Central counterparty clearing house (CCP) refers to organizations, often operated by major banks, which help facilitate derivative trading by carry out two main processes: clearing and settlement of market transactions. Clearing relates to identifying the obligations of both parties on either side of a transaction. Settlement occurs when the final transfer of securities and funds occur.

order to increase the transparency and strengthen the operational efficiency of the derivatives markets.

Criticism: The European Banking Federation (EBF) welcomed the Commission's initiative, saying it is "very supportive of central clearing in Europe for Credit Default Swaps (CDS)". However the EBF also warned against over-regulation, saying that "participants in the OTC markets are already heavily regulated". "Innovation and diversity of the product range must not be hampered by the streamlining effects of centralised infrastructures. There must be leeway for bilaterally agreed contracts between clients and banks to give specific answers to specific client needs," said EBF Secretary-General Guido Ravoet. The International Swaps and Derivatives Association (ISDA) said those exposed to credit risk should be allowed to choose the type of transaction that best suits them. "Removing that flexibility, such as by forcing bilateral participants to trade on an exchange or otherwise limiting the availability of customised risk management solutions, would be a step backwards," ISDA has said.

Next Steps: The Commission's Communication marks the start of a public consultation, with a public hearing set for 25 September. The Commission has said it will draft a legislative proposal before the end of the year.

(3) Retail financial products

a) Retail investment products

Content: On 30 April 2009, the Commission issued a Communication on Packaged Retail Investment Products (PRIPs)⁵. In it, the Commission said that product information requirements and rules on product sales need to be improved and made more coherent. Some Member States have already imposed additional requirements on mandatory disclosures and selling practices at national level. The European Commission proposes to replace the existing regulatory patchwork by imposing common requirements for mandatory disclosures and selling practices.

Justification: Inconsistencies in existing standards can be detrimental to investors and can lead to competitive distortions in the retail investment market. The Commission has therefore concluded that a consistent regulation of product disclosures and selling practices for PRIPs throughout the EU is necessary.

Next Steps: The Communication commits the Commission to bring forward legislative proposals. A public consultation on the proposal will be launched by the end of the year. The results of this process will then form the basis of detailed legislative proposals.

b) Investor and financial consumer protection

Content: The Commission has launched a call for evidence on the review of the application of the Investor Compensation Schemes Directive (Directive 1997/9/EC) in February 2009. This Directive addresses the risk of losses for losses in the event of an investment firm's inability to repay money or return assets held on behalf of their clients.

⁵ PRIPs are at the core of the retail investment market. They cover a range of investment products that are marketed to retail investors, which taken together make up a market in Europe worth up to 8 trillion EUR.

Next Steps: Based on the information gathered from the call for evidence⁶, the Commission will unveil further measures to reinforce bank depositor, investor and insurance policy-holder protection before the end of the year.

c) Responsible lending

Content: On 15 June 2009, the Commission launched a public consultation⁷ on "Responsible lending and borrowing in the EU". The consultation covers, amongst other things, the advertising and marketing of credit products, which pre-contractual information that needs to be provided, ways to assess product suitability and borrower creditworthiness, advice standards, responsible borrowing and issues relating to the framework for credit intermediaries (e.g. disclosures, registration, licensing and supervision).

Next Steps: A public hearing was held on 3 September 2009 to discuss with stakeholders the most appropriate policy responses to the challenges faced by borrowers and the financial services industry.

(4) Sanctions for market abusers

Content: The Commission has launched a call for evidence on its review of the application of the Market Abuse Directive (Directive 2003/6/EC) on 20 April 2009. This Directive aims to ensure that behaviour such as insider dealing and market manipulation is deterred and sanctioned.

Next Steps: After the closure of the call for evidence on 10 June, the Commission is now expected to put forward proposals in October 2009.

(5) Capital requirements

Content: The Commission is already planning a third review of the Capital Requirements Directive, and has launched a consultation (the first review of Capital Requirements Directives has already been adopted and the second review is currently being considered by the EP and the Council).

Next Steps: The Commission's proposal is expected in October 2009. In July this year, EU finance ministers agreed to tighten rules for granting loans to banks in periods of economic growth, in order to allow banks to have higher "liquidity buffers" in a new crisis. However, the Commission is unlikely to set a fixed upper limit for bank debts due to strong opposition from governments. This might cause a delay of the Commission's legislative proposal until 2010.

⁶ closed on 8 April 2009

⁷ Interested participants should send an email (giving their first and last name, organisation represented, occupation, email address and address) – to markt-retail-consultation@ec.europa.eu by Friday, 31 July 2009 at the latest

II. Commission Proposals to be decided in the EP and Council

(1) Hedge funds and private equity⁸

Content: On 30 April 2008, the Commission tabled a proposal to establish regulatory and supervisory standards for hedge funds, private equity and other alternative investment funds – the so-called AIFM Directive. The proposed legislation obliges EU-based managers of alternative investment funds (AIFs)⁹ to register and provide more information about their activities to both regulators and investors. Once a manager is registered in an EU country, he will be able to sell his funds across EU markets under certain restrictions.

In addition, the AIFM directive sets out a number of operational and organization requirements for AIFMs, including: (i) capital requirements (own funds €125.000 + additional 0.02% of portfolio if it exceeds €250 million) (ii) limits on fund leverage¹⁰ (iii) an obligation to appoint an independent “valuator” of assets (iiii) an obligation to appoint an EU credit institution as a depository of its cash and other assets. Three years after the entry into force of the directive, the EU market should also be opened to third-country funds provided that they comply with strict requirements. The proposal contains two de minimis exemptions: AIFM managing less than €100 million. For private equity managers this applicability threshold is raised to €500 million.

Practical Implications: Regulatory and compliance costs for AIFMs – due to leverage restrictions, the requirement for an independent valuator and the requirement for an EU-based bank for instance – will increase sharply. All these requirements could force management companies to change their entire organisational structure. The proposal will also have a large impact on investors, through loss of choice and potentially lower returns.

The Directive also regulates the marketing of non-EU funds and the authorisation of non-EU AIFMs. Marketing authorisation to third country AIFM will be granted only if the country in which the manager is established has a similar system of regulation and supervision to that employed in the EU. In turn, AIFs established in a non-EU country can only be marketed in the EU if the country of establishment has signed a tax and information sharing agreement with the EU member state(s) in which the manager wishes to market his fund.

In practice, this could mean that U.S. fund managers, for instance, who want to continue to market their AIFs in the EU are forced to establish a place of business in the EU and become authorised under the Directive – or avoid marketing to EU investors altogether. Furthermore UK AIFMs, appointed as a sub-adviser by an affiliated U.S. fund manager, will not be able to comply with the requirements unless each AIF that the U.S. fund

⁸ Private equity and hedge funds are private capital pools. Private equity invests in companies, mainly by acquiring businesses to sell them at a higher price (buy-outs). Hedge funds are investment vehicles which exploit market imperfections to make returns even when markets are underperforming.

⁹ That includes all funds that are not regulated under the UCITS Directive (current EU legislation for investment funds)

¹⁰ The Proposal defines “leverage” as any method by which an AIFM increases the exposure of an AIF that it manages to a particular investment, whether through the borrowing of cash or securities, or leverage embedded in derivative positions such as futures and swaps, or any other means

manager advises has appointed an independent valuation agent. These restrictions could have very far-reaching impact on investors, as they will radically limit competition and investors' choice.

The European pension fund industry has nearly €1 trillion allocated to alternative investments at the moment, so any loss of choice or reduction in returns could have a huge impact on the industry.¹¹ Furthermore, there are concerns that the strict regulations can drive fund managers away from the UK, particularly if rival non-EU jurisdictions, such as the United States and Switzerland, adopt less stringent rules.

Justification: The Commission argues that private equity and hedge funds are currently subject to insufficient regulation. This allows them to make investments and take risks that other actors cannot take, which in turn can have a negative impact on investors and financial stability. In order to improve supervision and avoid systemic risks, a coherent EU regulatory framework of AIFMs is needed.

Criticism: Open Europe's study on the likely impact of the EU's proposed AIFM Directive estimates that it will in total cost the private equity and hedge fund sectors in the EU between €1.3 billion and €1.9 billion (£1.2 billion and £1.6 billion) in the first year in compliance cost alone, with an annual recurring cost estimated at between €689 million and €985 million (£597 million and £853 million). Much of this cost is expected to be passed on to investors. The study also shows that if the draft Directive comes into force, the ability of European investors to choose freely from amongst the best funds and managers could be cut by up to 80 percent. At the same time, managers' ability to deliver returns for their investors could in some cases be reduced by as much as 5-10 percent. Taken together, this would make European investors billions of euros poorer - a cost which will be passed on to individual savers and pensioners.

At the same time, it's unclear whether the Directive will create sufficient benefits for investors, managers and the wider economy to make up for these costs. In fact, the Directive is widely seen as a disproportionate response to the financial crisis – particularly as it relates to investor protection. Florence Lombard, AIMA¹² Executive Director, has stressed that “this directive is not a proportionate regulatory response to any of the identified causes of the current crisis. [...] much of the directive is unnecessary and by creating an extra layer of bureaucracy imposes significant burdens and costs without adding value.”

In addition, the Directive is protectionist since it will create substantial barriers for non-EU AIFM as well as non-EU AIF. This will negatively impact on capital flows, global investments and investor choice.

In several places, the Directive also ignores best market practice and goes far beyond existing EU law. For example, AIFMs who already employ a prime broker for depositing their cash and assets are required to appoint an EU credit institution to that task if the draft Directive comes into force. This shift might in fact increase the risks associated with depositing, as assets will be more concreted and there will be less choice.

¹¹ Alternative Investment Management Association

¹² Alternative Investment Management Association (AIMA), the international trade body for the hedge fund industry, represents more than 1,200 hedge fund firms worldwide.

Curiously, the UK's Treasury has refused to carry out an impact assessment, in direct contravention of its own guidelines which state that it must produce an impact assessment for every EU proposal which imposed costs on British business.

Next Steps: A Debate of the Council on the proposal is scheduled for 10 November and the first reading at the EP for 24 November – although this timetable is likely to be delayed. The adoption of the proposal in the EP is planned for 12 May 2010, in which case the Directive will come in to force in late 2011. MEP Jean-Paul Gauzès is the EP's Rapporteur for the proposal – Gauzès is widely seen as a proponent of stricter regulation of alternative investment funds.

(2) Capital requirements

Content: Following its first review of the existing Capital Requirements Directives (CRDs) (see section "Adopted Commission Proposal"), the Commission proposed a second review of the CRDs on 13 July. The second review focused on trade books, re-securitisation¹³ and managers' remunerations. Under the Directive, banks will be required to hold additional capital to offset risks coming from their trading books. These books include all positions in financial instruments and commodities held by a bank for trading reasons.

Furthermore the Directive obliges banks to have more financial resources when investing in re-securitisations and to disclose more information on their exposure to securitised products. Finally it obliges banks to establish remuneration policies that no longer reward excessive risk-taking by bank executives.

What will the proposal mean in practice? The new requirements would oblige banks to hold enough capital to protect themselves not only from a default risk, as currently is the case, but also from risks relating to the damaged credit quality of the assets held. Banks remuneration policies will fall under the scope of national supervisory review under the CRD. In effect, bank supervisors "may impose sanctions such as fines" in case bank's remuneration policies do not comply with the new requirements or request higher capital requirement for banks in some cases ("capital add-ons"). However, under the proposal, supervisors would not be allowed to claw back bonuses from managers who are deemed too risk-prone.

Justification: The Commission's proposal further amends banking rules in order to strengthen market confidence and the ability of banks to withstand losses. The proposal also strives to achieve comparable levels of accountability and oversight of banks across the EU.

Next Steps: The date for the considerations on the Commission's proposal at the EP and the Council is still to be determined.

¹³ Multiple financial assets – such as mortgages – can be pooled to form securitised financial products, which are then sold to investors. Already securitised products can themselves be further combined into a single investment for resale – a resecuritisation.

III. Commission proposals already adopted

(1) Credit rating agencies

Content: On 12 November 2008, the Commission proposed new rules for credit rating agencies (CRAs)¹⁴. The proposal lays down conditions for the issuance of credit ratings. CRAs will have to comply with rigorous rules to make sure that (i) ratings are not affected by conflicts of interest, (ii) credit rating agencies have sound rating methodology and (iii) credit rating agencies act in a transparent manner. Furthermore, the proposal introduces central European database for CRAs - established by the Committee of European Securities Regulators (CESR) – to control the activities of rating agencies.

Justification: So far, rating agencies in Europe have been subject to loose self-regulation – a system which broadly failed according to the Commission. A common legal framework will strengthen the functioning of the internal market in financial services, restore market confidence, and increase investor protection.

Next Steps: On 23 April 2009, the European Parliament (EP) approved the Commission's proposal. The regulation introducing a legal framework for credit rating agencies was then adopted by the Council on 5 May 2009. It will enter into force and be directly applicable on the 20th day following its publication in the Official Journal of the European Union.

(2) Insurance

Content: Reform of insurance regulation has been finalised after long negotiations. The Commission's proposal was adopted by the Council and the EP on 22 April. The so-called Solvency II Directive introduces an economic risk-based approach as alternative to the existing 'flat-rate' system for insurance companies' capital requirements. According to this new methodology, the higher the economic risk an insurer takes the more capital the company would have to hold as a guarantee against default.

While the current EU solvency requirements concentrate mainly on the liabilities side (i.e. insurance risks), Solvency II takes into account the asset-side risks. In particular, insurers will now be required to hold capital against market risk (e.g. fall in the value of insurers' investments), credit risk (e.g. when third parties cannot repay their debts) and operational risk (e.g. risk of systems breaking down or malpractice).

Justification: According to the Commission, the regulatory requirements across the EU differ too much at the moment. The new 'Solvency II' rules will replace these old requirements and establish more harmonised requirements across the EU.

Criticism: The Solvency II rules mainly affect the UK because other European countries do not have similar private annuity markets. The CEO of Legal & General, Tim Breedon, has criticised the Solvency II rules, arguing that UK pension savings could face a sharp cut of 10 – 20 percent unless the rules are changed. He added that "Allowing Solvency II

¹⁴ CRAs issue creditworthiness opinions that help overcome the information asymmetry between those issuing debt instruments and those investing in these instruments.

to go through in its current form would be a betrayal of savers. We have got basically to the end of this year to get this right.” He emphasised that regulators and politicians, including the Chancellor, have similar concerns.

UK insurers also fear they will be forced to tap investors for more than £50bn in fresh equity as a result of proposed new European rules that they warn would lead to a dramatic increase in premium rates (Financial Times, September 1, 2009). In a letter to Chancellor Alistair Darling, the Association of British Insurers said that “the huge over-capitalisation will mean that investment returns in insurance will fall. Companies will exit the market, prices will rise, cover will reduce and innovation will lessen.” The Association of British Insurers also said that the EU’s Solvency II rules on insurance are “regulatory overkill”. They noted that the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) issued 24 consultation papers (numbering 1100 pages in length) on the implementation of Solvency II, which would take one consultancy company more than 1000 man hours of specialist resources to properly analyse and understand the implications of the new rules.

Next steps: EU Member States will have to implement the new directive by 31 October 2012 at the latest.

(3) Capital requirements

Content: On 1 October 2008, the Commission presented its first review of the existing Capital Requirements Directives (CRD) (2006/48/EC and 2006/49/EC). The proposed changes will require banks to retain 5% of the securitised products, such as mortgage-backed securities, they originate and sell. The proposal includes a review clause requiring the Commission to consider raising the 5% requirement by the end of 2009. Furthermore, the proposal caps how much a bank can lend to another bank. Finally it will set up colleges of supervisors for all big cross-border banks, so that the national regulators that oversee operations across the EU can meet regularly to share information and spot any problems early.

Next Steps: The proposal has been agreed by EP in May 2009 and subsequently by the Council. The adopted changes to the CRD are set to take effect in 2010.

IV. Sources and further reading

AIFM Directive

EC proposal:

http://ec.europa.eu/internal_market/investment/docs/alternative_investments/fund_managers_proposal_en.pdf

FAQ on AIFM Directive:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/211&format=HTML&aged=0&language=EN&guiLanguage=fr>

Impact Assessment (IA):

http://ec.europa.eu/internal_market/investment/docs/alternative_investments/fund_managers_impact_assessment.pdf

IA Summary:

http://ec.europa.eu/internal_market/investment/docs/alternative_investments/fund_managers_executive_summary_en.pdf

Open Europe Study “The EU’s AIFM Directive: Likely impact and best way forward”:

<http://www.openeurope.org.uk/research/aifmd.pdf>

AIMA Comments on AIFMD: http://www.aima.org/en/media_centre/press-releases.cfm/id/999D2189-AD87-40C4-86B1436063D19423

EVCA Comments on AIFMD:

<http://www.carlyle.com/Media%20Room/News%20Archive/2009/item10679.html>

City AM Article on AIFMD costs for hedge fund industry:

<http://www.cityam.com/news-and-analysis/sv3zuc5sf2.html>

Capital requirements

First Review of Capital Requirements Directive (CRD):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0602:FIN:EN:PDF>

Adopted First CRD Review:

<http://register.consilium.europa.eu/pdf/en/09/st03/st03670.en09.pdf>

Second CRD Review:

http://ec.europa.eu/internal_market/bank/docs/regcapital/com2009/Leg_Proposal_Adopted_1307.pdf

FAQ on Second CRD Review:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/335&format=HTML&aged=0&language=EN&guiLanguage=en>

Citizen Summary on Second CRD Review:

http://ec.europa.eu/internal_market/bank/docs/regcapital/com2009/citizens_summary_en.pdf

Impact Assessment on Second CRD Review:

http://ec.europa.eu/internal_market/bank/docs/regcapital/com2009/impact_assesment_en.pdf

IA Summary:

http://ec.europa.eu/internal_market/bank/docs/regcapital/com2009/summary_en.pdf

EC invites views on Third CRD Review:

http://ec.europa.eu/internal_market/consultations/2009/capital_requirements_directive_en.htm

EU-wide financial supervision

Larosière report:

http://ec.europa.eu/internal_market/finances/docs/de_larosiere_report_en.pdf

Summary Larosière report:

http://ec.europa.eu/commission_barroso/president/pdf/statement_20090225.pdf

EC Communication:

http://ec.europa.eu/internal_market/finances/docs/committees/supervision/communication_may2009/C-2009_715_en.pdf

Summary IA:

http://ec.europa.eu/internal_market/finances/docs/committees/supervision/communication_may2009/impact_assessment_summary_en.pdf

FAQ on Financial Supervision:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/251&format=HTML&aged=0&language=EN&guiLanguage=enhttp://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/251&format=HTML&aged=0&language=EN&guiLanguage=en>

European Council – Presidency Conclusions 18/19 June:

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/108622.pdf

Derivatives

EC Communication:

http://ec.europa.eu/internal_market/financial-markets/docs/derivatives/communication_en.pdf

Commission Staff Working Paper:

http://ec.europa.eu/internal_market/financial-markets/docs/derivatives/report_en.pdf

Agenda Public Hearing (25 September): http://ec.europa.eu/internal_market/financial-markets/docs/derivatives/conference092009/agenda_en.pdf

Online Registration Public Hearing:

<http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=Derivatives>

Retail financial products

a) Retail investment products

EC Communication: http://ec.europa.eu/internal_market/finservices-retail/docs/investment_products/29042009_communication_en.pdf

Impact Assessment: http://ec.europa.eu/internal_market/finservices-retail/docs/investment_products/29042009_impact_assessment_en.pdf

IA Summary: http://ec.europa.eu/internal_market/finservices-retail/docs/investment_products/29042009_executive_summary_en.pdf

Open Hearing (15 July): http://ec.europa.eu/internal_market/finservices-retail/docs/investment_products/hearing-record_en.pdf

b) Investor and financial consumer protection

EC Call for Evidence:

http://ec.europa.eu/internal_market/consultations/docs/2009/investor_compensation/con-s-doc_en.pdf

Sanctions for market abusers

EC Call for Evidence:

http://ec.europa.eu/internal_market/consultations/docs/2009/market_abuse/call_for_evidence.pdf

Credit rating agencies (CRA)

EC Proposal:

http://ec.europa.eu/internal_market/securities/docs/agencies/proposal_en.pdf

Citizen Summary:

http://ec.europa.eu/internal_market/securities/docs/agencies/cs_en.pdf

Impact Assessment:

http://ec.europa.eu/internal_market/securities/docs/agencies/impact_assesment_en.pdf

IA Summary:

http://ec.europa.eu/internal_market/securities/docs/agencies/resume_impact_assesment_en.pdf

Adopted CRA Regulation:

<http://register.consilium.europa.eu/pdf/en/09/st03/st03642.en09.pdf>

Insurance

Adopted Solvency II Directive:

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2009-0251+0+DOC+XML+V0//EN#BKMD-63>

FAQ on Solvency II:

http://ec.europa.eu/internal_market/insurance/docs/solvency/solvency2/faq_en.pdf

Legal & General:

<http://in.reuters.com/article/rbssFinancialServicesAndRealEstateNews/idINL53556120090805>

FT analysis: http://www.ft.com/cms/s/3070eb5e-9739-11de-83c5-00144feabdc0,Authorised=false.html?_i_location=http://www.ft.com/cms/s/0/3070eb5e-9739-11de-83c5-00144feabdc0.html&_i_referer=http://www.ft.com/home/uk

Criticism from the British Insurers Association:

<http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/insurance/6124703/insurers-may-face-50bn-bill-from-European-proposals.html>

<http://www.ftadviser.com/FinancialAdviser/Regulation/Regulators/News/article/20090813/a8fcc918-81da-11de-9111-0015171400aa/Solvency-II-rules-spell-regulatory-overkill--ABI.jsp>