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**CESR welcomes the EU Finance Ministers political backing for
greater supervisory convergence amongst securities regulators in the EU**

The Committee of European Securities Regulators (CESR) welcomes ECOFIN conclusions adopted today by Europe's Finance Ministers, and accepts the reconfirmed mandate given to CESR to take forward supervisory convergence amongst Europe's securities regulators.

Today's explicit support for the work of CESR, and the key list of recommendations for further supervisory convergence, represent an important political step forward by EU Member States, following on from the adoption of the Stockholm Resolution which introduced the 'Lamfalussy' legislative approach for financial services in March 2001 and established CESR.

In particular, CESR acknowledges the commitment by Ministers to monitor the convergence of supervisory powers of EU securities supervisors and welcomes the recognition that equivalence of powers amongst national supervisors is the necessary precondition to any form of cooperation between authorities. The effective convergence of supervisory powers will contribute to greater investor protection by ensuring that investors can enjoy the same protections when buying cross border.

In line with the key recommendations of the Financial Services Committee (FSC) report on Financial Supervision and the White paper of the European Commission on Financial Services Policy, CESR will:

- establish a mediation mechanism in the second half of 2006;
- develop in 2006 and 2007, IT data sharing arrangements for the implementation of the MiFID;
- conduct in 2007, a pilot study on the delegation of powers under the Prospectus Directive;
- foster a common supervisory culture which encourages exchanges of staff and develops joint training initiatives;
- monitor on a more regular basis the issues related to Home/Host cooperation in the implementation of Financial Services Action Plan (FSAP) directives in the field of securities;
- report to the FSC on progress achieved in supervisory convergence and flag any outstanding obstacles;
- contribute to the ongoing assessment by the FSC of challenges arising from the market developments.

CESR Chairman Arthur Docters van Leeuwen said:

"On behalf of my colleagues in CESR, the chairs of all Europe's securities regulators, I would like to thank EU Finance Ministers and the Financial Services Committee for these very timely conclusions adopted by the ECOFIN. The backing of Europe's Finance Ministers, in terms of powers and resources is crucial at this important juncture. CESR members are now shifting gears from advising the European Commission on the drafting of legislation, to focusing on the effective day-to-day implementation of the new regulatory framework created by the FSAP Directives. Designing an adequate legislative framework is not enough, putting that framework into action in a convergent manner across Europe, so that the benefits can be felt for investors and market participants alike, is vital. Today's firm political endorsement of regulatory efforts to this end is essential, if we are to succeed in delivering an efficient network of EU regulators, who can adopt innovative supervisory tools to handle the relationship between home and host supervisors and foster a common supervisory culture."

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Notes for Editors

1. CESR is an independent Committee of European Securities Regulators. The role of the Committee is to:

Improve co-ordination among securities regulators;

- Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the field of securities;
- Work to ensure more consistent and timely day to day implementation of community legislation in the Member States.
- The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC). It is one of the two committees envisaged in the Final Report of the Group of Wise Men on the regulation of European securities markets. Baron Alexandre Lamfalussy chaired this group. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on the CESR website.

Each Member State of the European Union has one member on the Committee. The members are nominated by the Member States and are the Heads of the national public authorities competent in the field of securities. The European Commission has nominated the Director General of the DG Market, as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level. From 1st January 2006, Romania and Bulgaria attended CESR meetings as observers.

2. For further information please contact:

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