Adapting EU legislative processes

Sylvie Goulard

Second Deputy Governor,
Banque de France

The EU legislative process under the test of financial innovation

The development of innovations in the financial area is at the top of the agenda of European institutions. While fintechs and others new entrants are challenging the efficiency and the strengthening of financial integration in the EU, the EU strategy is meant to prevent a fragmented environment and stimulate business expansion across borders.

The EU legislative functions are exercised jointly by the European Parliament and the Council, which represent EU citizens and Member States respectively. The duration of the legislative process ranges from 16 to 37 months, with an average of 22 months. The entry into force of a newly adopted legislative act depends on the chosen legal instrument: a directive will have to be transposed into national legislation within an average period of 2 years, whereas a regulation may enter into force on the 20th day following that of its publication.

EU institutions should therefore make regulations their first choice, while ensuring that this is consistent with the principle of proportionality enshrined in the EU Treaty. This would facilitate the development of innovations throughout EU Member States in an orderly manner and reduce national discrepancies.

> *"The Union is prepared to promote its own strategy for a genuine financial single market."*
>
> \- SYLVIE GOULARD

EU regulations have proved to be adequate legal instruments once adopted: they are drawn up in 24 official languages and the single set of rules they introduce in the legal system is legally binding in all Member States. Though the common interest is to be found in a multicultural surrounding, regulations have often proved to be cost effective and time saving. National law making can also be long for a narrower scope.
It should also be noted that urgent proposals (such as macro-financial assistance to third countries) may be adopted within 4 months. Urgency can hardly be

>>> invoked to enact legislation in the area of financial innovation, but could still be used if needed. To the contrary, its impact should be largely assessed before triggering the legislative process. Market participants can also be involved at a very early stage through public consultations organised by the European Commission or any European Supervisory Authority (EBA, EIOPA and ESMA).

Moreover, the Commission has the power to adopt delegated acts as well as regulatory technical standards in the financial area developed by the supervising authorities. This scheme makes it possible to adapt the existing framework to ongoing innovations. Furthermore, the ESAs monitor the developments in line with the pace of dissemination of new technologies in financial services.

A Committee on financial innovation has been established within EBA so as to coordinate the regulatory and supervisory treatment of new or innovative financial activities and provide advice to EU institutions. It has for instance assessed the applicability and suitability of EU law to crypto-assets in January 2019.

Financial innovation is also dealt with at the international level (FSB, Basel Committee, G7, G20). In that respect, the EU strategy should include an international component that would enable the EU to play as such a full part in the definition of global standards. The EU FinTech action plan has to be completed in this regard.

All in all, we can draw from all these instruments and procedures the conclusion that the European Union should not be considered to be in a particularly awkward situation when addressing the challenges of financial innovation. In addition, a given group of Member States may decide to take common initiatives to move forward as a first step. The Union is prepared to promote its own strategy for a genuine financial single market that would facilitate cross-border investment and retail financial services and that would help diversifying sources of corporate financing. Meanwhile, the EU should strengthen its role within international fora so as to better protect the interests of European market players and consumers. ●

Anneli Tuominen

Director General,
Finnish Financial Supervisory Authority (FIN-FSA)

A way forward for more sound and prudent legislation in the financial markets

What makes good legislation? I would say it takes at least three elements: comprehensibility, predictability and stability. Legislation is made in a process where different opinions, values and conflicts of interests are brought together, and the result is always a compromise. This applies to both national and EU level legislation. In the EU, however, the level of difficulty of the legislative process is even higher, because different national interests are put on the same table. In cases where stricter national legislation is already in force, interests in changing the status quo might be limited. Therefore, in a rapidly growing innovative market place there is a pronounced risk of fragmentation if the EU legislative process does not follow market development closely enough. It should be noted, however, that there is not always need for EU-level solutions and sometimes we should not try to fix things that are not broken.

Technical innovations have developed in a variety of ways in recent years. During the Finnish EU Presidency, negotiations on the crowdfunding legislative file, >>>

>>> for example, will continue. As in many other cases, crowdfunding markets and legislation have already been developed in many Member States. To minimise fragmentation ESMA gave its opinion to the Commission back in 2014. National legislation does not, however, confer a right to a passport to provide services, consequently the markets potential for growth is limited. In order to be able to passport, we need EU level solutions.

On the other hand, we have examples such as cryptocurrencies and the technological solutions linked to them. These global phenomena cannot be solved entirely at the EU level and we need common understanding and willingness to face new types of businesses in a global forum. Some of this work is done at the OECD, which takes additional time and effort. There is a need, however, for prompt reaction by the authorities, as national practices have already started to differ.

Negotiation of compromises takes time and sometimes the process is too slow. Sometimes it is easier to find a solution on principles rather than in details. The Lamfalussy process makes it easier for the co-legislators of the EU to move difficult details of legislation to the financial supervisory authorities for decision.

> *"National legislation does not, however, confer a right to a passport to provide services, consequently the markets potential for growth is limited. In order to be able to passport, we need EU level solutions."*
>
> \- ANNELI TUOMINEN

There are examples where the legislative process has been swift within the EU. The Directive on Bank Recovery and Resolution was negotiated promptly and nationally implemented within a very limited period of time. This was partly possible because of high political pressure and the common interests of the Member States. Unfortunately, banks in various Member States were not predisposed to such fundamental change due to their legacy assets combined with sizeable retail investor bases.

Businesses need time to adapt their products and processes to new requirements. In addition, supervisors should have enough time and resources to prepare legislation. It would, in many cases, be in the interest of the industry to have a single EU-level supervisor with fully harmonised legislation and a wide Level 2 mandate. I am, however, hesitant to recommend such a structure for supervision in consumer protection related issues because they are often very country specific.

In the United States, the SEC can issue so-called no-action letters to an individual or entity. These letters are based on the specific facts of an individual case. This limits their use in the United States to a larger extent. As part of an open dialogue and supervision, these could be also used in the EU to some extent. No-action letters regarding certain types of phenomena could also be considered.

It is obvious that legislation lags behind market innovations and there is no single solution to this. As a supervisor, we are on the pulse of market development and would naturally prefer new urgent problems to be solved instantly.

What we should do is inform co-legislators more actively of the phenomena we have seen. One way of doing this is to use solutions such as the European Forum for Innovation Facilitators, set up by the Commission. It is also important to commit political-level decision-makers to these discussions at an early stage. Ultimately, we need to remember that even though we need to focus on optimising the legislative process, this should not be done at expense of quality. ●

Robert Ophèle

Chairman,
Autorité des Marchés Financiers (AMF)

A more agile and common legislation for a dynamic and competitive financial market

The European regulatory process is not appropriate to develop competitive and efficient capital markets in the Union. It is too slow and delivers complex and, sometimes, contradictory frameworks.

First, we should favor regulations, with very few national options, over directives (especially directives with minimum harmonization, examples of which still exist in the financial sector, such as AML-TF or UCITS). Moreover, we should minimize European legislative voids (for example bilateral relations with third countries when there is no EU equivalence regime). One cannot achieve supervisory convergence and the completion of the CMU with so many national stances.

Second, we should adopt more robust regulatory processes. As established by the Lamfalussy report, the distinction between legislative and delegated acts, as well as between directives and regulations, should be strictly respected. Level 1 legislation should be restricted to setting out framework principles, leaving technical details to Level 2 or 3. Moreover, EU co-legislators must set realistic implementation dates for all stakeholders, including regulators and regulated entities. And a rational sequence between various levels of texts: Level 1 provisions should only come into force after the necessary key Level 2 measures have been published.

> *"First, we should favor regulations, with very few national options, over directives."*
>
> \- ROBERT OPHÈLE

When the time comes for implementation, we must be able swiftly to correct legislative provisions that obviously cannot be applied, do not meet the objective set, or create distortions of application between jurisdictions. In such situations, EU institutions should have the power to issue no action letters, i.e. an emergency mechanism to suspend the application of the provisions concerned, in an exceptional and coordinated manner across Member States; it would protect stakeholders from proceedings for non-compliance with these rules. In a globalized world, this is also key to avoid major regulatory distortions vis-a-vis other countries.

The French Legal High Committee for Financial Markets (HCJP) has made a proposal to introduce in EU law a new tool to suspend temporarily the application of provisions of a delegated act, in exceptional circumstances where necessary. A recent practical illustration where such a tool would have been useful is the regulatory difference between the EU and the US on the exchange of bilateral margin for physically-settled FX forwards. Other past examples are the application of EMIR variation margin requirements to non-centrally cleared derivatives; PRIIPs inadequate calculation methodologies for performance scenarios and cost indicators in the KID; or MiFID II tick size regime for third country instruments traded in Europe. EU resistance to providing its institutions with a power of regulatory forbearance is a cause for concern.

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>>> Finally, we should also work better together to ensure convergence when implementing and enforcing regulation across the EU. Through a more collegial approach between supervisors of entities located in several countries. By better articulating supervisory responsibilities between home and host Member State authorities; and combatting jurisdiction shopping by preventing market players from choosing as home a country in which they have no substantial activity. By harmonizing practices in sanctions, for instance through dedicated independent peer reviews.

This does not mean to suppress all national regulatory initiatives. In areas not yet covered by European regulation, national frameworks may be a first step, allowing for the development of innovative initiatives. The strength of national experience can then facilitate the emergence of the necessary European dimension. It has been the case for crowdfunding, crypto assets or climate disclosure… However, these national regulations should be viewed as an intermediary stance towards a European approach. The latter should come about sufficiently rapidly in order to avoid fragmentation along national lines, difficult to overcome. ●

Jacek Jastrzębski

**Chair of the Board,
Polish Financial Supervision Authority**

Adequate regulatory framework still required

When the financial crisis broke out, weaknesses of the financial supervision in the EU were exposed. As a result, new laws and reforms had been introduced to rebuild financial stability and preserve public confidence. The reforms covered inter alia rules to strengthen financial supervision based on, among other principles, full harmonization. Single market has been one of the greatest achievements of the European integration and full harmonization has brought many advantages, like unification of the deposit guarantee schemes. 10 years on, one needs to reconsider whether the full harmonization in some areas is really desirable and whether this approach may expose the EU financial regulation to the risk of stagnation and limit the NCAs' ability to respond to new challenges.

We observe that the EU has already undertaken initiatives aimed at reducing the excessive regulation and strengthening the enforcement of the proportionality principle. A good example is the CRR/CRDIV, which covers credit institutions and investment firms even though these are in fact two different types of entities with different business models. Unlike credit institutions, investment firms neither accept deposits nor grant loans and therefore are exposed to other risks. The prudential framework introduced by CRR/CRDIV focuses on credit institutions and their risks rather than on investment firms and services provided by the latter. As a result, according to the EBA report on investment firms, one year after introducing CRR/CRDIV, 85% of the EEA investment firms decided to limit the scope of their activities.

Therefore, the recently adopted IFR/IFD will apply new rules to the investment firms and adequately address the proportionality problem. IFR/IFD will simplify inter alia own funds, capital requirements, liquidity and supervision reporting procedures. We have gladly noted the proposal of a proportionate regulation of the investment firms, adequate to their risk profile, proposed by the Commission. On the other hand the problem of harmonization gap has been particularly acute for the host markets due to insufficient supervisory tools enabling to react to inappropriate practices of the entities operating under the FOS. This problem has been stressed by the ESAs recent report on cross-border supervision of retail financial services. The report encourages the EU co-legislators to consider reinforcing the harmonization on conduct of business >>>

>>> rules and consumer protection in the banking sector and to clearly set out responsibilities between home and host Member States. Such an observation is correct, however our experience proved that this problem concerns also other markets.

Most of the EU laws regulating financial markets were drafted for the traditional financial institutions providing traditional services. Nowadays Fintech solutions very often do not fit into these mechanisms. Nevertheless, we take note of some steps taken in the right direction. One of them is the revised PSD2 directive. One should seriously consider developing a separate community regime for Fintech entities, such as dedicated licenses for digital virtual banks or common EU framework for tools like a regulatory sandbox. It would be essential however, to provide a leeway also for national mechanisms of Fintech support, like no-action letters issued on a country-level by competent authorities.

To this end, the KNF began offering support to innovative businesses by issuing such no-action letters. This tool proves to be beneficial for both the supervisor and market participants, fostering innovation. Thanks to this approach the Fintechs' perception of regulatory uncertainty is reduced while the supervisor keeps pace with new tech.

Large diversity and level of development of financial markets in the individual EU Member States proved that one size doesn`t fit all and that a minimum harmonization principle may be, together with broader use of the proportionality, more effective for the EU in some areas. One must strike the right balance between safeguarding the financial stability and consumer protection on one hand and providing for an adequate regulatory framework with a possibility of different applications at the national level on the other, so that an optimal environment supporting the innovation is achieved. The question remains whether the EU is ready for a substantial change in its current regulatory approach if such a move supported the development of innovation? ●

Jacques Beyssade

Secretary General, Groupe BPCE

We need EU legislations to be more oriented towards financing the economy

As the EU is developing its strategy for 2019-2024, it is now time to consider the main constraints we are facing today and think about the principles that could guide the action of European legislators and regulators for the coming years. In this context, the structure of our decision-making process can sometimes appear at odds with the pace at which the world is moving and the need for consensual yet practical solutions.

The EU is able to support and encourage a competitive global economic environment, the growth of disruptive technologies and new business models, as well as the drive to transition to a low-carbon economy – however, this ability is subject to limitations. We can broadly divide the main constraints into three categories:

1. The political will to further integrate our banking sector is limited despite a general acceptance that the number of banks in Europe is too high and their profitability too low, and that new challenges arise from digitalisation and cybersecurity or the United Kingdom's envisaged exit from the EU;
2. The EU decision making process itself is not always straightforward, and can be affected by competing objectives of and even rivalries between the Commission, the co-legislators, the ESAs and supervisory authorities;
3. An abundance of technical regulatory detail, which, instead of protecting against divergent interpretations and circumvention, can have the opposite effect and create costly complexity for all stakeholders.

In the light of these constraints how can Europe maximize its potential? Part of the answer is that financial sector legislation needs to be directed towards a clear target which is to improve financing of the economy. This sense of purpose would help our decision-makers to take a holistic and result-oriented approach and avoid as much as possible >>>

>>> to propose legislations in "silos" within our sector. Second our decision-makers should associate more closely technologies, new modes of consumption and financial innovation.

"Our decision-makers should take a holistic approach and avoid to propose legislations in «silos»."

- JACQUES BEYSSADE

Improved methods of preparing legislation could support this approach by increasing the use of multidisciplinary expert groups.

Another tool, the concept of sandboxes can promote the exchange of ideas between actors and authorities in the interest of adapting future EU regulation as best as possible to FinTech innovation. Certain conditions are essential for the proper functioning of such a tool: equal access between all actors and convergence of practices in each jurisdiction to avoid regulatory arbitrage.

These new approaches and methods would then allow progress on topics such as:

- Assessing barriers to the adoption of Cloud Computing, addressing considerations on ethics and trust in Artificial Intelligence and working towards a common definition of digital assets (e.g. crypto-assets) (cf. Loi PACTE in France);
- Establishing a comprehensive EU retail investment strategy that might explore the concept of an EU Investment Savings Account, including a "green" one;
- Tackling the EU and the Rest-of the world issues with equivalence regimes as some equivalence regimes have different purposes and can therefore demand different solutions;
- Concerning the abundance and sometimes costly complexity of technical regulatory detail, introducing a forbearance mechanism (i.e. no action letters).

Dr. Kay Swinburne

Vice Chair of Financial Services,
KPMG in the UK

Back to first principles: restoring discipline in the EU legislative process

The adoption over 18 years ago of the Lamfalussy process for EU legislation, with its four distinct levels, is the cornerstone that is meant to underpin the EU's approach to legislating a rapidly-evolving financial services marketplace. In practice, however, the application of the process has fallen short of its original clarity. A lack of understanding and trust between the EU institutions, coupled with party political and national differences, has led to the inclusion of technical provisions in Level 1 legislation and a tendency to address issues of national divergence via more and more detailed regulations rather than Level 4 powers (supervisory convergence).

Lamfalussy set out a clear distinction between Level 1 legislation and Level 2 delegated acts and implementing measures, which remains the ideal model for financial services regulation.

At Level 1, the co-legislators should set out the core principles, allowing the ESAs to develop at Level2 the detailed rules, based on the realities of the market and empirical data. Importantly, by keeping such detail at Level 2, it also allows the regulatory bodies to respond more quickly to emerging market trends and risks, and to innovation and technological advance.

Unfortunately, this clear separation has rarely been maintained. Instead, the detail of Level 1 legislation has been fought over in the early hours of the morning, with a series of compromises that include increasingly granular requirements that bear little or no relation to hard evidence.

Legislation is poorly thought through and increasingly proscriptive, and the process has become progressively less suited to a fast-moving marketplace, just as the pace of change has accelerated.

It is time for a more disciplined and fact-based legislative approach – a return to Lamfalussy. It would be a good start, for example, to agree that no Level 1 legislation should include data, formulae or thresholds, or anything that requires calibration on an ongoing basis. Such matters need to be promptly reviewed and adjusted as markets evolve, and should not be hard-wired into Level 1.

"It is time for a more disciplined and fact-based legislative approach – a return to Lamfalussy."

- DR. KAY SWINBURNE

Re-establishing the clear distinction between Level 1 and Level 2 will also allow innovation to flourish. With so much detail now enshrined in Level 1, adapting rules as new technology emerges has become a slow and painful exercise, disadvantaging consumers and businesses. All requirements should be technology-neutral.

Political and national concerns about delegating too much to the ESAs are largely unfounded, in my view. The ESAs' role in developing Level 2 delegated acts is to advise the Commission on what is required, not to act independently. And scrutiny by the co-legislators is built in.

Get this right and there is a real opportunity to develop legislation in a way that suits the nature of European financial services today and incentivises innovation, stimulates competition and improves customer choice, with no sacrifice of regulation and protection.

A process developed almost 20 years ago remains fit for purpose, but only if we are disciplined in how we apply it.

Othmar Karas

Vice-President, European Parliament

Boosting the European Union as engine of global innovation

Research and innovation are at the core of a secure, competitive and sustainable financial sector, which promotes jobs and growth in our Single Market. To strive they need suitable regulatory frameworks which are supportive, risk sensitive, unbureaucratic and at the forefront of technological developments.

As response to the global financial crisis, the EU has proven to jointly find solutions to complex and mutual challenges over a relatively short period of time. Although the EMU is not yet complete, many of the jointly adopted regulatory acts represent milestones, such as the common rules for all financial market participants or the supervisory and resolution frameworks applicable in all Member States.

However, at a time of major technological transitions in the financial sector -such as the continuous shift to digital, the rise of fin-tech, blockchain technology, machine learning, the implications of a low carbon economy or cyber-risks- there is criticism that the European legislative process needs to become even more responsive.

The trade-offs are clear: On the one hand, there must always be a fully democratically legitimised, open and transparent legislative process, which allows the voices of all effected citizens, institutions and stakeholders to be heard. On the other hand, financial sector innovations in today's digitised world are moving at such an unprecedented pace that legislative processes must allow for even swifter regulatory action.

One of the key priorities in this regard must be the shift from unanimity to majority decision-making. Especially in taxation, the veto possibility in the Council has so far hindered the adoption of many pressing initiatives such as the fair taxation of the digital sector. Unanimity leads to blockages and policy failure. If we want a more effective and innovative Union, we must change its decision-making. Our aim must be that all decisions are taken by majority and jointly by the Member States and the European Parliament as voice of the European citizens.

At the same time, an innovation friendly regulatory framework which successfully overcomes national barriers and enhances capital flow needs to have the bigger picture in mind. The different legislative acts and projects -the Banking and Capital Market's Union- must harmonise well together on the global, European and national levels. They need to consider the whole lifecycle of an innovation and provide for regulatory certainty.

"Unanimity leads to policy failure. An effective and innovative union needs majority decision-making."

\- OTHMAR KARAS

Last but not least, the diversity in our financial sector is a source of strength which contributes to more innovation, less vulnerability to crisis, greater choice and more elaborate financing opportunities. This diversity as well as the structural specificities of our financial sector–such as a bank funded real economy which relies much less on capital markets than in the U.S.–must be taken fully into account when implementing global standards into EU law.

At the start of the new parliamentary term there are many challenges to be addressed: our answer to uncertainty, populism or nationalism must not be to escape into protectionism or isolation. Regardless of political dynamics, the EU must continue to thoroughly draw the lessons from the past and become more independent, determined and effective in the global arena. ●

Rimantas Šadžius

Member, European Court of Auditors

European auditors go for more than financial corrections or management practices

We are currently at the tail end of intensive regulatory and institutional reforms which started as a response to the 2009 crisis. Common rules for the EU financial sector are meant to ensure a more effective level playing field in the Single Market and prevent negative cross-border spillovers. However, so far, these reforms have not solved fragmentation of the national rules applying to financial markets. This continues generating regulatory arbitrage and thus fosters unfair competition and/or cross-border issues affecting the financial stability across EU.

The administrative structure of the financial supervision is certainly an area, where we need reforms. The current ESAs are set up primarily to provide co-ordination between national competent authorities and develop level 3 rules (i.e. non-binding guidelines). To this >>>

>>> end, their mandate, governing structure and work programmes can broadly deliver. However, the current setup is not suitable for stronger supra-national rulings in case of serious divergences, as it does not allow them to control, intervene, and make final decisions in emerging cross-border issues. In its audits, ECA identified a number of such serious, systemic gaps in the supervision of the EU's financial sector and called EU legislators to adjust accordingly the respective regulations and frameworks. We recommended, among other measures, to rethink the governance and powers of the ESA's.

"To keep EU competitive, we need courage to address systemic issues by single-market-fit approach."

\- RIMANTAS ŠADŽIUS

As a practical example, in our very recent report on the stress tests carried out by the European Banking Authority, we found out that this exercise - being key for financial stability - marginalised the EU-wide perspective. The underlying reason was the dominant role of the national authorities in the design of the test scenarios. More specifically, their role was not conducive to ensuring that the scenarios were comparable and unbiased for all Member States. Consequently, we requested the Commission to address the appropriateness of EBA's governance structure in the context of the next three-year review of the EBA Regulation.

ECA's report on EIOPA published last year identified a systemic issue in the supervision of cross-border business. We concluded that it results in the wrong incentives for both supervisors and insurers, which take advantage of a lower level of supervision in other Member States. Hence, we called upon the co-legislators to close the underlying regulatory gaps in insurance supervision.

The recent ESAs reform was a lost opportunity to address multiple weaknesses in the EU's supervisory structure. This depicts familiar weakness of the European legislative process: high outset ambitions, then thorough preparation and hard work, and eventually - a piecemeal solution addressing only some most pressing problems. For success of a big reform agenda, we should tackle systemic Europe-wide issues with courage by genuine pan-European single-market-fit approach. ●

Joanna Cound

Managing Director, Global Public Policy, BlackRock

Future proofing the legislative process to deliver CMU

Europe needs a strong policy vison and coherent narrative to develop our capital markets and deliver long-term economic benefit for Europe's citizen-savers. Indeed, the ambitious goals of the Sustainable Action Plan can only be met if savers are willing and able to invest in markets. Europe needs: a policy framework that balances investor protection with investor inclusion, empowering European savers to engage with markets; an investor-friendly capital markets architecture that lets European investors benefit from the combined scale of European and global markets; and a clearer focus on the funding needs of companies.

We cannot deliver on this vision without a much more holistic legislative strategy. Today end-investors' needs are lost between myriad siloed product and service initiatives, which too often result in inconsistencies, contradictions and gaps. For example, the same investment fund is required to show different transaction costs in different countries depending on how it is bought – which means end-investors lack a single point of authoritative information upon which to base their decisions.

The ambition must be that EU legislation is coherent for the end-investor across securities and prudential regulation, tax and accounting and the provision of investment products and services. In addition, policy aims must be coherent: applying macro-prudential polices to investment funds would not compatible with Capital Markets Union (CMU) objectives, for example. And specific policy choices should be underpinned by detailed economic analysis from a bottom-up end investor as well as a top down macro-economic perspective.

Next we need to revisit the balance between Levels 1, 2, 3 and 4 to provide for robust long term strategic principles at level 1 with the mass of technical detail filled in at a lower level to allow the EU respond more flexibly to market innovations and global developments UCITS is rightly recognised globally as the gold standard for investment funds – this is because the Level 1 text delivers a clear framework and parameters but with flexibility that allows different business models to compete and respond to evolving client needs.

"The ambition must be that EU legislation is coherent for the end-investor."

\- JOANNA COUND

The certainty and confidence provided to market participants by common rule books must, however, go hand in hand with greater convergence of supervisory cultures. We recommend that the new supervisory coordination networks led by the ESAs work on the development of common templates for authorisation and supervision to be applied by national supervisors on a consistent basis. This has significant potential to accelerate supervisory convergence in Europe. We strongly support the development of a common reporting platform for ESMA to allow it to assess better market trends and any potential build-up of systemic risk.

Finally, a stronger and holistic articulation of the political goals of the CMU might encourage Member States to take complementary action in areas where the right of initiative and competence resides with them (e.g. financial education, pensions, taxation). Only then can we consider that we have something close to the appropriate legislative strategy to deliver CMU. ●