

The FBF salutes the passing of some important bills at the European Parliament's last plenary session

The French Banking Federation (FBF) is pleased to note that the European Parliament was able to pass several important bills at the last plenary session of the current parliament, prior to European elections. These passages are a milestone in setting up a more solid and transparent banking and financial system.

The FBF salutes the passage of the **Bank Recovery and Resolution Directive and regulations pertaining to the single resolution mechanism**. These texts institute clear and precise mechanisms for preventing and resolving banking crises. Throughout the European Union, they give preference to internal recapitalisation of distressed establishments and the use of resolution funds, rather than state intervention. In the euro zone a €55bn resolution fund will be set up especially for this purpose. The purpose of these mechanisms is to prevent crises in banking establishments of all sizes and, if necessary, to resolve them in orderly fashion.

French banks underline that decisive steps have been taken to strengthen financial stability in the euro zone. However, they point out their concern regarding the method by which contributions to the single resolution fund are calculated, which must not create distortions in competition and must therefore not result in transfers of burden sharing between banking sectors. Meanwhile, the revised directive on deposit guarantee schemes, which was also given final passage, will set up a more standardised framework for the deposit guarantee.

In adopting two texts that revise the **Markets in Financial Instruments Directive** (MiFID2 and MiFIR), the European Parliament has brought several years of negotiations to a close.

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These texts heighten investor protection, enhance market infrastructures and increase transparency. Meanwhile, regulations on central securities depositories will introduce an obligation on market operators to represent all transferable securities in book entry form and to record them in central securities depositories before trading them on regulated venues. The FBF is also pleased to note that this legislative text harmonises settlement rules and times in the EU.

The European Parliament passed three other texts involving consumers more directly:

- First, the fourth revision of the directive on undertakings for collective investment in transferable securities (UCITS 5), which is a very important vehicle for tapping into European and international savings. The provisions covering depositories, remuneration policies and sanctions should help enhance investor confidence in UCITS.
- Retail investors are also likely to benefit from clearer and more standardised information on various investment options regarding packaged retail investment products and insurance-based investment products, following the adoption of the text on PRIIPs (Packaged Retail and Insurance-based Investment Products). This initiative is also likely to enhance retail investor confidence.
- The third text pertaining directly to consumers and adopted by the European Parliament deals with the comparability of payment account fees, payment account switching and access to a basic payment account and to basic services. Very broadly, this involves extending to the European level the provisions that already cover French consumers.

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