

ECON Publishes Report on Regulatory and Supervisory Relationships Between the EU and Third Countries

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On August 29, the European Parliament's Committee on Economic and Monetary Affairs (ECON) published its report, dated July 18, on relationships between the European Union (EU) and third countries concerning financial services and supervision.

The report includes a motion for a European Parliament resolution, within which the following recommendations are set out:

1. Third countries must keep the European Supervisory Authorities (ESAs) informed of any national regulatory developments through the EU's future equivalence framework, and the EU's equivalence decision should require good regulatory and supervisory cooperation, as well as exchange of information. Likewise, third countries would also be expected to maintain a close dialogue with the EU.
2. The European Commission (EC) should provide a clear framework for a transparent, coherent and consistent application of equivalence procedures that introduces an improved process for the determination, review, suspension or withdrawal of equivalence. Unlike the draft report that was published on April 4, the report does not call on the EC to adopt a legislative act for this purpose. The EC should also assess the benefits of introducing an application process for granting equivalence for third countries.
3. The relevant ESA should subject equivalence decisions to ongoing monitoring (instead of the three-yearly review that was proposed in the draft report), the outcome of which should be made public. Such monitoring should address the relevant legislation, enforcement practices and supervisory practices in the third country concerned.
4. The EC should review the effectiveness of the current equivalence regime and assess

whether it contributes to achieving a level playing field between the EU and third-country financial institutions, while preserving the financial stability of the EU. The EC should publish its findings together with any proposals for improvement.

6. The EC should report annually to the European Parliament on all decisions on equivalence and explain the rationale behind those decisions.
7. The ESAs should have the capacity and powers to collect, collate and analyze data to enable them to monitor third-country supervisory and regulatory frameworks. The ESAs and national competent authorities should also cooperate closely in order to share best practices and ensure uniform implementation of regulatory cooperation and activities with third countries.

The report, unlike the draft report, does not call for a financial services chapter as part of any potential future trade agreement between the EU and United States.

The European Parliament will consider the report in its plenary session to be held from September 10 to September 13.

The report is available to view [here](#).

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