



European
Banking
Federation



ESBG



Ref.:EBF_008919

Mr Helge SKAARA
Deputy Secretary General
EFTA Secretariat

E-mail: hsk@efta.int

Brussels, 6 June 2014

Dear Mr Skaara,

We write you in connection with the ongoing negotiations between the Commission and the EEA/EFTA countries concerning the inclusion of the three European Supervisory Authorities (ESA) regulations in the EEA Agreement. The undersigning European financial industry organisations want to express their support for your ardent work towards a solution in this matter, underlining that finding a timely solution is of the utmost importance. The current situation poses a risk to the smooth functioning of the Single Market in financial services regarding companies established in the EU offering services into the territories of the EEA/EFTA countries, and vice versa.

The internal market for financial services is a place where companies meet for interaction irrespective of their country of origin being the EU or the EEA. If the legal status of the EEA countries as part of the internal market changes with respect to financial services, this will affect all participants in the Single Market irrespective of their country of origin. Thus, a failure or even a further delay in including the ESA regulations in the EEA agreement will impact companies of EU member states and EEA/EFTA countries, thereby the Single Market as a whole.

The inclusion of the ESA regulations in the EEA Agreement is necessary to provide the legal basis for inclusion of the financial services *acquis* that relates to these regulations. To date there appears to be a backlog of some 50 EU secondary legislative measures that is pending, including significant parts of the recent regulatory reform agenda. Hence, the need to include the ESA regulations in the EEA Agreement is urgent. Due to the significant changes in the EU regulatory environment for financial services, a delay increases the risk of imminent transformation of EEA/EFTA countries into ‘third countries’.

Companies established in the EEA countries through branches will face new regulatory and organisational requirements if EEA countries are perceived as third countries. The inherent benefits of the internal market on transaction costs and efficiency will be severely diminished with increased costs as a result. This is even more acute for companies doing cross-border business within the Single Market. The longer the current situation persists, the more it creates a fragmentation within the European Single Market, to the increasing detriment of efficiency and competition. The EU and the EEA/EFTA countries therefore have a common

interest and responsibility in finding a solution that will safeguard a level playing field and foster a coherent and well-functioning Single Market for financial services.

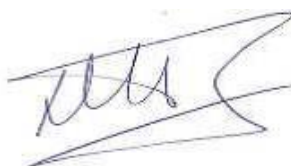
As representatives of the wider European financial services industry we urge you to push on finding practical solutions to overcome the lack of transposition quickly. We stand ready to assist in whatever way we can.

Please be aware that we have sent a similar letter to this one to Commissioner Barnier.

Yours sincerely,



Guido Ravoet
Chief Executive
EBF
www.ebf-fbe.eu



Peter de Proft
Director General
EFAMA
www.efama.org



Chris de Noose
Managing Director
ESBG
www.esbg.eu



Inel Burçak
Deputy Director General
FESE
www.fese.eu



Michaela Koller
Director General
Insurance Europe
www.insuranceeurope.eu

Cc: Mr Georges Baur, Assistant Secretary General, EFTA