

**BME COMMENTS TO THE COMMITTEE OF EUROPEAN SECURITIES
REGULATORS PRELIMINARY PROGRESS REPORT “WHICH
SUPERVISORY TOOLS FOR THE EU SECURITIES MARKETS?” (Ref: 04-
333f)**

Bolsas y Mercados Españoles (BME) integrates the companies that direct and manage the securities markets and financial systems in Spain. It brings together, under a single activity, decision-taking and coordination unit, the Spanish equity, fixed-income and derivatives markets and their clearing and settlement systems.

We would like to share with CESR our views on the preliminary progress report “Which supervisory tools for the EU Securities Markets?”.

1. The scope of the Report

CESR reviews in the report the integration of the EU securities market, the current situation of CESR, the challenges that affect CESR members and the eventual improvements of the supervision and other fields of competence of the regulators along the EU.

CESR insists on the need to deepen in the development of the tools that currently are on the hands of CESR and its members such as level 3 of Lamfalussy procedure and the collaboration between supervisors. CESR clearly differentiates the actions and improvements that may be accomplished within the current regulatory frame and the ones that may require a further regulatory development.

In general terms, we may anticipate that we share CESR point of view regarding the need to work and develop the definition and tools that are given nowadays to CESR and to the supervisory authorities across the EU.

We move on now to comment specific issues arisen in the CESR Report which are relevant as well to its global assessment.

2. The challenges when the FSAP is implemented

CESR formulates three major questions mainly related to the coordination of the supervisory activities and identifies some circumstances that may affect the convergence of policy, supervision and enforcement in the EU.

It is a good exercise to identify potential situations that may have an effect on convergence in order to try to develop and to work out the solutions that may contribute to the convergence in those fields.

In any case we understand that any eventual inefficiency might arise after the effective implementation of the FSAP and its application by the members states and supervisory authorities. In other words, we interpret that CESR does not identify at present any deficiency coming from the regulatory definition established under the FSAP Directives but foresees certain potential situations in the future.

3. The improvements that might be considered by EU Institutions

CESR underlines and remarks that the priority for CESR members is to deepen the possibilities of the possible tools under the legal framework of the FSAP.

CESR identifies that the possibility of moving to a single EU decision system would require a legal upgrade.

In our opinion it would not be just a regulatory adaptation in that aspect. We feel that the questions arisen in that point have been answered through the Directives, which have decided and follow a specific approach in those supervisory aspects.

In that respect, that eventual change of the regulatory approach would firstly affect the whole result of the recently approved Directives and secondly would imply a thorough modification of the regulatory model for the competent authorities performance and cooperation along the EU.

Due to the relevance of the consequences that such changes will bring, it seems that the evaluation of its eventual goodness should come after the effective transposition and application of the FSAP Directives in the member states and also after the works carried out by CESR in the path of cooperation between regulators are taken into account. In the light of the situation at that moment it should be assessed the sort of the eventual regulatory changes that might be then advisable.

4. Conclusion

As we anticipated above, we share CESR approach with regards to the need to intensify the work to look for convergence under the current framework and the definition and tools given at present to CESR and to the supervisory authorities along the EU.

CESR highlights that certain supervisory loopholes might arise. Therefore, from our point of view, any eventual distortion should be periodically reviewed in order to keep checking whether the whole frame is consistent with the objectives of the regulation or not.

It seems to us that any further alternative regulatory approach that would modify the current scheme laid down in the FSAP Directives should come from a detailed assessment of the outcome after their effective implementation and application.

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