

**COMMENTS ON THE DOCUMENT "IMPACT ASSESSMENT GUIDELINES.
FOR EU LEVEL 3 COMMITTEES"**

Having examined the consultation draft on impact assessment guidelines published jointly on 24 May by CESR, CEBS and CEIOPS, we find this initiative to be praiseworthy in pursuit of the goal that regulatory, political and practical decisions be based on sound analysis. Impact Assessment (IA) is a key tool in helping to ensure that political proposals are substantiated, since IA will provide politicians with more information about the process and make it more transparent, particularly considering the complexity of the issue.

These guidelines' structure is considered to be quite efficient and manageable (they should normally not exceed 30 pages), giving a better understanding of the advantages and drawbacks of the various political options.

By structuring impact studies, they ensure that the opinion of all stakeholders is taken into account. It is established that, when political proposals have a major impact on the markets involved and on consumers, a cost-benefit analysis must be conducted from the standpoint of both sides.

Although the consultation document does not refer specifically to the industry's role, we (like the European Commission) believe that it should play a central role. The need for quantitative information is a challenge and we wonder how the Committees can overcome it without the market's assistance.

In this connection, it is necessary to guarantee an appropriate calendar and close, transparent cooperation with the market. This will avoid situations of overlapping deadlines that might prevent published regulations from taking account of the results of quantitative impact studies (e.g. QIS2 and QIS3 of Solvency II).

We would like to draw attention to the following aspects of the draft:

1. Difference between IA and QIS:

On the one hand, we have Impact Assessments (IA), as developed in this document; and within the IA process, we have Quantitative Impact Surveys (QIS), which are useful when the problem to be analysed is very complex.

However, with regard to calendar problems, regulatory initiatives are still being presented without the pertinent Impact Assessment (IA).

2. Entry into force:

It would be reasonable for IA to be used also at levels 2 and 3 of the regulatory architecture (Implementation Measures).

3. Steps envisaged in the document:

We consider calendar problems to be a key issue, particularly in a calibration process, where market participation in the decision-making process is fundamental.

That process is established in eight steps, divided into three blocks, as follows:

I. Analysis and improvement of the market (or existing regulations).

This phase comprises 5 steps, from identifying the problem to comparing the various political options, and it includes Analysis of Impacts (step 4).

It establishes that industry participation will be on an informal basis and only when the supervisors consider it to be appropriate. Since QIS are conducted in this phase where complex issues are considered, and most of the decisions are taken here, steps should be taken to ensure participation by the industry and to assess the quantitative data from the QIS before further legislation is enacted.

II. Public consultation.

The consultation process is open to all stakeholders. In this step, it is necessary to consider the various repercussions that a legislative measure may have on each of the stakeholders and to assess them appropriately.

III. Review of the efficacy of the policy applied.

Again, in the eighth (and last) step, Policy Review, the private sector participates only informally, and only when the supervisors consider it to be appropriate. Again, we must insist on the necessity of working with the market, which is directly aware of the implications of implementing policy.

To summarise, in reply to the four questions raised in the consultation by the three Level 3 Committees¹, this Advisory Committee's reply is "yes" to all four, though it has some comments in connection with the third question (whether the consultation process in the IA guidelines covers all key aspects of consultation).

The comments are as follows:

- Impact Assessment (IA) should take account of prior comments before being launched.
- In the case of consecutive quantitative analyses (QIS), the proposed deadlines should be reviewed to take account of the results of the initial QIS before launching the next one.

1. The four questions are:

1. *"Do you think the proposed IA guidelines cover all key aspects of an impact assessment exercise?"*
2. *Do you think market failure analysis and regulatory/supervisory failure analysis are given due consideration in the IA guidelines?"*
3. *Does the consultation process in the IA guidelines (publication of the draft policy accompanied by the IA analysis, publication of responses received and feedback statement) cover all key aspects of consultation?"*
4. *Do you think that the proposed IA guidelines are sufficiently practical to enable policy makers to conduct IA effectively?"*