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(Check against delivery)

Let me first thank you for inviting me to address the CRIS committee.

You have set yourselves the task to draw a comprehensive picture of the financial, economic, and social causes and effects of the crisis, and to look at the implementation of Community legislation in the areas concerned. While of course the legislative work will be in ECON and possibly other committees.

I think the task you have is a very important task indeed. The broader picture sometimes tends to get a little bit lost in day-to-day activities geared to fixing problems related to the crisis.

Parliament, Council, and Commission - all institutions have wisely recognised that supervision and regulation need to be more rather than less European. Particularly if we do not want to get into another roller coaster of financial instability as we have seen over the last year.

The Commission proposed an ambitious programme of reforms of the European financial system earlier this year. I can obviously only comment on what the current Commission has proposed. The policy of the next Commissioner will be defined in the months to come, the guiding document being President Barroso's political guidelines from early September this year.

In the Commission we have built on the suggestions for regulatory repair made by the group of wise men chaired by Jacques de Larosière. The underlying purpose of these reforms is to ensure:

- that financial institutions will have the strength to survive in tough times of crisis of the kind experienced over the last year;
- that all relevant actors and all types of financial instrument are subject to appropriate regulation and oversight;
- that systemic risks be addressed appropriately; and
- to strengthen European coordination of micro-prudential financial supervision.

The reforms proposed by the Commission are firmly linked to global reforms and set a clear course for the EU to lead and shape the work of the G-20.

Parliament and Council have made very quick progress in many areas. To mention just three examples:

- the European coordination of banking supervisors was strengthened by introducing colleges of supervisors;

- a comprehensive supervision regime for Credit Rating Agencies has been introduced; and
- an initial reform of deposit guarantee schemes.

In other areas, Commission proposals are under negotiation in Parliament and Council or are being considered by the Commission. Let me say a few words on our key priorities here.

Strengthening European coordination of financial supervision and addressing systemic risks is certainly a key priority for us.

One of the most important lessons for many people involved in the management of the crisis - in the Commission, in national administration, in financial institutions - was that Europe needs to coordinate much better.

The Commission has made ambitious proposals to address this and to strengthen the EU supervisory framework.

A European Systemic Risk Board will ensure that risks to the stability of the financial system as a whole are monitored and assessed appropriately at the European level.

Three European Supervisory Authorities will ensure that in the supervision of individual financial institutions, national supervisors agree on common rules and come to common binding decisions. And also that they cooperate closely in particular during times of crisis.

First discussions in Council are well led by the Swedish Presidency. But some Member States want to substantially reduce the level of ambition and significantly limit the powers that could be entrusted to the authorities. This would lead to the creation of paper tigers. And thus to the detriment of financial stability and consumer. We therefore count very much on the Parliament to maintain the high level of ambition of our proposals.

With the Communication on crisis management and resolution, the Commission has also made a first step to draw conclusions from the challenges we faced when we had to handle cross-border group crisis measures currently under consultation. We see great potential for further co-operation in this area and are keen to continue to work with Parliament and Council to this end.

EU rules also need to make sure that financial institutions have the strength to survive in times of crisis as tough as over the last year or two.

In order to strengthen the capital basis for banking activities, the Commission has proposed a first set of measures in July (CRD III). For example, we have proposed higher capital requirements for re-securitisations, and sound remuneration practices in financial institutions so that they do not encourage or reward excessive risk-taking.

We also plan to propose measures to address

– procyclicality;
– to tighten capital requirements for foreign currency mortgages;
– to improve the quality and quantity of capital;
– and to move towards more common EU rules by removing many of the exceptions, derogations and discretions from existing EU rules;

On the basis of the public feedback to these plans, the Commission has decided to work towards the adoption of the respective proposals in 2010.

– Another priority is our work towards the G20 commitment that all relevant actors and all types of financial instrument are subject to appropriate regulation and oversight.

The Commission has proposed a comprehensive and robust regulatory framework for all types of Alternative Investment Fund

Managers in the EU. This proposal - commonly called the “Hedge Fund” proposal - responds to many of the requests contained in the Parliament's reports on hedge funds and private equity.

Work in Council is progressing quickly, but we now need to hear the Parliament's views in order to make progress on this file. We are committed to working closely with the Parliament to ensure that the result is balanced and workable. We of course also have to work with our international partners to achieve an appropriate level of consistency in global approaches.

The crisis has also exposed deficiencies in the regulation of derivatives markets, and we plan to come forward with legislative proposals in 2010. A communication on derivatives was put forward a couple of weeks ago, so the consultation has already started.

Finally, it is crucial - particularly in times of crisis - to support consumer confidence in the financial system.

Guarantee schemes played an important role to prevent an even greater loss of confidence in financial markets at the peak of the crisis. But the coordination between national guarantee schemes was often insufficient, and we will therefore propose further measures to reinforce guarantee schemes.

President Barroso put the following way it in his political guidelines for the next Commission: “Europe must exit from the current crisis - confident that it has a more ethical, robust and responsible financial system”.