

## Economic and Monetary Affairs



*Dr Kay Swinburne MEP  
Economic and Monetary Affairs Spokesman*

### The Committee has oversight of:

- The functioning of the Economic and Monetary Union
- The free movement of capital and goods across borders
- The international monetary and financial system
- Rules on competition and state aid
- Tax provisions
- Regulation of financial services, institutions and markets, including financial reporting, auditing, accounting rules, corporate governance and other company law matters.

The financial crisis has shown that many reforms are needed to ensure the integrity of Europe's financial services. The committee is looking at a wide range of issues including banks, insurance and pension operators, hedge funds and market practices. These reforms need to be coordinated internationally and the detailed work of the European Parliament as co-legislator is a key element in achieving global consensus.

The British Conservative Members, together with our colleagues in the European Conservatives and Reformists Group, seek to strike a balance between achieving a less risky financial sector and ensuring that businesses large and small have access to the financial services that they need to operate, recover and grow. We argue that EU rules should be, where possible, in line with those in other major jurisdictions to prevent regulatory discrepancies and avoid putting European businesses at a competitive disadvantage. In addition, whilst greater international cooperation is required, this should not undermine our own regulators or inadvertently impact on the EU's budget.

Given the importance of the financial reforms and potential impact on the UK, the UK Conservatives have 4 ECON members including Kay Swinburne and Syed Kamall as full members, and Ashley Fox and Vicky Ford as substitute members. They are joined by Derk-Jan Eppink, Ivo Strejcek and Professor Lajos Bokros from the ECR, ensuring we have the necessary expertise to influence the legislation.

### Eurozone Crisis

The current turmoil in the Eurozone has proven the UK right in its decision to stay outside the common currency – monetary union without fiscal union has been proven flawed. We have been playing a committed and constructive role to ensure the EU's answer to the eurozone sovereign debt crisis is effective and proportionate, and that new rules strengthening the Stability and Growth Pact on economic governance do not affect those countries that chose to retain their sovereignty.

### Derivatives and Financial Market reforms

We have led the debate on reforms of the financial markets, including derivative instruments, to ensure increased transparency

and investor protection. The ECR has secured an exemption for business users from some of the more onerous aspects to the legislation. We would like to ensure that companies are still able to use derivatives markets to hedge business risks such as foreign exchange and commodity price exposure without additional cost to the real economy.

Kay Swinburne has taken a prominent role in the review of the Markets in Financial Instruments Directive (MiFID) governing transparency requirements for trading as well as new rules concerning controversial algorithmic and high frequency trading practices. The UK Conservatives' technical expertise in this field has been recognised by the decision to grant them the steering role in the influential new regulation on Central Securities Depositories.

### Short selling and credit default swaps

The EU wishes to introduce reforms to rules governing short selling and credit default swaps. As both of these are essential parts of modern financial trading, we are working to ensure that political point-scoring does not undermine essential market liquidity.

### Banking Reforms

The global 'Basel' committee on banking regulation has now issued detailed recommendations for bank reform that the EU



*Conservative MEPs meeting with Mark Hoban MP, Financial Secretary to the Treasury*

will now turn into legislation in the form of the Capital Requirements Directive and Regulation. The ECR will aim to ensure that EU rules stick as closely to the international agreement as possible, while not constraining lending to businesses during economic recovery.

### Financial Transaction Tax

We are firmly opposed to an EU-level tax on financial transactions. Such a tax could only be imposed on a global level, and if imposed unilaterally would cause much needed transactions and capital to flow away from the EU when we need it the most.

### Credit Rating Agencies

Over-dependence by both regulators and investors on Credit Ratings, coupled with the conflicting interests of the Credit Rating Agencies themselves, aggravated the financial crisis. We support measures to ensure a more competitive and effective credit rating industry, but we will be fighting attempts to impose an EU-only solution to a global problem.

### Pensions

Long-term solutions need to be investigated to ensure we are all looked after in our old age, yet don't place too great a burden upon society. While this is fundamentally a matter for each Member State, we should work together to find ways of increasing the portability of pensions schemes and learn from experiences in other parts of the EU. 🇪🇺



*The UK ECR members of the ECON committee, Dr Syed Kamall MEP, Vicky Ford MEP, Dr Kay Swinburne MEP and Ashley Fox MEP*