



EBF Report

Better Regulation and Impact Assessment

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“Les lois inutiles affaiblissent les lois nécessaires”¹ (Montesquieu)

The European Commission chaired by Mr Barroso has launched a programme of “better regulation” in order to help the EU become by 2010 the most competitive and dynamic knowledge-based economy in the world.

On 28 September 2006, the European Banking Federation Executive Committee decided to further assess the better regulation policy, especially in the field of financial services, both at EU and national level. Following this decision, an ad hoc Task Force on Better Regulation and Impact Assessment was created and prepared this Report.

The Better Regulation principles associate different tools and processes that are fundamental to ensure that regulations are used only when necessary, that they are sufficiently focused and that the burden- they impose is counterbalanced by clear benefits and that it is proportionate to their aim. Better regulation tools and processes are varied: simplification of the existing legislation, long and interactive consultation of the stakeholders, - impact assessments, etc.

In particular, Impact Assessments are designed to help in structuring and developing policies. They identify and assess the problems at stake together with the objectives pursued. Impact Assessments help identify- the main options for achieving the objectives and analyse their likely impact- in the economic, environmental and social fields. In brief, they are a tool to weigh- the costs and benefits before defining policies.

The increasing insignificance of the - borders inside the EU is also a factor to - take - into account. Thus, defining the need for public policy actions and drawing up regulatory measures require the cooperation of all stakeholders - so as to build on “best practices” at both national and EU levels.

The first experiences of Impact Assessments in the financial sector were not very encouraging i.e. the Payments Services Directive and Mortgage Credit. Impact Assessment studies have not achieved the expected results. Nonetheless, additional efforts are made especially by the European Commission to take into account the Better Regulation principles, particularly through the creation of an Impact Assessment Board, which will review Impact Assessments related to each proposal of the Commission or through the creation of Impact Assessment Units in each DG.

In this report, the EBF is submitting to its members, partners and to the EU institutions a standard form divided into four parts. Its aims are to compare all national and EU experiences in Better Regulation by subject matter (simplification/reduction of administrative burden, consultation/ dialogue, Impact

¹ Useless laws weaken necessary ones.

Assessment and Ex-Post Analysis) and to identify gaps and space for further improvements. A unique document enables the EBF to compare more easily each national situation and to exchange experiences and best practices.

The main conclusion of this report is that the process of “Better regulation and impact assessment” is at a crucial stage of development at EU and - national levels; there are still many differences between the various experiences and no perfect model to be copied, but many EU countries and EU institutions are making progress in the use of sound procedures of consultation, evaluation and simplification. The EU countries which are still lagging behind should align themselves as soon as possible with the mainstream. At the EU institutional level, the Parliament and the Council should also increase their use of better regulation tools, especially impact assessment.

Jean-François Pons

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NATIONAL EXPERIENCES

At national level, the practices as regards Better Regulation & IA still diverge greatly. Some countries are much more advanced whereas others do not yet have experience in the area. Generally speaking, positive developments are however taking place.

In this context, the TF has drafted a standard form regrouping national experiences in the area of better regulation and impact assessment. This standard form focuses on the current state of play at national level but also identifies gaps and space for further improvements. This document should support discussions at national level, by exchanging experiences and good practices.

Regarding the reduction of administrative burdens, following the 2007 Spring Council where Member States were invited to commit to pass on benefits of administrative burdens' reduction in transposition and set their own ambitious national targets, most EU countries have started a program to measure and reduce these burdens although not all of them have yet fixed a concrete target.

Better Regulation in Europe². At the same time, the International Institute of Finance (IIF) has published an interesting paper on effective regulation ‘proposal for a strategic dialogue on effective regulation’³ which was discussed by the TF members.

The TF members consider the IIF paper as a most valuable paper the broad lines of which they generally agree with. It gives a broad and strategic vision and proposes guiding principles at international level which are for some of them already applied in the EU legislative process. However, this paper could help develop - in the future a possible EBF position on the principle-based approach. The TF recommends further discussion on this specific issue – based on a concrete case-by case approach - within the EBF Legal Committee.

² See: <http://www.aei-brookings.org/admin/authorpdfs/page.php?id=1326>

³ See: <http://www.iif.com/regulatory/effreg/>

Annex 1

National and EU Experiences

AUSTRIA		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> In April 2006 the Austrian Government introduced a model, strongly relating to the Dutch Standard Cost Model, aimed at reducing the administrative costs for entrepreneurs generated by information and notification duties in legal regulations (administrative burden). This project was revisited by the new government and presented in February 2007 with the final goal of reducing the total amount of administrative burden by 25% by 2010. The expected financial benefit foreseen is approximately €2 billion.</p> <p>In the first basic survey of the Austrian Model which is built of 3 survey strategies conducted during the first half of 2007, personal interviews with entrepreneurs/representatives of companies are undertaken simultaneously, and estimations carried out by external experts regarding the arising administrative burden. Following the basic survey, the reductions to be made will be determined by the individual Ministries. The Ministry of Finance acts as Head of Coordination.</p> <p><u>Implementation and application by banking supervisors</u></p> <p>By the end of 2007 the first concrete action plans to reduce the administrative burden will be compiled. On the basis of the surveys the determined actions and provisions will be implemented and executed from 2008 to 2010.</p>	<p>Government</p>



2. Dialogue - Consultation		
Identified gaps and space for further improvements		
3. Impact Assessment		
Identified gaps and space for further improvements		
4. Ex Post Evaluation		
Identified gaps and space for further improvements		

Belgium		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden⁴</p> <p>Identified gaps & space for further improvements</p>	<p><u>Government implication</u> In 2002, a State Secretary in charge of reducing the administrative burden was appointed in Belgium. His office ('Kafka') takes care of screening and simplifying the regulation in order to reduce the administrative burden.</p> <p>It should be pointed out that Belgium (<u>for the whole of the different sectors</u>) has already made considerable efforts in order to reduce the administrative burden. Belgium (2.8 % of the GDP) comes fifth (out of 25) in the 2005 ranking (EU Council) after the Scandinavian countries, and the UK (1.5%), the EU average being 3.5%. For Belgium, this represents already more or less 25 % reduction of administrative costs as compared to the 2002 situation (3.43%) (source: Kafka).</p> <p><u>Implementation and application by banking supervisors</u></p> <p>However, the projects aimed at reducing the administrative burden suffer from a lack of planning, clear definition, and independent guidance:</p> <ul style="list-style-type: none"> - According to EU Council data, Belgium still has not made an inventory (September 2006 survey) of the administrative costs in the field of taxation and financial markets, and neither has it put forward any plan in this respect. - Importance of definitions and measurement instruments: Kafka focuses its attention on the examples of red tape as far as the contact with the public authorities is concerned. The overall total cost for the sector (implementation, compliance...) is even bigger. Consequently, merely proposing an x % reduction of administrative costs is not enough. <p>Guidance and measurement by an independent supervisory body: The Dutch '<i>Commissie Administratieve lasten</i>' can count on the assistance of a temporary (up to 2009), and independent advisory body (Actal). The</p>	<p>Partners</p> <p>KAFKA</p>

⁴ This analysis covered only the federal level, since the regional level is not competent for financial issues. The achievements as for the impact assessments and the reduction of the administrative burden at the regional (Flemish) level are more outspoken.

<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>same goes for the UK (BRC) and Germany (MKR). Kafka can rely on a consultant (Idea Consult).</p> <p>On March 29th, 2007 a Financial Task Force was created which consists of representatives from the Government (Minister of Finance), the regulator, the central bank, and the financial sector. The Task Force has a triple aim. First, it must make a study of how to create a research centre. This centre will be in charge of centralising and developing the expertise which exists in the various financial institutions and universities.</p> <p>It must also ensure a follow-up of the European regulation. In this way, Belgium should be able to have an immediate response to new regulations as soon as these have been approved, in order to carve out its proper <i>niche</i>, as was the case with the European pension funds. Its third task consists in implementing better regulation.</p> <p>Recent projects (CRD, MiFID <i>etc.</i>) show that the regulator’s approach clearly moves towards the direction of consultation and dialogue, both at the strategic and operational level.</p>	<p>Financial Task Force</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>On January 19th, 2007, the Council of Ministers approved the introduction of an RIA: subsequently an assessment has to be made of the economic, social, and ecological consequences of any draft regulation which has been put on the agenda by the Council of Ministers.</p> <p>The scope of the RIAs is too limited and the content and depth of these analyses depend on the nature of the government measure, the time and means available, <i>etc.</i></p> <ul style="list-style-type: none"> - The obligation for an RIA to be made applies only to draft regulation which is submitted to the Council of Ministers. - On the basis of an analysis, it has been shown that out of all of the regulation proposals made between January 1st, 2006 and September 30th, 2006 only 1.5% had to be subject to an RIA and 28% to a simplified RIA (quick scan). The rest is made up of exceptions for which there is no need to carry out an RIA (e.g. consolidation of existing regulation and implementation of international or European regulation among other things). 	

4. Ex Post Evaluation Identified gaps and space for further improvements	- Consultation will be carried out only in case of a genuine RIA (1.5%).	

Cyprus

Guiding Principles	Instruments, currently applied & experiences so far	Partners
1. Simplification – Reduction of Administrative Burden Identified gaps and space for further improvements	<p><u>Government implication</u></p> <p>The Ministry of Commerce, Industry, and Tourism initiated in 2005 an open consultation with all interested parties in business and financial environment, in Cyprus, with the view to simplifying the legal and regulatory environment and to reducing administrative costs.</p> <p>During this open dialogue the Ministry collected the views of all interested parties, and shall assess the obstacles and dysfunctional aspects of the current legal and regulatory framework, as applied, and /or used by businesses and financial institutions.</p> <p><u>Implementation and application by banking supervisors</u></p> <p>Recently, the Central Bank of Cyprus invited the Association to discuss various issues of better coordination, cooperation, and understanding. Nonetheless, more concrete steps should be taken in order to simplify and reduce administrative costs.</p> <p>Our Association contributed to the Ministry’s request and submitted its relevant views and suggestions, amongst which :</p> <ol style="list-style-type: none"> 1. The implementation of procedures aiming to assess draft legislation in collaboration with the interested parties. The areas to be assessed may be the possible problems or dysfunctional aspects caused by the implementation of legislation and excessive/disproportionate administrative costs. 2. The setting up of a unit of ‘Periodic Independent Evaluation’ of the legislative and regulatory framework. 3. The setting up of mechanisms for the easier access to all legislation and its understanding by the interested parties, such as: <ul style="list-style-type: none"> - The familiarisation of the interested parties with the government Officer for the Promotion of Legislative awareness. Through this posting the interested parties shall be updated promptly in respect of legislative news and shall be guided through the main provisions of the various legislation through training seminars. In addition the interested parties shall be able to report to the Officer in question any irregularities and inefficiency during the implementation of the 	<p>Ministry of Commerce, Industry and Tourism,</p> <p>Association of Cyprus commercial Banks,</p> <p>Industrial Groups,</p> <p>Business Representatives</p>

	<p>different legislation.</p> <ul style="list-style-type: none"> - The creation of a computerised system that will include all the legislation. The interested parties shall be able to access this system without any charge. 	
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>In respect to banking supervision, the level of cooperation between market players and the supervisors has improved during the last years. Very efficient procedures with the Central Bank, the Ministry of Finance, and the Cyprus Securities and Exchange Commission, have taken place, especially with respect to the implementation and adoption of Basel 2, SEPA, Euro, and MiFID.</p>	<p>Association of Cyprus Commercial Banks</p> <p>Central Bank of Cyprus</p> <p>Cyprus Securities and Exchange Commission</p> <p>Ministry of Finance</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>There is no practical experience on impact assessment studies with respect to the adoption of legislative measures.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p>There is no practical experience on <i>ex post</i> evaluation of legislative measures already adopted.</p>	

<p>Identified gaps and space for further improvements</p>	<p>As regards to "regulatory burden", a study was launched by the banking association in July 2005⁵</p> <p>The final outcome of the regulatory guillotine still remains to be seen. The goals and the process were highly ambitious, but even if it results in simplification and abolishing of some of the most controversial regulations it will be considered a success. A gap remains where new regulation came into being after the start of the project, and before a renewed obligation to perform a RIA comes into place.</p>	
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>Currently there is no obligation for formal consultation, nonetheless institutions such as associations, are being consulted formally or informally for most laws and some regulations, before the official draft is made.</p> <p>The new RIA regulation (see point 3) is expected to prescribe a minimum two weeks of public consultation for every new regulation. However, that would be only for the proposed drafts, open to the public. It is expected that stakeholders would be involved in much earlier phases in a more formal way.</p>	
<p>3. Impact Assessment</p> <p>Identified gaps</p>	<p>For the future legislation and regulation, the government has the intention of transforming the "regulatory guillotine" office, after the expiration of its mandate in July 2007, into the Government's RIA Office, which would have a similar role as the Impact Assessment Board within the EC – to approve, control, and certify IA processes carried out within ministries and regulatory bodies. Each ministry and regulatory body should have its own "better regulation" office which would be responsible for commissioning IA studies internally or externally in line with the guidelines of the European Commission.</p> <p>Government plans to issue a decree on that and follow up with a law on impact assessment most likely a year later when the first experiences with the process are obtained.</p> <p>Up to April 2007, only one law proposal was accompanied with an RIA, and the Croatian Banking Association commissioned a full RIA within its Securitization law project, with support from the 'Convergence Project' of the World Bank.</p> <p>So far there is little experience with Croatia, just hope that best practices from EU itself and member countries</p>	<p>Government</p> <p>Banking Association</p>

⁵ See study published on indicators of Regulatory burden on banks in six central European Countries and Croatia - summary on <http://www.hub.hr/DOWNLOAD/2005/08/04/IRO-summary.pdf>

<p>and space for further improvements</p>	<p>will be applied and implemented in the future legislation on RIA.</p>	
<p>4. Ex Post Evaluation</p>	<p>It is expected that new regulation on RIA will have the obligatory <i>Ex Post</i> evaluation to compare the obtained effects of the regulation with the expectations and analysis in RIA. The current view is that it would not be a fixed period for all regulation, but determined on a case <i>per</i> case basis. However, the <i>ex post</i> evaluation period should be a part of the initial RIA, and the ministries and other regulatory bodies would be responsible in acting according to those defined periods, and in performing evaluations.</p>	
<p>Identified gaps and space for further improvements</p>	<p>A possible gap in the process might appear at the time of enforcing the <i>ex post</i> evaluation. To avoid this it should become part of the mandate of the Government's RIA office.</p>	

Czech Republic

Guiding Principles

1. Simplification – Reduction of Administrative Burden

Identified gaps
and space for
further
improvements

Instruments, currently applied & experiences so far

Government implication

The Czech Government approved by its resolution No. 420 of April 2005 the draft methodology of Regulatory Impact Assessment (RIA) in the frame of Better Regulation Project. The main purpose of RIA was described as seeking quality increase of the documents presented to the government for approval.

According to this material the intention is following:

- to test RIA in pilot projects – e.g. Ecological tax reform proposal
- since 2007 the obligation exists to test impact of all presented law proposals submitted to the government
- widening of this obligation to decrees since 2009

Implementation and application by banking supervisors

EU legislative activity in the financial sector has its results in dramatically increased volume of national regulation and quantity of reporting requirements. It concerns, for example, the issues of: Basel II, MiFID, IFRS, Distance Marketing Directive, Consumer Credit Directive, and many other directives or green papers produced by the Commission. On the other hand thanks to the integration of financial market regulators into the Czech National Bank since April 2006 the requirements for reporting are expected to decrease.

Partners

Government

Ministries

Regional governments

Ministry of Finance

Czech National Bank

<p>2. Dialogue - Consultation</p>	<p>The dialogue between banks and the supervisor – Czech National Bank is on very good level. It could be documented by the joint project Basel II, started in 2002 within the Czech Banking Association, among banks and the CNB. In the framework of this project, the proposals of the new capital concept, its implementation into the Czech conditions, and the legislation and progress of preparation for Basel II in banks, were discussed and made ready for smooth implementation.</p>	<p>CNB as supervisor Ministry of Finance Banks Czech Banking Association</p>
<p>Identified gaps and space for further improvements</p>	<p>There is not sufficient discussion with legislators. The primary legislation for banking (Act on Banks) originally prepared by the CNB was moved to the Ministry of Finance during the integration of the financial market supervision. There is lack of experience and understanding of banking business in the ministry.</p>	
<p>3. Impact Assessment</p>	<p>The legal assessment has not always covered all legislative processes. In the field of regulation the situation is better (CNB and some banks took part in the impact studies for Basel II – QIS 3 and QIS 4), but there is still space for improvement.</p>	
<p>Identified gaps and space for further improvements</p>	<p><i>Ex post</i> evaluation is very seldom done.</p>	
<p>4. Ex Post Evaluation</p>		
<p>Identified gaps and space for further improvements</p>		

Denmark

Guiding Principles

1. Simplification – Reduction of Administrative Burden

Instruments, currently applied & experiences so far

Partners

Government implication

In 2002-03 the Danish Commerce and Companies' Agency and its counterparts in four other EU Member states undertook a survey of the administrative burdens placed on business by their Member State's implementation of European legislation. This report contains the main findings of the survey which is based upon interviews with nearly 1000 European businesses.

The Danish government has initiated a programme for systematic simplification, taking as the starting point, measurements of the administrative burden on businesses. As such, measurements conducted with the Standard Cost Model provide detailed information on the administrative consequences of regulation and thus give inspiration as to what could be simplified.

The Danish government has set as its goal to reduce the administrative burden on business by up to 25% in 2010 – regardless of whether the burdens come from national or international burdens.

Implementation and application by banking supervisors

According to the Danish Bankers Association the objectives of the "Better regulation" issue have not been achieved. Unfortunately, some of the most important proposals contained in the report on the Reduction of Administrative Burdens in the Financial Sector have not been implemented owing to political reasons. Focus in the report has not only been on reduction of existing burdens. The report emphasises the importance of not introducing new administrative burdens or rapid changes of existing legislation. The latter refers to the implication of IT development.

Identified gaps and space for further improvements

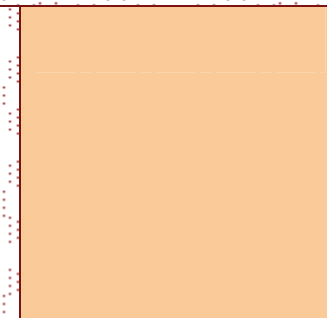


<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>In Denmark, consultation is handled by the ministries in charge, when preparing new legislation. Companies and citizens usually respond to these consultations through the appropriate organisation e.g. industry organisations, consumer organisation, <i>etc.</i></p> <p>Furthermore, the Danish Commerce and Companies’ Agency’s Division for Better Business Regulation (DBBR) is responsible for analysing the administrative burdens on business. When proposals for new regulation are circulated, the DBBR conducts an initial screening of the expected consequences and on this basis decides whether to analyse the proposals further.</p> <p>In cases where substantial burdens are expected, the DBBR conducts an <i>ex ante</i> measurement of the burden on business, based on the Standard Cost Model (SCM). The analysis allows for an in depth insight into the expected administrative burdens and includes a systematic involvement of businesses.</p>	
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>Impact assessments are mandatory for all legislative proposals in Denmark. The line ministries are responsible for conducting the assessments on the basis of a common schedule and guidelines issued by the Ministry of Finance’s Division for Better Regulation.</p> <p>Furthermore, the Danish Commerce and Companies’ Agency’s Division for Better Business Regulation (DBBR) is responsible for analysing the administrative burdens on business. When proposals for new regulation are circulated, the DBBR conducts an initial screening of the expected consequences and on this basis decides whether to analyse the proposals further.</p> <p>In cases where substantial burdens are expected, the DBBR conducts an <i>ex ante</i> measurement of the burden on business, based on the Standard Cost Model (SCM). The analysis allows for an in depth insight into the expected administrative burdens and includes a systematic involvement of businesses.</p>	

4. Ex Post Evaluation

Identified gaps and space for further improvements

In February 2007 a Danish evaluation of the Commission's Impact Assessments was published. The impact assessments have been analysed in relation to main aspects of the Commission Guidelines - with a specific view on criteria mentioned in the Guidelines regarding policy options and quantification of impacts.



Finland		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p><u>Government implication</u> The Finnish government launched a Better Regulation Programme in August 2006. The Programme advocates a total of 11 regulatory principles. The first seven of these principles have as their main thrust the improvement of welfare and competitiveness by way of legislation. The last four principles take a closer look at how legislation should be framed so as to promote the proper conditions for economic growth and for business competitiveness.</p> <p>In addition the Programme contains a set of seven Recommendations. The objective of the Recommendations is to improve the clarity and comprehensibility of the legislative environment by means of legislative policy measures, by emphasising the evaluation of alternatives to regulation, and the production of impact assessments, and by measures of legislative maintenance.</p> <p><u>Implementation and application by banking supervisors</u> The set of regulations of the Finnish Financial Services Authority is currently being reformed. The aim of the reform is to promote a regulatory framework based on flexibility and accountability. The Authority promotes regulation based on regulatory principles rather than detailed rules. The binding regulations are complemented with procedural and application guidelines.</p>	
<p>Identified gaps and space for further improvements</p>		

<p>2. Dialogue - Consultation</p>	<p>In connection with above described Better Regulation Programme, the government has been in active dialogue with industry. The project has been submitted to the Government on the initiative of industry.</p> <p>During the last few years the level of consultation has considerably improved with the legislator in general and especially with the Finnish Financial Services Authority.</p>	
<p>Identified gaps and space for further improvements</p>	<p>The impact assessment is a crucial part of the above mentioned Better Regulation Programme.</p> <p>In practice, and in certain cases, there may still appear significant shortcomings in the quality of the impact assessments.</p>	
<p>3. Impact Assessment</p>		
<p>Identified gaps and space for further improvements</p>	<p>4. Ex Post Evaluation</p>	<p>Identified gaps and space for further improvements</p>

France		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps & space for further improvements</p>	<p><u>Government implication</u></p> <p><u>Implementation and application by banking supervisors</u></p> <p>No French banking authority has engaged any reflexion on better regulation in France to date.</p>	
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>The Financial Markets Authority (AMF) engaged from May to September 2006 in a public consultation on Better Regulation, The AMF engaged another consultation on risks and evolution of financial and saving markets.</p> <p>All professional associations involved gave an answer, revealing three ways of improvement: First, systematic use of economic impact assessment, so as to determine whether the proposed piece of legislation is necessary regarding the potential benefits and costs it would generate. Second, systematic use of consultation of professional experts. Finally, abandonment of rule or use of, corresponding to over-regulation compared to any European piece of legislation aimed at harmonization.</p>	AMF
<p>3. Impact Assessment</p> <p>Identified gaps and space for</p>	<p>MIFID should now provide the occasion, through the current transposition, to experiment with Better Regulation.</p>	



further improvements		
4. Ex Post Evaluation Identified gaps and space for further improvements		

Germany

Guiding Principles

- 1. Simplification –
Reduction of
Administrative
Burden**

**Identified gaps
and space for
further
improvements**

Instruments, currently applied & experiences so far

Government implication

The federal government has recently (2006) initiated a programme for the reduction of administrative costs (reduction of bureaucracy-programme) which includes, *inter alia* the following elements:

- Enactment of a legal framework requiring federal institutions to measure administrative burdens in accordance with the international standard cost model;
- Establishment of an independent “Council for Impact Assessment” (modeled on the ACTAL in the Netherlands);
- Definition of a definitive target (reduction of administrative costs by 25% until 2011);
- Enactment of a first law amending/deleting a number of specific burdensome regulations (a second law with the same objective has already been drafted).

Implementation and application by banking supervisors

The German Banking Supervisor is contemplating a review of existing regulations, and the deletion of redundant (a first set of regulations deemed redundant has already been deleted, however, in practice some of these deleted regulations continue to be applied as unwritten rules).

Regulations of the Banking Supervisor are also included in the above mentioned federal reduction of bureaucracy-programme.

German Banking Sector recently published results of a study (December 2006) commissioned by the German Banking sector measuring the impact of administrative requirements for banks following on from a number of selected bureaucratic obligations (exemplary case studies). Costs were measured in accordance with the international standard cost model. The study revealed an administrative burden on banks exceeding 3 billion EUR annually (with +775 million caused by anti-money laundering requirements and + 625 million by tax-law requirements alone).

Currently, the discussion focuses on reducing existing burdens. This must, however, not divert the attention from the equally if not even more important issue of the prevention of new bureaucracy. In this connection further steps should be considered to strengthen better regulation mechanisms in this area (e.g. obligation to take generally into account the proposals of the Council for Impact Assessment, respectively, requirement to explain rejection or deviations from these proposals; adoption of the “one-in, one-out” principle).

Partners

- Government**
- Banking Supervisor**
- Independent council**
- Banking industry**



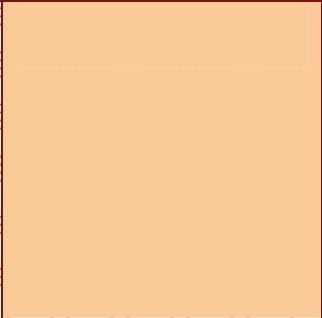
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>In connection with above described reduction of the bureaucracy-programme, the government has entered into active dialogue with industry.</p> <p>Dialogue needs to be extended from federal to federal states' level.</p>	<p>Government Industry</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>See above, item 1.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p>See above, item 1.</p>	

Greece		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
1. Simplification – Reduction of Administrative Burden Identified gaps and space for further improvements	<p><u>Government implication</u> No Greek government or banking competent Authority has engaged any reflection on the need for simplification and the reduction of administrative burden or the way to address it.</p> <p><u>Implementation and application by banking supervisors</u> Recently, the creation of a coordination committee between the supervisory authorities of the financial sector has been announced. However, concrete steps should be taken in order to engage in Better Regulation.</p>	
2. Dialogue - Consultation Identified gaps and space for further improvements	<p>The level of consultation has been considerably improved during the last years. Very efficient procedures of consultation with the Bank of Greece (supervisory authority of Greek banks) and the Hellenic Capital Market Commission (supervisory authority of capital markets) have taken place, especially with respect to the implementation of Basel II and MiFID.</p> <p>Need for improvement especially with regard to the time frame and transparency of consultations. Lack of evaluation procedure of the feedback provided by stakeholders during the consultations.</p>	HBA Other stakeholders of the financial sector
3. Impact Assessment Identified gaps and space for further improvements	<p>There is no practical experience on impact assessment studies with respect to the adoption of legislative measures.</p>	

4. Ex Post Evaluation

Identified gaps and space for further improvements

There is no practical experience on *ex post* evaluation of legislative measures, which have been adopted.



Hungary		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
1. Simplification – Reduction of Administrative Burden	<p><u>Government implication</u></p> <p>This year the Hungarian government launched a new deregulation programme to reduce administrative burdens of citizens and businesses and called upon the ministries, the Supreme Court, Public Prosecutors' Office, and other governmental offices to give suggestions on deregulation.</p> <p>In June 2007 the Hungarian Parliament accepted the Act on Deregulation: repealing of certain laws and legislative provision. The Act completely reviewed the whole Hungarian existing legislation and repealed a great number of Acts from the period before 1989. Also in June 2007, the Parliament accepted the Act on the modification of Act V of 2006, on Public Company Information, Company Registration, and Winding-up Proceedings. The Modification facilitated the foundation and registration of companies and provided full public access to information from registers (directly or <i>via</i> electronic means). These amendments reduced the administrative and financial burdens of small-medium enterprises.</p> <p>According to the Act XC of 2005 on Electronic Information-Freedom, the ministries shall publicise the proposals of bills, and legal regulations on their website.</p> <p>There is regular contact between the regulators and professional associates, nonetheless the legislative proposals are presented at an advanced stage, when the stakeholders are invited to give opinions, comments. There is very rare practical experience on impact assessment, cost-benefit analysis.</p> <p><u>Implementation and application by banking supervisors</u></p>	
Identified gaps and space for further improvements		

<p>2. Dialogue - Consultation</p>	<p>Dialogue has been established with regulators and supervisors. In the course of legal procedure for preparation of regulation, public consultation with concerned sectors is compulsory.</p>	
<p>Identified gaps and space for further improvements</p>	<p>It is expected that stakeholders and professional associates would be involved in the early phase of making drafts, but they are only involved in an official way by the ministries, or other official bodies. In the recent law projects concerning Basel II and MIFID problems were caused because the number and volume of regulations are tremendous. Regarding banking supervision, the cooperation between market players and the Hungarian Financial Supervisory Authority became more efficient. Highly efficient procedures were adopted by the Ministry of Finance, Ministry of Justice and the Central Bank.</p>	
<p>3. Impact Assessment</p>	<p>The Hungarian Banking Association took part in the making of impact studies for Basel II. In other issues we have no practical experience on impact assessment.</p>	
<p>Identified gaps and space for further improvements</p>	<p>There is no practical experience</p>	
<p>4. Ex Post Evaluation</p>	<p>There is no practical experience</p>	
<p>Identified gaps and space for further improvements</p>	<p>There is no practical experience</p>	

Iceland		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> The Icelandic government approved in October 2006 an action plan called "A simplified Iceland" for the years 2006 to 2009. The objective is to simplify and improve official administration, for the benefit of the economy and public.</p> <p><u>Implementation and application by banking supervisors</u></p>	
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>Co-operation is to be sought with the Parliament office to draft guidelines on writing government bills. The Minister of Justice is also supposed to issue guidelines on the drafting of regulations. By September 1st, 2007, each ministry shall issue a 2-year plan on simplification and co-ordination in legislation in their respective areas.</p> <p>In April 2007, the Prime Minister’s Office issued guidelines on how to simplify rules and regulations. There were several methods highlighted on how to decrease burden of regulation, i.e. by reconstructing regulations and issue fewer regulations in the future, by issuing more direct regulations, by making implementation less burdensome, by using information in a more efficient way, by restructuring and consolidating official services, public administration and supervisory organisations, by using the opportunities of IT, and have open access to applicable laws and regulations.</p>	
<p>3. Impact Assessment</p>	<p>From the beginning of 2007, a checklist is to be used regarding the drafting of government bills, to stress specific key points regarding consultation, impact assessment <i>etc.</i></p>	



Identified gaps and space for further improvements		
4. Ex Post Evaluation		
Identified gaps and space for further improvements		

Ireland		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u></p> <p>Ireland was among the first countries to implement a better regulation policy. An Action programme of Regulatory Reform (“Reducing Red Tape”) was launched in Ireland in 1999.</p> <p>The 2001 "OECD Review" estimated however that while good progress had been made, there was still a lot to do. In particular, the administrative capacity for better regulation needed to be upgraded, and reforms and competition had to be accelerated in key areas. The Report of the Business Regulation Forum to be published shortly will propose a plan for reduction of administrative burdens.</p> <p>A high level group was therefore established to develop a response to OECD recommendations. The ‘Regulating better’ White Paper was published in 2004. It draws six principles for better regulation and an action plan:⁶</p> <ul style="list-style-type: none"> • Transparency; • Consistency; • Necessity • Accountability • Proportionality • Effectiveness <p>The report of the Business Regulation Forum (BRF) has just been published and accepted by the Government. The report commits Government to a programme of burden reductions and a number of initial workshops have been held to kick off the process.</p> <p><u>Implementation and application by banking supervisors</u></p>	<p>Government Business Regulation Forum</p>

⁶ See: http://www.betterregulation.ie/attached_files/upload/static/RegulatingBetterGovernmentWhitePaper.pdf

<p>2. Dialogue - Consultation</p>	<p>The regulator is more involved in regular pre-consultations. In the regulators’ Strategic Plan for 2007 – 2009, it has stated as one of its 5 high level goals: “to facilitate through its regulatory approach, innovation and competitiveness”.</p>	<p>Financial Regulator</p>
<p>Identified gaps and space for further improvements</p>		
<p>3. Impact Assessment</p>	<p>RIA applies by law only to primary legislation (and not to secondary legislation which generally affects more). The regulator has committed itself in its 2007 –2009 strategy to conducting RIA, where relevant, and to publish findings; and has, in principle, committed itself to applying RIA to secondary legislation and undertaken some “light touch” RIA’s.</p>	<p>Government Departments Financial Regulator</p>
<p>Identified gaps and space for further improvements</p>	<p>The regulator is not obliged to undertake impact studies. It has yet to present its considered approach and plan for RIA. The banking sector needs to build RIA skills and support the idea of an independent review of RIA.⁷ It has signaled that its approach to IA will be heavily informed by the approach being developed by the three Level 3 Committees at EU level.</p>	
<p>4. Ex Post Evaluation</p>	<p>The Government plans to establish a Financial Law Advisory Forum to support a programme of consolidation and modernisation of all financial services legislation. The process calls for the <i>ex post</i> application of RIA.</p>	<p>Department of Finance</p>
<p>Identified gaps and space for further improvements</p>		

⁷ For further information, see: <http://www.betterregulation.ie>



Italy		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p style="text-align: center;">Identified gaps and space for further improvements</p>	<p><u>Government implication</u> Italy has a longstanding tradition in the field of simplification of the public administration. Recently, the Italian Government committed itself to the implementation of the EU Action Plan on simplification of Administrative Burdens, thereby transporting into Italy the target of their reduction by 25% by 2012. The Government has recently presented its own Action Plan, in which it envisages a number of actions aimed at reducing administrative burdens, and requesting stakeholders’ input. The Action Plan will apply to burdens affecting businesses, and be applicable at all levels. This means that simplification will have a 360° range to span from State level to Regional to the municipalities. The Action Plan will be brought forward by an <i>ad hoc</i> Group, composed of representatives of several business associations, as well as of the mentioned local entities, the Chair of which is the Ministry of the Regions, on delegation from the Prime Minister.</p> <p><u>Implementation and application by banking supervisors.</u></p> <p>The Action Plan should include financial services (in accordance with the EU Action Plan which it referred to). However, the actions proposed do not concern the banking sector and therefore do not promise to bring about a significant burden reduction to banks. To what extent this initiative will bring benefits to the sector remains to be seen: ABI is one of the participants to the Group chaired by the Ministry for the Regions and will try to act in that context. The other significant omission that affects the success of the Plan for financial services is the exclusion of secondary legislation, which includes regulations by the Bank of Italy and other independent authorities competent for financial services, thereby removing from the umbrella of simplification all prudential legislation, which includes most of the compliance burdens affecting the banking sector.</p>	<p>Government</p>

<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>An obligation to consult stakeholders formally has only been provided at secondary legislation level, specifically for financial services: Law 262/2005 ("Savings Law") includes a provision, according to which independent regulatory bodies competent for the supervision of banking and financial services are required to carry out consultations, involving all relevant stakeholders, before implementing new regulations; and to ground the relevant proposal on economic analysis. Their decisions should be motivated and the grounds of motivations clearly expressed.</p> <p>Consultation at Government level is not systematic. At times, the industry has been consulted by certain Ministries, particularly when the Commission has specifically requested national Governments to acquire the stakeholders' position and to send it to the Commission itself. The Italian Parliament does not consult in a structured manner, even though it receives input from stakeholders in the course of hearings. Government legislation is more problematic, since the Italian Constitution provides the Government with the power to adopt legislation on the basis of urgency, such legislation may or may not be translated into law 60 days after its publication. The most recent and outstanding examples of such legislation concerning financial services, were the Bersani Decrees, according to which both closing fees on current accounts and early repayment fees on mortgage credit were prohibited, without any chance of the banking industry being heard on alternative ways to proceed in this area.</p> <p>Even at regulatory level, consultation in the manner prescribed by the above-mentioned legislation has brought novel elements, and obliges the relevant authorities to be systematic when issuing new regulations. It is probably too early to make a reliable assessment as to the authorities' compliance with the Savings Law. It is worth noting that, at Government level, a new regulation is being discussed under which a re-organisation of national regulatory authorities may be carried out: this legislation provides for the extension of Art. 23 of the Savings Law to all such authorities with the only exception of the competition authority (which does not prescribe rules).</p>	<p>Independent Regulatory Bodies</p> <p>Stakeholders</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>The above-mentioned Savings Law provides for the adoption of economic analysis (it does not refer to the cost/benefit paradigm) only for regulatory authorities operating in the field of financial services. It has been suggested that such an obligation may be extended to the other national regulatory authorities. There is no plan, however, to enable primary legislation bodies to carry out impact assessments <i>vis-à-vis</i> new legislative proposals. This is clearly not in line with the EU Strategy on Better Regulation. The difficulty at national level is that the State is not prepared to bear the burden deriving from implementing the EU recommendations on Better Regulation and, indeed, even at the regulatory authority level, they have expressed concern as to their ability to perform the obligation provided in the Savings Law, owing to lack of means, expertise, and resources. ABI has developed a costs' methodology for internal purposes (i.e. in order to assess the role played by ABI) to estimate the costs/benefits of each new proposed regulations. The model was built on a</p>	<p>Independent Regulatory Bodies</p> <p>ABI</p>



	<p>sample of 4/5 banks and has now extended to +/- 30. A specific department is dedicated to this activity. Banks collaborate by providing data and also by validating the methodology used. This model is apt to be used to conduct sectoral impact assessment to support ABI's lobbying action.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p>Not all pieces of legislation include a review clause. For those who do (Legislative Decrees), legislation is subject to period review. Recent examples of this sort are the new Bankruptcy Law as well as the Savings Law. However, the amendments are not based on <i>ex-post</i> economic evaluation. No specific commitment has been taken at State level to subject legislation to <i>ex-post</i> evaluation, at the end of a period of time during which its continuing validity based on economic evidence is ascertained.</p>	

Latvia		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p><u>Government implication</u></p> <p>The public administration reform is implemented in Latvia. Implementation of the strategy and the plan is supervised by the Public Administration Reform Council, which is a consultative body consisting of representatives of non-governmental organizations, business industries, universities, courts, local governments, the parliament, and public administration institutions. One of the issues covered by this reform is improvement of the quality of public services: reduction of administrative obstacles, development, and implementation of quality management systems.</p> <p>Introduction of quality systems in public administration was started in 1999 and the Cabinet on 4 December 2001 approved Regulations N°.501: “Regulations on Implementation of the Quality Management System in Public Administration Institutions”. On 11th December 2001 the Cabinet adopted Recommendations N°.1: “On Implementation of the Quality Management System in Public Administration Institutions”. These acts are based on requirements under the standard ISO 9001:2000 or Latvia’s national standard LVS EN ISO 9001.</p> <p>According to the survey performed by the State Chancellery, 42.5% of direct public administration institutions are implementing quality management, and 65.9% are planning to implement the system. More than a half of respondents implement the quality management system in line with the above-mentioned Cabinet Regulations, ISO standard, or by aligning these requirements according to institution’s needs. 11.8% use the TQM (<i>Total Quality Management</i>), 4.4% - CAF (<i>Common Assessment Framework</i>), or other quality management instruments.</p> <p>In 2000, Latvia started the development and implementation of a uniform policy planning and coordination system. "Policy Planning Guidelines", which prescribes the basic principles for the policy development, types of policy planning documents, and their hierarchy, was a basis for adoption of Cabinet Regulations N°.111 "Rules of Procedure of the Cabinet of Ministers" of 12th March 2002.</p> <p>All policy planning documents have distinct common requirements with regard to their contents: analysis of the current situation; main, existing, and potential problems; possible alternative solutions, and impact assessment, as well as assessment of the decision’s impact on the state budget, policy outcome, and output expected; correlation with other policy planning documents, or legal acts; reporting, and control procedures.</p>	<p>Government</p> <p>FCMC</p> <p>CBAL</p> <p>Other stakeholders</p>

Since restoration of Latvia's independence all policy planning documents adopted by the Cabinet have been collected in the "Database of Policy Planning Documents".

There have been initiatives to create a specific system for decreasing the administrative burden, however with no results to date.

Implementation and application by banking supervisors

The Financial and Capital Market Commission (FCMC) has introduced a system, and once a year they review necessity of specific reports for the industry. The number of reports has been reduced to minimum requirements, which generally reflect demands from ECB and EU directives adding few specific local requirements. For licensing purposes, FCMC does not demand any information, which is possible to get from public registers or foreign authorities, thus financial institutions should apply only limited information when opening new business or extending existing business lines.

The adoption of quality systems does not always reflect decrease of administrative costs for industry. There are a number of legal acts and initiatives, which cover exchange of information *via* electronic means, however in practice the system does not work well, thus creating unnecessary costs for banks. An improved monitoring system should be introduced, in order that latest technology systems be introduced at a much faster pace, and accordingly budgeted. A new system which analyses costs to the industry and its impact on competitiveness should be introduced at Government level.

**Identified gaps
and space for
further
improvements**

<p>2. Dialogue - Consultation</p>	<p>Cabinet Ministers’ committee meetings consider draft policy documents, as well as draft legislative acts for which no agreement was reached at the State Secretaries’ meeting, and which are not coordinated among institutions. It is required to involve all the relevant stakeholders in the process of consideration of policy planning documents by the Committee. Thus the Commercial Bank Association of Latvia (CBAL) has a possibility of having an impact on draft legislative acts and minimising the administrative burden to industry.</p>	<p>Government FCMC CBAL Other stakeholders</p>
<p>Identified gaps and space for further improvements</p>	<p>The FCMC constructively co-operates with professional associations of market participants in promoting initiatives important for the development of financial markets and in resolving problematic issues.</p>	
	<p>The dialogue in process between the Government and FCMC is generally good and no big gaps should be mentioned for further communication improvements.</p>	
<p>3. Impact Assessment</p>	<p>When forming the policy planning and coordination system, a special focus was placed on development and implementation of policy impact assessment procedures. An integral part of the process was the introduction of the annotation mechanism prescribing an annotation be attached to every draft legal act in order to provide a summary on the necessity of the draft legal act, its impact on the current situation and on the state budget, conformity with regulatory document of the EU, and opinion of the non-governmental sector. By introducing new regulations, FCMC analyses costs and benefits for the industry, thus avoiding an additional load to industry. The monitoring process is made on an annual basis.</p>	<p>Government FCMC</p>
<p>Identified gaps and space for further improvements</p>	<p>CBAL’s opinion is not always considered, which increase administrative costs for implementing different legislative acts.</p>	
<p>4. Ex Post Evaluation</p>		

**Identified gaps
and space for
further
improvements**

The monitoring process of legislative impact should be enhanced and organised more efficiently in order to adapt rapidly to the new business needs.



Liechtenstein		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u></p> <p>According to the developments in Ireland, UK, Netherlands, and Switzerland, the LBA initiated the work on better regulation in 2006 and proposed to the Government to establish a better regulation joint task force (JTF) to work out:</p> <p>1) a better regulation policy containing a legislation guideline and considering the following basic principles:</p> <ul style="list-style-type: none"> — Transparency — Necessity — Consistency — Efficiency / cost benefit analysis — SWOT analysis — Involvement of the industry at the earliest possible stage in the consultation process — Coordination and planning of legislative projects — Simplification of legislation and administrative burdens; as well as <p>2) an implementation action plan.</p> <p>The proposal was welcomed by the government. First discussions between the industry and the government took place at the end of 2006. In April 2007 the Government established the proposed JTF.</p> <p><u>Implementation and application by banking supervisors.</u></p> <p>The Liechtenstein Financial Market (FMA) authority supports the proposal of the LBA.</p>	<p>Government</p> <p>LBA</p>

<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>A substantial improvement of the consultation process was reached last year. Although this process has not yet been standardised. Defining and standardising of the consultation process will be one of the main subjects of the JTF on better regulation.</p>	<p>FMA Government LBA Other stakeholders of the financial sector</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>No impact assessment has been made yet.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>		

Lithuania		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> Government has renewed the activities of the Sunset Commission to minimise bureaucracy within state institutions in late December 2006. The regular Commission on the Improvement of the Public Administration System that has been formed, aims to simplify administrative procedures, in close co-operation with different authorities and public organisations. The main areas of the Commission’s activities are:</p> <p><i>Sunset of Redundant Procedures</i></p> <p>Having determined what services require the largest amount of additional information, certificates and other documents are to be submitted by the residents, the aim being to simplify the provision of services;</p> <p><i>Sunset of the Duplication of Functions</i></p> <p>The Sunset Commission analyses and evaluates the distribution of public authorities’ functions in order to avoid the duplication of functions. It also conducts an analysis of the necessity of public authorities’ functions and implemented programmes with the aim of achieving an effective use of the state’s financial and human resources;</p> <p><i>Evaluation of the Maximum Permissible Number of Posts in the Civil Service</i></p> <p>To ensure the effective use of the human and financial resources allocated for public administration, the Sunset Commission performs an evaluation of vacancies within public authorities, and analyses their necessity, purpose, and justification. On the basis of this, proposals are presented to the Government of the Republic of Lithuania.</p>	

<u>Implementation and application by banking supervisors</u>		
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>There is no practical experience on impact assessment studies regarding financial services.</p>	
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>There is no practical experience on <i>ex post</i> evaluation regarding financial services legislation.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>		

Luxembourg

Guiding Principles

1. Simplification –
Reduction of
Administrative
Burden

Instruments, currently applied & experiences so far

Government implication

The subject of reduction and simplification of administrative burden was a priority point of the governmental programme, 4 August 2004. Administrative formalities were qualified as “slowing down the output and the spirit of initiative of the enterprises”. In this programme, the government laid down the objective to optimise the administrative environment in order to improve the competitiveness of the enterprises and of the economy in general.

In December 2004, the government set up a National Committee for Administrative Simplification in favour of enterprises (CNSAE), in which banks took part. This committee meets monthly and gathers the representatives of the administrations and the enterprises.

In a first phase, the CNSAE :

- a) analysed and determined the current and the most important administrative loads supported by enterprises;
- b) presented the current state of the situation to the concerned administrations;
- c) established an action plan to reduce these administrative loads.

In a second phase, the CNSAE:

- a) proposed a system and a methodology of analysis of the future legal texts including administrative loads fo enterprises;
- b) carried out a mapping of the mechanisms of administrative communication;
- c) proposed a model of a structure of permanent analysis of administrative simplification in favour of enterprises.

On 12th April 2007, the Government presented the first report (“Entfesselungsplang fir Betriber”) on the basis of the contributions and recommendations made by the representatives of the enterprises, taking part in the various working groups and in the CNSAE. It was stated that this report is in agreement with the efforts of the European Commission to lead to a reduction of the administrative loads weighing on businesses, in particular the initiative “to legislate better”.

The Minister stated “that the preliminary measurements ... and the instruments ... were “essential for a considerable and durable simplification.”

Partners

Government through the Minister for the Middle Class, Tourism and Housing and the Minister for the Economy and Foreign Trade

Steering committee : National Committee for administrative simplification in favor of companies **CNSAE** (*Comité national pour la simplification administrative en faveur des entreprises*),

Many Working Groups are established under the coordination of the CNSAE :

Enterprises, European Union, Statistics, Public Markets, Food, Environment, Taxation, Safety & Health at work, Social Security and Transport.

The main part of the report is dedicated to the action plan, including the four following axes:

- * organization of administrative simplification;
- * preconditions as regards administrative simplification;
- * principles supporting administrative simplification;
- * other instruments and actions of administrative simplification

The various actions are indexed according to their progress report:

- * actions already carried out;
- * actions to realise or;
- * in the process of realization.

Thus, of the 76 actions indexed in the action plan, 34 were carried out, 13 are in the process of realisation and 29 actions remain to be realised.

As regards organisation, the government confirmed that the working groups would have to submit specific proposals with a view to resolving the problems mentioned by the CNSAE. The government moreover retained the need for imposing on the working groups constraining deadlines for the realisation of this work.

With regard to the preconditions necessary to simplification, the government also confirmed the importance of “the single administrative identifier” (“identifiant unique”) for natural and legal persons. This single identifier will allow the administrations to exchange and transfer the data of natural and legal persons; in respect of the laws of the data protection legislation.

Implementation and application by banking supervisors

Banks are represented, through the ABBL (*Association des Banques et Banquiers Luxembourg*), in the CNSAE and in certain Working Groups: “Enterprises” and “European Union”. The banking supervisory authority is not represented.

Banks, as such, are not directly concerned by the work of the CNSAE.

**Identified gaps
and space for
further
improvements**

<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>The Government has consulted with the CNSAE through the different working groups under its coordination.</p>	<p>Government CNSAE</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>Among the instruments developed in order to lead to administrative simplification, there is the “card of evaluation of impact” which, henceforth, must be filled in for all new legislative text addressed to the Council of government. This card aims at evaluating, as a preliminary, the impact of the legislative text on the administrative loads of the concerned enterprises.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>		

Malta		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p><u>Government implication</u> A Better Regulation Unit was set up in early 2006 at the Management Efficiency Unit within the Office of the Prime Minister. The main focus of this Unit is that of reducing bureaucracy, redundant legislation, and any burdens, financial or administrative costs imposed on businesses and citizens.</p> <p><u>Implementation and application by banking supervisors</u> In July 2005, the Malta Financial Services Authority (the single Regulator for all licensed financial services operations in Malta) sought feedback from the industry on “Regulatory Overkill”. The scope of this exercise was to endeavour to eliminate all unnecessary bureaucracy and to streamline licensing, supervisory, and reporting requirements as far as possible.</p> <p>The Malta Bankers’ Association duly submitted its comments, some of which have been addressed.</p> <p>We were recently given to understand that this initiative will be followed up by another similar exercise later this year.</p>	<p>Government</p> <p>Social Partners</p> <p>MFSA</p> <p>Financial Services Industry</p>
<p>Identified gaps and space for further improvements</p>		



<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>All sectors of the financial services’ industry are represented on the Financial Services Consultation Council (FSCC). The principal objective of the FSCC is to act as a forum for debate and to advise the Malta Financial Services’ Authority, when requested, on specific policies before these are approved and implemented by the Regulator.</p> <p>Draft primary and secondary legislation which is of relevance to the financial services’ industry is channeled through the FSCC for consultation purposes.</p> <p>The FSCC also debates policies which members would like to see introduced or modified.</p>	<p>MFSA</p> <p>FSCC</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>To our knowledge, no impact assessment studies have been conducted concerning legislative measures adopted in relation to financial services’ business.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>		

Norway		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p>The Norwegian Government has on several occasions stated intentions and launched initiatives to simplify regulation and ease the burden on the industry and on the consumers. These initiatives have in most cases been endorsed by the Parliament, and been welcomed both by both Industry and Consumer organisations.</p> <p>The Norwegian Government have submitted some general principles for simplification:</p> <p>“Most Norwegian industrial businesses are small. Rules, reporting systems, and other administrative services must be designed to be <i>suitable for small business enterprises</i>. This will also result in simple arrangements for large enterprises”.</p> <p>Principles for rules</p> <ul style="list-style-type: none"> • We must have rules where the costs to business and industry can be defended on the basis of the social benefits; • The rules shall, at all times, be up to date and shall express genuine needs; • The rules must be formulated to enable business and industry to conform, both individually, and collectively. <p>Principles for reducing reporting burdens for business and industry</p> <ul style="list-style-type: none"> • The public authorities shall never ask for more information than is actually used; • Business enterprises shall never need to provide the same information more than once; • The public authorities shall provide the simplest possible method of reporting; • There shall be reasonable correspondence between the value of the reporting to the public authorities and the burden imposed on business enterprises. <p>Within the public sector, we shall make efforts to ensure</p> <ul style="list-style-type: none"> • that business and industry experience of the public administration is as orderly and unbureaucratic, and that public services constitute an international competitive advantage; • the best possible interaction between the public sector, business, and industry <p>Principles for user orientation</p> <ul style="list-style-type: none"> • The public administration must know who the users are, and involve those who are particularly affected as early as possible in the process 	<p>Government, Parliament, Industry associations, Consumer organizations and others</p>



Identified gaps and space for further improvements

- Users must be listened to in matters that have consequences for them.”

We believe that the initiatives have had some positive impact on the legal development in Norway. There has not been, however, to our knowledge, any follow-up in the form of evaluation studies. It is thus rather hard to establish evidence of success.

A committee appointed by the Government (“Banklovkomisjonen”) has been working for more than fifteen years with the regulations regarding the financial sector. Simplification and increased comprehensibility are included in the objectives of this work. The committee has delivered a number of reports over these years.

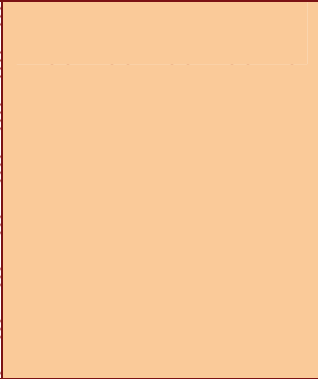

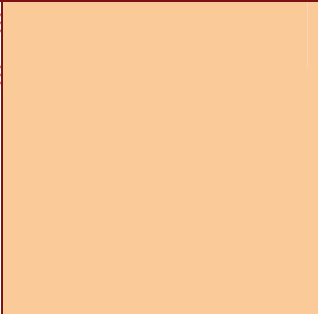
Even if we are convinced that there is plenty of space for improvements, it is hard to put the finger on obvious examples with potential for improvements.

The Norwegian Government continues to launch new initiatives and is for the time being preparing a new survey in this field. A new action plan of “Simplification for Business” will be announced in spring 2008. The government states that “in order to increase businesses’ ability to compete”, there has been an increased focus, both nationally and internationally, on the provision and simplification of legislation and governmental services. There is a need for a systematic campaign. The Government’s goal is to provide Norwegian business considerable reduction in costs when abiding by the rules and regulations.”

The Minister of Trade and Industry stated in January 2007 that:

“Through the extensive survey of the administrative burdens for business and industry, to be carried out in 2007, we will acquire new and useful information on where measures are needed, including electronic services. The further development of electronic services will be an important tool for reducing these burdens.”

<p>2. Dialogue - Consultation</p>	<p>Better regulation is always inherent in our contact with the authorities, but seldom as a stand alone item on the agenda.</p>	
<p>Identified gaps and space for further improvements</p>		
<p>3. Impact Assessment</p>	<p>Even though standard procedure in any proposal for a new regulation prescribes that a proposal always be accompanied with an assessment of administrative consequences, these assessments seldom have any real impact on the decisions.</p>	
<p>Identified gaps and space for further improvements</p>		
<p>4. Ex Post Evaluation</p>	<p>There are hardly any examples of <i>Ex Post</i> evaluations (as such) being carried out. Regulations are still, of course, subject to changes over time, as a result of more implicit evaluations.</p>	
<p>Identified gaps and space for further improvements</p>		

<p>2. Dialogue - Consultation</p>	<p>One conference was organised at the Warsaw Stock Exchange in June 2007.</p> <p>The subjects discussed were rather general and not directly connected with specific financial and credit market issues.</p>	
<p>Identified gaps and space for further improvements</p>	<p>See comments in item 1</p>	
<p>3. Impact Assessment</p>	<p>See comments in item 1</p>	
<p>Identified gaps and space for further improvements</p>		
<p>4. Ex Post Evaluation</p>	<p>For our knowledge this item has yet not been considered by our state administration.</p>	
<p>Identified gaps and space for further improvements</p>		

Portugal		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> The Government is focused on the simplification and transparency of the proceedings, in order to reduce the administrative burden and ease the citizens’ and companies’ workload. One important measure was the Simplex, a programme of legislative and administrative simplification, among other Government measures regarding this purpose.</p> <p><u>Implementation and application by banking supervisors</u></p>	
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>“Dematerialisation” of the proceedings, regarding new information and telecommunication technologies, in order to simplify and modernise the approval of laws and regulations. It is a subject for dialogue and approach towards citizens; it also reduces the financial and environmental costs.</p> <p>Introduction of proceedings to ease public consultation with a view of citizens’ to taking full advantage of their privileges; and to promoting democratic participation.</p> <p>New proceedings of open hearing are permitted, in order to promote the citizens’ participation in the legislative process.</p>	
<p>3. Impact Assessment</p>	<p>There is a previous impact assessment of the Government’s rules, as the Simplex test, among others, regarding the ease of the citizens and companies work, the control and costs decrease, debureaucratization, transparency, and valorization of the responsibility in the public and private area.</p>	

<p>Identified gaps and space for further improvements</p>	<p>A system of impact assessment of Government rules to citizens, companies, and other agents, has been introduced, on the compliance of administrative formalities and disclosure of information obligation. The system also involves an evaluation of the normative initiatives according to the priorities and correct electronic administration, namely the “dematerialisation” of proceedings, and information sharing.</p>	
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p>There is a successive evaluation of Government’s rules, regarding the easing of citizens’ and companies’ workload; control and cost decrease; de-bureaucratisation; transparency; and recognition of responsibility within the public and private sectors.</p> <p>The post-evaluation of the Government’s rules is developed through several ways of impact assessment, with the cooperation of public institutions, universities, and civil institutions.</p>	

<p>Identified gaps and space for further improvements</p>		
<p>2. Dialogue – Consultation</p>	<p>According to the Romanian legal provisions on transparency of legislative initiatives, all law proposals are subject to public consultations. Concretely, the draft regulations are posted on the initiator’s website to collect the opinions of the stakeholders. Consultations are only held when a draft regulation has been prepared by the initiator. Consultations are not held before or during the drafting of the regulations / laws. In some cases, the time allocated for public consultations is too short for allowing an effective input from all stakeholders. Therefore, it would be advisable to involve the stakeholders even in earlier stages of the legislative drafting.</p>	<p>SPI Romania</p>
<p>Identified gaps and space for further improvements</p>	<p>For example, SPI Romania has promoted the principle of continuous public – private consultations during the scoping, analysis and drafting of legislative initiatives or the identification of institutional solutions. In this regard, public-private working groups collect the opinions of all relevant stakeholders (market authorities, financial institutions, consumers, etc.) in order to design regulatory solutions accepted by all parties.</p>	
<p>3. Impact Assessment</p>	<p>The need for RIA for all legislative initiatives is provided by the current regulatory framework. However, only for a few of the law proposals RIA was performed. Ministry of Economy and Finance has made a lot of progress in accompanying its legislative initiatives with impact assessments. As shown above, in 2007, SPI Romania has supported the competent authorities to undertake three full impact assessments for legislative initiatives (for the AML Law, the Law on Checks, Drafts and Promissory Notes, the NBR Regulation on IFRS Provisioning).</p>	
<p>Identified gaps and space for further improvements</p>	<p>There is a need for further strengthening the capacity of legislators to undertake impact assessment.</p>	
<p>4. Ex Post Evaluation</p>	<p>Two ex-post evaluations (on NBR Regulation no. 3/2007 on mitigating the credit risk on credits granted to individuals and on CNVM Regulation no. 14/2006 on regulated markets and alternative trading systems)</p>	

Identified gaps and space for further improvements

have been undertaken within the RIA Knowledge Transfer and Capacity Building Program offered by the Convergence Program with the support of the SPI Romania.

However, the practice of undertaking ex-post RIA is still not institutionalized in Romania.

There is a need for strengthening the capacity of legislators to undertake ex post evaluations of existing legislation for assessing its effectiveness and the need for fine tuning / repealing.



Slovakia		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p>Facts:</p> <ul style="list-style-type: none"> - In 2006, 666 new legislative regulations were approved; - Administrative burden is calculated to reach 4,6% of GDP (66 billions SKK); - In the years 2000-2005, the ten most important acts regulating business were amended 136 times. On average, any one of these acts was amended once in 14 days; - According to a general survey, 58% of SME employees spent 6-20% of their working time studying new legislation in force; 46% of SME employees state that it is impossible to conduct business without breaking some laws; the main reason is the never ending process of amending and preparation of legislation without consultation with industries. <p>The Ministry of Economy of the Slovak Republic has recently produced a draft Action Plan for reducing administrative burden for the years 2007-2012. The action plan focuses on enhancing the culture of dialogue between governmental bodies and employees (regulated subjects?), who shall be the regulators? partners in process of drafting legislative proposals</p> <p>This Action Plan sets out a number of goals– one of them is creating of a Central Co-ordinating Unit which will be responsible for the reduction of administrative burden.</p> <p>See abovementioned facts.</p>	
<p>Identified gaps and space for further improvements</p>		

<p>2. Dialogue - Consultation</p>	<p>Consultation appears as a very effective tool for preparing better regulations. Consultation with representatives of various industries helps to identify gaps where regulation fails to achieve its goals.</p>	
<p>Identified gaps and space for further improvements</p>	<p>Governmental bodies very often do not consult together with representatives of respective industries – they rely on the process of public commenting of proposals. Within this process, representative bodies of industries shall actively search for new legislation which may have an impact on their respective industry. We see that such non-active approach of regulators in process of drafting proposals is not productive, because bad legislation invokes criticism of industries and requires further amending.</p> <p><u>Implementation and application by banking supervisors</u> Communication/consulting between banking sector represented by Slovak Banking Association and National Bank of Slovakia and Ministry of Finance is very good and professional. Basically, regulator is willing to implement know-how of banks collected in course of business. One example of this successful cooperation is the implementation of BASEL II principles into Slovak legislation.</p>	
<p>3. Impact Assessment</p>	<p>The Action Plan states that governmental bodies are focusing on increasing the quality of instruments of impact assessment. Legislative procedure already requires that any legislative proposal shall be presented with an impact assessment study to monitor the impact on public finances, environment, and employment. However, Ministry of Justice states that such studies are very often general.</p> <p>All governmental bodies and ministries shall find the means for processing impact assessment. The Ministry of Economy is responsible for creating national methodology to measure administrative burden. The deadline is September 2007.</p>	
<p>Identified gaps and space for further improvements</p>	<p>Impact studies of legislation proposals are very general. An example of an inadequate impact study is the new proposal of Ministry of Justice to limit interest rates. Such an important piece of legislation was presented without any serious impact assessment studies on banking sector or Slovak economic respectively.</p>	
<p>4. Ex Post Evaluation</p>	<p><i>Ex Post</i> Evaluation is a rare practice.</p>	
<p>Identified gaps</p>		

and space for
further
improvements



Slovenia		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> The Government has a programme on bureaucratic load reduction. E-government is being increased rapidly and is an important instrument amongst those used by the government. Legislation is becoming more and more complex and voluminous. Therefore simplifications and reductions are only relative.</p> <p><u>Implementation and application by banking supervisors</u> On account of the IFRS and Basel II implementation the number and volume of regulations have grown considerably, and the quantity of reporting has increased dramatically. Supervisors and regulators are not consolidated in their requirements. The banking supervisory authority considers that supervision is prime responsibility without regard to the costs.</p>	<p>Government</p>
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>Dialogue has been established with supervisors and regulators.</p> <p>There is not enough dialogue with legislators.</p>	<p>Banks Supervisors Regulators</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further</p>	<p>This legal assessment also covers legislation on regulations. As far as regulations are concerned no legal assessment is being carried out.</p>	



<p>improvements</p>		
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p><i>Ex Post</i> evaluations are very seldom done.</p>	

Spain		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> Spanish Government, following the Commission communication on Action Programme for Reducing Administrative Burdens in the EU, has recently (5 May 2007) initiated a process to elaborate an Action Plan for the reduction of administrative costs. It has aimed to reduce costs by 25% until 2012. There is no mention of specific issues concerning financial services.</p> <p>No other “Better regulation policy” has been formally implemented.</p> <p><u>Implementation and application by banking supervisors</u> As mentioned above, no specific mention has been made, to date, to financial services, so there is no prevision about future implementation or application by banking supervisors.</p> <p>Given that the Action Plan has been announced so recently it is too early to identify gaps. Nevertheless, we consider the future existence of the Plan as an opportunity. For that reason, the Spanish Banking Association participations actively in the working groups organised by the Spanish Confederation of Employers’ Organizations (CEOE)⁸</p>	<p>Government</p>

⁸ CEOE is the major representative institution of the Spanish business community.



<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>Spanish legal procedure for the preparation of the regulation (not applicable to Draft-Laws) includes, compulsorily, a public consultation for concerned sectors. It is also usual that the Government asks concerned sectors for comments and observations as in the case of Law Projects. For that reason, the present level of dialogue and consultation with Spanish Authorities is satisfactory.</p> <p>While the Spanish Banking Industry is usually well informed and consulted about on different regulatory issues at national level, Spanish banks would like to have more involvement in the adoption of positions by the Spanish Authorities in European issues. In this sense, we appreciate recent contacts with the relevant national Authorities concerning MIFID or Basel II developments. Spanish banks would like this behaviour to be the general rule for future initiatives.</p>	<p>Government</p> <p>Concerned sectors</p>
<p>3. Impact Assessment</p> <p>Identified gaps and space for further improvements</p>	<p>Presently, Impact Assessment is not required by the Spanish legal framework to elaborate Law projects or regulations.</p> <p>Nevertheless, the Spanish Central Bank (<i>Banco de España</i>) has elaborated, for the first time, a limited impact report, produced by its own services, on the consequences of the implementation of Basel II.</p> <p>As far as there has not been any experience of external and independent impact assessment of future regulations, it is clear that there is a plenty of room for future developments.</p>	<p>Spanish Central Bank</p>
<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p>There is no legal provision regulating this kind of evaluation and no practical experience about it.</p> <p>Whilst there is no experience concerning <i>ex post</i> evaluation, there is plenty of room for future developments.</p>	



Sweden		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p>	<p><u>Government implication</u> The Swedish Government started working on the subject in 2003 when all ministries and authorities got the mission to do an overview in their respective field of law, ordinances and recommendations - with the aim of identifying rules to reduce administrative burden. The overview resulted in a programme of action for the rest of the Government’s mandate. During 2004 the Swedish Agency for Economic and Regional Growth (Nutek) started to measure the administrative burden of Swedish companies. In November 2006 the Swedish Government declared that the goal is to lessen the administrative burden for companies, caused by public regulation, by at least 25% by autumn 2010. With this aim, the Government decided to give each ministry the mission to present an action plan concerning better regulation, which will be followed up regularly. The ministries, in turn, asked different authorities to present an action plan, which will be incorporated into the Government’s action plan. The Government’s general action plan will contain concrete proposals concerning better regulation. In February 2007, the Swedish Financial Supervisory authority (FI) presented an action plan for better regulation to the Government, which will be followed up by more concrete proposals in October 2007.</p> <p><u>Implementation and application by banking supervisors</u> The work is organised around a central Steering Committee (in which the Swedish Bankers Association takes part). To date, this committee has met up once. Some ministries have also set up their own steering committees in which different sectors are represented. The Swedish Bankers Association has initiated cooperation with FI to discuss areas for simplification.</p>	<p>Government Financial Supervisory Authority Central Steering Committee</p>
<p>Identified gaps and space for further improvements</p>	<p>The Government will also set up a watchdog-function which will scrutinise all proposals concerning new regulation for companies. Nutek has recently been given the mission to measure the administrative costs for the financial and the insurance sectors (according to the standard-cost model) and will have to present the outcome before the end of 2007. All regulation for companies will have to be measured before the end of 2007.</p>	



<p>2. Dialogue - Consultation</p>	<p>As a general rule, every new regulation in Sweden is subject to a public consultation. Also, ordinances of the FI are generally consulted with the banking sector.</p>	
<p>Identified gaps and space for further improvements</p>	<p>A problem is that proposals are often presented at a very late stage - when the banking sector is invited to give comments. Impact assessments concerning the effects for banks are often not satisfactory. It is seldom that the actual costs for banks are described in the impact assessment.</p>	
<p>3. Impact Assessment</p>	<p>The Government is now working on a new regulation concerning how impact assessments have to be conducted. The new regulation is supposed to enter into force on 1st July 2007. It is to be hoped that this regulation will focus more on the consequences for companies.</p>	
<p>Identified gaps and space for further improvements</p>		
<p>4. Ex Post Evaluation</p>	<p><i>Ex Post</i> evaluations are seldom done. This concerns both primary and secondary legislation.</p>	
<p>Identified gaps and space for further improvements</p>		

Switzerland		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u></p> <p><u>Implementation and application by banking supervisors</u> SBA initiated the work on better regulation with the Swiss Federal Banking Commission. General principles for better regulation have also been issued by the Federal government.</p> <p>A review of existing regulations is also taking place. A list of regulations to be eliminated or reviewed has been drawn up by the authorities. The same exercise has been undertaken for self-regulations.</p>	<p>SBA Federal Government</p>
<p>2. Dialogue – Consultation</p> <p>Identified gaps and space for further improvements</p>	<p>The challenge lies with securing the basic necessity of any new regulation; when, and if required, ensuring reasonable scheduling of introduction (allowing proper implementation) and, finally to ascertain its consistency and congruity with existing rules. Therefore, a formalised dialogue has been set up with the regulator (twice/year) in order to discuss the regulatory planning for the next 3 years. Priorities are also discussed. When they are identified, a high level WG meets with the main mission to search for more efficient alternatives.</p>	<p>SBA SFBC</p>



<p>3. Impact Assessment</p>	<ul style="list-style-type: none"> • SBA wants all regulation of some importance made subject to a cost-benefit analysis. This decision must in each case be taken at an early stage of the planning-process. • All costs should be captured and measured; including marginal costs in order to get a feeling of how expensive some "gold plating" might be. • Cost-benefit analysis should be conducted in a pragmatic but disciplined way. • Micro-management and over-engineering must be avoided. • All attention should be paid to the few but real cost-drivers. • The cost-benefit analysis should be proportional and their conduct should follow cost-benefit considerations. 	<p>SFBC SBA</p>
<p>Identified gaps and space for further improvements</p>	<p>Exploratory talks between experts of the Swiss Federal Banking Commission (SFBC) and SBA have taken place. The SFBC has announced by mid-2007, the publication of a paper on cost-benefit analysis, explaining and elucidating its intended future policy.</p>	
<p>4. Ex Post Evaluation</p>		
<p>Identified gaps and space for further improvements</p>		


The Netherlands		
Guiding Principles	Instruments, currently applied & experiences so far	Partners
<p>1. Simplification – Reduction of Administrative Burden</p> <p>Identified gaps and space for further improvements</p>	<p><u>Government implication</u> The Government started working on the subject in 2003 in order to reduce the bureaucratic load (administrative burden), with a double objective:</p> <ul style="list-style-type: none"> i) 25% reduction (+/- 4 billion EUR) of existing administrative costs by 2007 (essentially information/reporting costs). The internal costs for companies –by far the most important – in order to comply with the rules, are not included. ii) Compensation of all burdens created by new regulation by an equivalent suppression/reduction in existing regulations. <p>The work is organised around a Steering Committee (in which banks take part) which meets twice a year (and publishes an Annual report), and an “Industry” Committee which meets 10 times a year.</p> <p><u>Implementation and application by banking supervisors</u> According to the private sector, the objectives have not been and will probably not be achieved, but there was nevertheless some improvement in the allowance of resources.</p> <p>The government has formally committed itself to reducing administrative costs, but not the banking supervisory authority which considers that its prime responsibility is to supervise the financial institutions efficiently, independently of its costs (what? constitutes the major part of new regulation for the financial sector).</p>	<p>Government Steering Committee (including banks) Industry Committee</p>
<p>2. Dialogue - Consultation</p> <p>Identified gaps and space for further improvements</p>		



3. Impact Assessment	<p>An independent institute, <i>Actal</i>, is in charge of undertaking impact studies for all new regulations. The NVB also tends to lobby for more efficient solutions, possibly based on figures. The data is collected from banks or sometimes <i>via</i> consultants.</p>	ACTAL NVB
Identified gaps and space for further improvements	<p>It is always difficult to calculate an estimation (e.g. without any regulation, part of the cost would be borne by banks for internal control reasons) and mainly based on a worst case scenario (which can lead to tricky situations in case of overestimation, because then the authority could also possibly obtain better reduction rates).⁹</p>	
4. Ex Post Evaluation		
Identified gaps and space for further improvements		

⁹ For further information, see: <http://www.administratievelasten.nl>



<p>4. Ex Post Evaluation</p> <p>Identified gaps and space for further improvements</p>	<p>See Legislative & Regulatory Reform Act 2006 under 1 above.</p>	
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⁹ Davidson Review: Final Report, November 2006. See: http://www.cabinetoffice.gov.uk/regulation/documents/davidson_review/davidson_review.pdf

¹⁰ <http://www.fsa.gov.uk/Pages/About/What/regulation/brap/index.shtml>

¹¹ FSA: Better Regulation Action Plan, progress report, June 2006: http://www.fsa.gov.uk/pubs/other/2660_Action_plan.pdf

¹² Hampton Review: March 2005. See: <http://www.hm-treasury.gov.uk/media/A63/EF/bud05hamptonv1.pdf>

¹³ Cabinet Office/BRE Consultation: ‘The tools to deliver better regulation’: July 2006. See: <http://www.cabinetoffice.gov.uk/regulation/documents/ria/pdf/consultation.pdf>

Once the legislative proposals for simplification are delivered by the Commission, then it is for the co-legislator, the European Parliament, and the Council, to carry the effort through to its final stage by ensuring that the simplification proposals are adopted as quickly as possible, and by retaining the simplification effect intended by the Commission. See the section on inter-institutional coordination.

Simplification of national measures is the responsibility of the Member States. When transposing directives into national law, refinements and add-ons occur (such as technical requirements, labelling obligations, deadlines, authorisation procedures and other administrative requirements). These, sometimes referred to as 'gold plating' can go well beyond the requirements set out in EU law, resulting in extra costs and burdens for citizens and market operators. Gold-plating may put national businesses at a competitive disadvantage compared with other countries.

To avoid gold-plating, EU regulations may be a powerful simplification tool. The use of a (directly applicable) regulation removes the scope for Member States to elaborate on the EU rules, enables immediate application, and guarantees that all actors are subject to the same rules at the same time.

The National Reform Programmes in the Member States are part of the new governance structure of the EU Lisbon strategy. They set out the economic reform policies at national level on the basis of EU guidelines. They are, therefore, of key importance in creating a better business environment in the EU. All Member States have included measures to promote Better Regulation in their national programmes. The national programmes should also ensure that the advantages of a lighter EU regulation are not cancelled out by new national rules or technical barriers.

4- Screening and withdrawal of proposals pending before the EU legislator

The Commission regularly monitors pending legislation to make sure that it is relevant and up to date and subsequently withdraws that which is no longer topical, for example, where new proposals have been presented by the Commission and scientific or technical advances have made them obsolete (technical withdrawals).

The Better Regulation Action Plan 2005 provided for screening of proposals pending before the European Parliament, and the Council, with regard to their relevance to the EU's Growth, and Jobs' priority and Better Regulation Strategy ('political withdrawal'). All pending proposals made before 2004 were screened and as a result, 68 pending proposals were withdrawn in early 2006.

This initiative was an innovation, as it went beyond the regular withdrawal exercise of proposals no longer

6- Quality control

The impact assessment system aims at helping the Commission to improve the quality and transparency of its proposals and to identify balanced solutions consistent with Community policy objectives through:

- a coherent analysis of potential impact,
- consideration of various policy choices (e.g. to use alternative instruments to 'control and command' regulation or non-intervention),
- consultation of stakeholders, and
- enhanced transparency (IA roadmaps and IA reports published on the Impact Assessment website).

Executive summaries of impact assessments are translated into all EU languages. In order to strengthen quality control of impact assessment, the Commission created a new internal quality control function in November 2006. The Impact Assessment Board²³ (IAB) is an independent body, working under the direct authority of the Commission President.

The board members are high-level officials from the Commission departments with the most direct links to the three pillars of the integrated approach to impact assessment – economic, social, and environment.

The board's task is to examine the draft impact assessments carried out by individual Commission departments. The board gives opinions on the quality and advice on any further work that may be required. This quality control will be initial task of the board. Later its tasks will be broadened to advice on methodology and approach at the early stages of impact assessment preparation. The IAB opinions are published on the Impact Assessment website²⁴ once the relevant legislative initiative has been adopted by the Commission.

7- Evaluation of the Commission's impact assessment system

In early 2006, the Commission launched an independent evaluation of its impact assessment system as it has evolved and been implemented since 2002.

The objective is to review the experience with regard to the set-up, implementation, and results of the Commission's impact assessment system. The evaluation gives important input into the Commission's review on whether/how to develop and refine this system further. It will examine how impact assessments are carried out and used by the Commission services, whether they are of an adequate quality, and what their role is in the policy or legislative process that follows once the Commission has adopted the related legislative proposal. The evaluation should identify the pros and cons of different options for change. The final report is

<p>Identified gaps and space for further improvements</p>	<p>due in spring 2007.</p> <p>The quality of at least some past extended IA appear to be low and having a ‘bad’ IA is probably worse than having no impact assessment at all. This is why action must be taken to increase the methodological soundness, transparency, cost-effectiveness, and external oversight of IA. The Commission has apparently taken measures in this sense and seems to be on the right track in its desire to improve IA. Good intentions need now to be implemented.</p> <p>The full implementation in practice of the inter-institutional Common Approach to impact assessment is necessary so that the impact on competitiveness of substantive amendments of the Council and the Parliament to legislative proposals is properly assessed.</p> <p>It may be worthwhile giving stakeholders an opportunity to comment on IA before it is finalised and before the legislative proposal is adopted. An appropriate and timely access to the process for all interested parties should be guaranteed. Timing of the assessment should be agreed in advance and followed by all participants. Stakeholders should have the opportunity to participate in the adoption of IA.</p> <p>IA should systematically assess impact of new legislation on key international economic partnerships, such as the transatlantic relationship.</p> <p>In terms of independence, the IAB does not guarantee full independence since its members are also members of the Commission even if they are directly reporting to the Commission’s President. The establishment of an independent Impact Assessment Board is a very good step forward. It is regretted however that the detailed opinions of the Board are only accessible after the adoption of the legislative proposal denying stakeholders an opportunity to react at an early stage.</p> <p>Additionally, the present policy does not make it necessary to conduct IA for proposals that are not on the CLWP. IA should be extended to every Commission proposal whether it is on the CLWP or not. Impact assessments should apply to all pending legislation to ensure that the EC’s propositions provide added value to the market. This has not been done to proposals like Rome I nor the modified proposition of the Consumer Credit Directive.</p>	
<p>4. Ex Post Evaluation</p>	<p>Evaluation gives a judgment of interventions according to their results and impact in relation to the needs they aim to satisfy and the resources mobilized. Evaluation can be carried out in a prospective (<i>ex-ante</i> evaluation) as well as a retrospective (<i>ex-post</i> evaluation) perspective, or in a combination of both. Evaluation</p>	<p>European Commission</p>



<p>Identified gaps and space for further improvements</p>	<p>generates relevant information that is essential for planning, designing, and implementing EU policies. It is the main tool used by the Commission to assess the extent to which EU interventions reach the set policy objectives and how their performance can be improved in the future.</p> <p>Evaluation tries to answer questions such as:</p> <ul style="list-style-type: none"> - Do the objectives correspond to the needs and problems? (<i>Relevance</i>) - Did they achieve the objectives? (<i>Effectiveness</i>) - Were the objectives achieved at reasonable costs? (<i>Efficiency / cost-effectiveness</i>) <p>Moreover, where evaluation results are communicated properly, they enhance transparency and democratic accountability. Therefore, evaluation can also support the Commission in communicating more effectively the added value of the European Union to the European citizen.</p> <p>The EU's policy objectives, notably of the reviewed Lisbon Strategy as well as the agenda for prosperity, solidarity, and security require ever greater synergies and coherence between different EU-initiatives. "Better Regulation" and evaluation can significantly contribute to a more 'joined up' policy.</p> <p>The European Commission has a mature evaluation system which is well embedded in its departments and has generated a wealth of relevant information. The Commission can build on these achievements for its Better Regulation agenda, which, for example, implies that planned interventions are regularly assessed in advance to determine their 'real world impact'. <i>Ex-post</i> evaluations of legislation can help in providing a clearer evidence base for new initiatives.</p> <p>While the Commission has traditionally focused on evaluation of expenditure programmes, it will in future increase its evaluations of legislation and other non-spending activities which have substantial impact on citizens, businesses, and environment. This will include more "strategic" evaluations, which assess impact of EU activities across different policy areas. Other added value can be achieved by creating synergies between <i>ex-ante</i> evaluations, as required by the Financial Regulation, and integrated impact assessments.</p> <p>By assessing the results and impact of EU activities, evaluation contributes to evidence-based policy making and helps to give account to the European citizen about how taxpayers' money is spent.</p> <p><i>Ex-post</i> evaluations should be used more frequently especially in the financial area to ensure that EU legislation is beneficial to the market. Also, <i>ex-post</i> evaluations would allow comparison between the content and IA conducted before the adoption of EU legislation.</p>	<p>National Authorities</p> <p>External Consultants</p>
	<p style="text-align: center;">┌ ┌ ┌ ┌ ┌ ┌ ┌ ┌ ┌ ┌ ┌ ┌ ┌ ┌ ┌</p>	

14. See <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52006DC0689:EN:NOT>
15. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52006DC0690:EN:NOT>
16. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52005DC0535:EN:NOT>
17. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52007DC0023:EN:NOT>
18. See: http://ec.europa.eu/governance/better_regulation/reports_en.htm
19. See: http://ec.europa.eu/atwork/programmes/index_en.htm
20. See: http://ec.europa.eu/governance/impact/practice_en.htm
21. See: http://ec.europa.eu/governance/impact/key_en.htm
22. See: http://ec.europa.eu/governance/impact/iab_en.htm
23. See: http://ec.europa.eu/governance/impact/cia_2007_en.htm

Annex 2

EBF CHECKLIST ON BETTER REGULATION AND IMPACT ASSESSMENT

The objective of the checklist which is adapted to the EU legislative process is to facilitate evaluating the European Union legislative proposals and the EBF answers/position papers on the basis of the Better Regulation and Impact Assessment principles. To help understand the questions asked in the checklist, definitions and further explanations are provided. The EBF also recognizes the relevance and fully supports the 7 guiding principles²⁵ included in the final report of the IIF ‘Proposal for a Strategic Dialogue on Effective Regulation’.

BEFORE		DURING		AFTER	
<i>a. Is there an identification of the problem?</i>		<i>a. Have consultation procedures been followed properly?</i>		<i>a. Has an ex-post evaluation been properly conducted?</i>	
Market or regulatory failure (is there a significant market and/or regulatory failure and what is its nature)?		Effective consultation/dialogue at appropriate stages (have all interested parties had the opportunity to present their views)?		<i>b. Has the regulation delivered all desired benefits?</i>	
Correction of the failure (if no intervention or further interventions take place, will the market correct failure by itself in the short term)?		Effective and appropriate feedback on consultation		Implementation level (gold plating...?)	
Can regulatory intervention improve the situation in such a way that the benefits obtained are larger than the costs generated?		<i>b. Is the quality of the proposed regulation as good as it could be?</i>		Integration of markets?	

²⁵ Fostering mutual trust and respect for judgment as the foundation for effective regulation ; Encouraging collective market –based solutions whenever possible; Prioritizing global coordination as an essential part of any jurisdiction’s regulatory process; Supporting a meaningful legislative dialogue with input from both industry and regulators; Recognizing that effective and efficient regulation requires assessing policies and new initiatives dynamically; Promoting contingency planning as an ongoing, joint obligation of the public and private sectors; and ensuring proportionate enforcement that is consistent with efficient and effective regulation.



Is there a competition assessment?		Are the benefits/costs of each option properly identified?		
Are different options identified to secure compliance?		Are all costs including indirect costs examined?		
Is impact on all stakeholders properly considered (including small businesses)?		Is there a competition assessment?		
Is an efficient and coherent data collection been conducted?		Are different options identified to secure compliance?		
Is there a simplification and reduction of administrative burden?		Is impact on all stakeholders properly considered (including small businesses)?		
Is there a monitoring and dynamic evaluation?		Has an efficient and coherent data collection been conducted?		
Is there an appropriate consultation?		Is there a simplification and reduction of administrative burden?		
		Is there a monitoring and dynamic evaluation?		
		Is there an appropriate consultation?		

Definitions and further explanations

Better Regulation

a. Is there a proven need for new and/or revised regulation?

This is the NECESSITY principle. It is important to be clear about the objective of a new and/or revised regulation, before considering whether intervention is actually “needed”- to ensure the intended results are not outweighed by some unintended consequences. To this end, evidence-based approaches should be adopted whenever possible by policy-makers in pursuing the regulatory process.

- Proportionality (does a regulation achieve the stated political objectives without imposing unnecessary or disproportionate regulatory burdens)?

Proportionality means striking a balance between the advantages a regulation provides and the constraints that it imposes. The first consideration is the fundamental question: is official action required in the first place and, if so, should that action be regulatory? In the same way as there may be alternatives to regulation, there may also be alternative types of regulation, for use in cases where the full rigour of primary legislation is not required.

- Subsidiarity (what is the appropriate level for actions?)

The principle of subsidiarity was designed as a counterbalance to the ambitious EU internal market programme, i.e. to prevent Community law from encroaching upon national responsibilities more than is necessary.

- Alternative – collective and market based solution (is a regulation the best form of action?)

Self-explanatory

- Legal basis (is there a legal basis for a regulation?)

Different countries will have different legal systems, i.e., the civil law legal system or the common law legal system. The standardisation of consultation procedures under Regulatory Impact Assessment will no doubt improve the orderliness of administrative decision-making, including defining the rights of citizens more clearly, and having in place standard procedures for making, implementing, enforcing and revising regulations.

Impact Assessments should, above all, promote evidence-based policy-making by giving detailed consideration to the likely impact of decisions, along with structured consultation with stakeholders and citizens. Of course, RIA is not a substitute for decision-making. It is an approach which improves the quality of political and administrative decision-making, while providing openness, public involvement and accountability.

