

Press release**Adoption of the EP Report on stocktaking
And challenges of the EU Financial Services Regulation**

Yesterday, the European Parliament in Plenary Session adopted by overwhelming majority the final version of Economic and Monetary Affairs (ECON) Committee's Report on stocktaking and challenges of the EU Financial Services Regulation. The Report highlights *"the lack of available and attractive risk-appropriate (long-term) investments"* and *"the possible unintended consequences of multiple capital, liquidity and leverage requirements on maturity transformation"*. It welcomes *"the diversity of business models"* and *"calls for the need to reflect this diversity in regulation and supervision"*.

ECON Rapporteur and Vice-Chair of Long term investment intergroup Burkhard BALZ said that *"The accumulative impact assessment will help to identify potential obstacles to long-term investors who intend to become engaged in the European market. Indeed, the Commission has to deliver a comprehensive report on the financial markets regulation, based on quantitative and qualitative assessments, by the end 2016. This timeline is ambitious but it is a necessary step to further drive sustainable long-term investment in Europe"*.

President of the Long term investment intergroup Dominique Riquet added that *"This report provides credible solution to better channel European savings towards the productive system and the infrastructures that is to say toward long term investments."*

It is crucial, for the markets to function in the most efficient manner that diversified financial institutions continue to exist. Not only this heterogeneity stimulates the markets, but it also guarantees stability. The greater the similarity between agents, the greater the risks of mimetic behavior; such behavior leads to the creation of bubbles, which then burst, and are prejudicial to the proper functioning of a market economy and to long-term growth. Indeed, when subject to similar rules, those involved tend to adopt similar behavior, and this in itself carries a risk at the level of the economy as a whole.

Due to their different economic models, institutional investors contribute to the diversity of the financial ecosystem. In this ecosystem, long-term investors, whether public or private, are particularly well-placed to break the vicious circles created by homogeneity of business models, mimicry and short-termism, by adopting investment strategies based on assessment of long-term yields. As such, it is essential to acknowledge the specific characteristics of long-term investments from an accounting, but also a prudential and a statistical point of view.

Background information: The Intergroup is designed to support and promote the issue of long-term investment in perspective of future legislative work. Moreover, its goal is to maintain a regular dialogue with the key actors to consider tangible avenues to revive investment in the EU. Its creation followed a campaign conducted by organizations from the public and private financial spheres and contributors to the real economy. Three major national promotional banks and institutions, Cassa Depositi e Prestiti, the Group Caisse des Dépôts et Consignations and KfW Bankengruppe, have played a particularly active role. The intergroup is chaired by Dominique Riquet (ALDE-FR), Simona Bonafé (S&D-IT), Adina-Ioana Valean (PPE-RO) and Burkhard Balz (PPE-DE). Currently, the Intergroup has reached 75 members in the European Parliament and has received the support of more than forty professional federations and stakeholders.

More information: <http://longterminvestment.eu/>

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