

**EUROPEAN COUNCIL
STOCKHOLM**

**CONCLUSIONS
OF THE PRESIDENCY**

23 - 24 March 2001

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ANNEX I

**RESOLUTION OF THE EUROPEAN COUNCIL
ON MORE EFFECTIVE SECURITIES MARKET REGULATION
IN THE EUROPEAN UNION**

STOCKHOLM, 23 MARCH 2001

THE EUROPEAN COUNCIL CONSIDERS THAT:

Financial markets play a crucial role in the overall economy of the European Union. Rapid implementation of the prioritised Financial Services Action Plan is therefore of utmost importance. The creation of a dynamic and efficient European Securities Market is an essential element of this strategy.

Every effort should be made by all parties concerned to implement key steps for achieving an integrated securities market by the end of 2003, including notably the priorities set out in the report by the Committee of Wise Men on the Regulation of European Securities Markets, and recognising also the need for further convergence of supervisory practices and regulatory standards.

To achieve this the legislative process must be speeded up. The regulation of securities markets needs to be sufficiently flexible to be able to respond to market developments and to ensure that the European Union is competitive and can adapt to new market practices and regulatory standards, while respecting the requirements of transparency and legal certainty.

This can and must be achieved whilst fully respecting the Treaty provisions, the prerogatives of the institutions concerned and the current institutional balance.

THE EUROPEAN COUNCIL HAS THEREFORE RESOLVED AS FOLLOWS:

1. The European Council welcomes the report of the Committee of Wise Men on the Regulation of European Securities Markets. The proposed four-level approach (framework principles, implementing measures, co-operation and enforcement) should be implemented to make the regulatory process for European Union securities legislation more effective and transparent, thus improving the quality of the legislative measures proposed. This process should take full account of the conceptual framework of overarching principles set out in the report.
2. The Commission is invited to make use of early, broad and systematic consultation with the institutions and all interested parties in the securities area, in particular strengthening its dialogue with consumers and market practitioners.

The Commission is asked, without prejudice to its right of initiative, to give the Council and the European Parliament an opportunity to comment at an early stage, for the purpose of improving the efficiency of the process, on the distinction between the essential elements and the supplementary and technical provisions.

3. The split between framework principles (level 1) and implementing measures (level 2) should be determined on a case-by-case basis in a clear and transparent way. The split shall be decided by the European Parliament and the Council on the basis of the Commission's proposals. The Commission is invited, when it presents its proposals, to give indications as to what kind of implementing measures is foreseen. All parties would then know in advance the precise scope and purpose of the provisions pertaining to each of those levels. All institutions involved need to respect the basic conditions of the split-level approach.

Level 2 implementing measures should be used more frequently, to ensure that technical provisions can be kept up to date with market and supervisory developments. Deadlines should be set for all stages of level 2 work.

In formulating its proposals, the Commission is invited to consider more frequent use of Regulations where this would both be legally possible and would help to speed up the legislative process. The European Council takes a positive view of the possibility within the co-decision procedure of allowing for speedy adoption of acts (fast track procedure).

4. The European Council welcomes the intention of the Commission immediately to establish a Securities Committee of high level officials from Member States, chaired by the Commission. The Securities Committee, acting in its advisory capacity, should be consulted on policy issues, in particular, but not only, for the kind of measures the Commission might propose at level 1.
5. Subject to specific legislative acts proposed by the Commission and adopted by the European Parliament and the Council, the Securities Committee should also function as a regulatory committee in accordance with the 1999 Decision on comitology to assist the Commission when it takes decisions on implementing measures under Article 202 of the EC Treaty.

The European Parliament will be informed on a regular basis by the Commission of the Securities Committee's proceedings, when this committee is acting under the regulatory procedure, and receive all relevant documents. If the European Parliament resolves that the draft measures submitted by the Commission exceed the implementing powers provided for in the framework legislation, the Commission commits itself to expeditiously re-examine those draft measures, taking the utmost account of the Parliament's position and stating its reasons for the action it intends to take.

The European Council notes that within the framework of the comitology decision of 28 June 1999, the Commission has committed itself, in order to find a balanced solution for those cases of implementing measures in the field of securities markets acknowledged in the light of discussions to be particularly sensitive, to avoid going against predominant views which might emerge within the Council, as to the appropriateness of such measures. This commitment shall not constitute a precedent.

6. The European Council welcomes the intention of the Commission to formally establish an independent Regulators Committee, as proposed in the report of the Committee of Wise Men. It should be chaired by a representative of a national supervisory authority. It should set out its own operational arrangements and maintain close operational links with the Commission and Securities Committee. It will act as an advisory group to assist the Commission in particular in its preparation of draft implementing measures (level 2). Each Member State will designate a senior representative from the competent authorities in the securities field to participate in the meetings of the Regulators Committee.

It should consult extensively, in an open and transparent manner, as set out in the final report of the Committee of Wise Men and should have the confidence of market participants.

National regulators and the Regulators Committee should also play an important role in the transposition process (level 3) by securing more effective co-operation between supervisory authorities, carrying out peer reviews and promoting best practice, so as to ensure more consistent and timely implementation of Community legislation in the Member States.

The European Council welcomes the intention of the Commission and the Member States to strengthen enforcement of Community law (level 4).

7. An inter-institutional monitoring system should be set up to assess the progress made on implementing these proposals to secure a more effective securities market regulatory system, identifying the bottlenecks. Regular reports shall be made to the institutions as part of this monitoring process.
8. The new regulatory structure should be operational from the beginning of 2002 at the latest and there shall be a full and open review in 2004.

ANNEX II**EUROPEAN COUNCIL DECLARATION ON CLIMATE CHANGE**

The European Council, recognising climate change as a global threat to future well-being and economic progress, recalls the necessity of efficient international action to reduce emissions. It reaffirms its strong commitment to the Kyoto Protocol as the basis for such action and expresses its deep concern at the fact that this Protocol is being called into question. The European Council urges all its negotiation partners to engage constructively in reaching agreement on modalities for implementing the Kyoto Protocol and to facilitate a successful outcome of the resumed COP-6, which will create the conditions for ratification and entry into force of the Kyoto Protocol by 2002.

ANNEX III**DECLARATION ON FYROM**

To President Trajkovski and the FYROM government,

- we reaffirm our solidarity with you in the current crisis and urge you to continue to respond with restraint. Every effort should be made to prevent an escalation of military activity. We support the sovereignty and territorial integrity of FYROM and the inviolability of borders in conformity with OSCE principles. We are determined to pursue our efforts collectively and individually in close co-operation with NATO to help the authorities to cope with the present situation. It is essential to strengthen control over the FYROM Kosovo border. We welcome the provision of advice and support by member states including in the security field;
- effective internal political reforms and consolidation of a true multiethnic society are indispensable. We stand ready to assist in this process in FYROM within the framework of the considerable assistance which the European Union is giving already to FYROM. This includes border management projects; support for refugees; help with local government throughout the country, including a municipal - level infrastructure improvement programme; work in the field of minority rights, including substantial contributions to the new south-east Europe University at Tetovo; help with judicial reform and training, including emphasis on minority rights; and help with the forthcoming census.

To the leaders of the ethnic Albanian community in FYROM, we demand your continued commitment to the democratic process, to the renunciation of violence and to dialogue, and urge you to hold to this commitment in pursuing your legitimate aspirations to consolidate FYROM's multiethnic society.

To the Albanian political leaders in Kosovo, we call on you to continue to dissociate yourselves unambiguously from the extremists, to condemn violence unconditionally, and to respect the principle of the inviolability of borders, as the Albanian government has done. We welcome its strong stand.

To all those who defy international legality, you discredit the cause of improving the condition of your people which you claim to promote.

The European Union decided at the Zagreb Summit that FYROM will be the first state of the region to be linked to the European Union through the Stabilisation and Association Agreement which will be signed on 9 April.

The European Union welcomes the adoption of UNSCR 1345. The European Union's objectives are fully reflected in this resolution. At the time when new perspectives for the region are opening up, we reaffirm strongly that there is no future in our Europe for those who follow the path of intolerance, nationalism and violence. The Union will not give assistance to those who take this course. We will only support those who choose clearly peace, democracy reconciliation and regional co-operation.

ANNEX IV**DOCUMENTS SUBMITTED TO THE STOCKHOLM EUROPEAN COUNCIL**

- Commission contribution - Realising the European Union's potential: consolidating and extending the Lisbon strategy, Volume I + Volume II: Structural indicators
(6248/01 + ADD1)
- Final report of the Committee of wise men on European securities regulation
(6554/01)
- Council (ECOFIN) report on more efficient securities market regulation in the European Union)
(7005/01)
- Commission communication on the contribution of public finances to growth and employment: improving quality and sustainability
(5260/01)
- Joint Council (ECOFIN)/Commission report on the contribution of public finances to growth and employment: improving quality and sustainability
(6997/01)
- (ECOFIN) Council report on the Annual Report on Structural Reforms - 2001
(6998/01)
- Council (ECOFIN) report: Short list of structural indicators
(6999/01)
- Commission Communication: Report on the functioning of Community product and capital markets
(5301/01)
- Commission Report on the implementation of the 2000 Broad Economic Policy Guidelines
(6561/01)
- Council (ECOFIN) Key Issues Paper on the 2001 Broad Economic Policy Guidelines
(7001/01)
- Status report by the EIB on the Innovation 2000 Initiative one year after: progress and perspectives in implementation
(6556/01)
- Council (Employment and Social Policy) Presidency conclusions
(6853/01 + REV 1(fr)

- Opinion of the Employment Committee on the Commission Communication: Realising the European Union's potential: consolidating and extending the Lisbon strategy
(6454/01 + ADD1)
- Opinion of the Social Protection Committee on the Commission Communication: Realising the European Union's potential: consolidating and extending the Lisbon strategy
(6455/01 + ADD1 + ADD2)
- The Social Protection Committee's preliminary study on the long-term viability of pensions
(6457/01)
- Commission Communication: – Scoreboard on implementing the social policy agenda
(6452/01)
- Commission Communication on "New European Labour Markets, Open to All, with Access for All"
(6453/01)
- Council (Education) Report on "The concrete future objectives of education and training systems"
(5980/01)
- Council (Internal Market, Consumer Affairs and Tourism) conclusions on internal market aspects of the Cardiff economic reform process
(6704/01)
- Commission Communication: "An Internal Market Strategy for Services"
(5224/01)
- Commission interim report: Improving and simplifying the regulatory environment
(7253/01)
- "eEurope 2002" Action Plan: Approval of the list of supplementary benchmarking indicators
(6782/01)
- Commission communication eEurope 2002: Impact and priorities
(7183/01)
- Commission communication on the Internal market for energy and natural gas
(7218/01)

- Charter for Small Enterprises: Annual implementation report
(7125/01)
 - First Commission report on progress towards build the European Research and Innovation Area
(7254/01)
 - Draft report from the European Council to the European Parliament on the progress achieved by the European Union in 2000
(6879/01 + *COR1*)
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