European Financial Markets Lawyers Group

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European Commission

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Re: Regulatory burdens and simplification for the financial sector

Dear Ms Albuquerque, dear Ms Ross, dear Mr Campa, dear Ms Hielkema,

As you may know, the European Financial Markets Lawyers Group (the "EFMLG") is a group of senior legal experts from the EU banking sector dedicated to making analysis and undertaking initiatives intended to foster the harmonization of laws and market practices and facilitate the integration of financial markets in Europe. The members of the Group are selected on the basis of their personal experience amongst lawyers of major credit institutions based in the EU active in the European financial markets. The Group is hosted by the European Central Bank.

1. Introduction

The financial sector is one of the main drivers of the economy due to its intermediary role in providing access to financing. Therefore, it is particularly important to ensure its stability by preserving aspects such as robustness, transparency, reliability, and security.

Over the past decades, the sector has undergone notable transformations due to financial crises and the evolving needs of consumers. These transformations have been amplified by societal and economic shifts driven by, among others, the digital and green transitions as well as de-industrialisation, demographic change and the increasing sophistication of various regulations. It is acknowledged that there are reasons for the enhanced need for regulations, such as operational and technological resilience, cybersecurity, financial stability, consumer protection, data processing, payment services, and sustainability.

These changes have necessitated the development and issuance of various new standards by the relevant regulatory and supervisory bodies, all aimed at ensuring the financial sector's robustness and proper functioning. These standards are essential to maintain the sector’s role as both an economic and social driver.

However, the desire to implement effective and flexible procedures to guarantee the stability of the financial system and an appropriate level of consumer protection in the face of the changing environment has led to a significant proliferation of regulatory developments over recent years. Both at European and national levels, these regulations have become increasingly extensive and demanding for credit institutions; including the need for institutions to frequently adapt their structures and, in some cases, even alter their business models.

The proliferation of regulations and implementation requirements raises concerns about the competitiveness of companies located within the European Union, particularly in the financial sector. This issue has been prominently highlighted in reports by Letta and Draghi.

Against this background, the EFMLG would like to offer the following observations on the matter.

2. Significant growth in regulatory activity for the financial sector

The regulatory activity in respect of the sector has increased substantially, in particular in the last 5 years. Our estimate is that there has been a total of 1,755 regulatory publications exclusively applicable to credit institutions, representing an annual growth of over 37% and an average of 1.3 regulations published per day. This growth has been unevenly distributed between level 1 regulation (directives and regulations) on the one hand, and level 2 and 3 regulation, (delegated acts etc.) on the other hand. The growth in the latter has been exponential; what was initially a requirement in a level 1 regulation is transformed into new and multiple, very complex technical requirements developed in level 2 and 3 regulation. Level 2 and 3 texts have increased by more than 43% in the last five years.[1]

Three areas with the highest proliferation of regulation during the last 5 years, representing 59% of the total regulatory publications, are:

- Inherent risks to banking entities: 22%.
- Data, accounting & regulatory reporting: over 20%.
- AML/CFT (Anti-Money Laundering/Countering the Financing of Terrorism): approximately 17%.

In June 2024, 26% of the 1,634 delegated acts published and in force (across all areas) referred to the financial services sector. In the last three years (2021 to 2023), an average of 83 delegated acts per year have been published for this sector.

For example, 19 regulatory technical standards and another 42 delegated acts have been adopted based on the MiFID 2 package (MiFID 2 and MiFIR). More than 50 delegated acts have been adopted under the EMIR Regulation, including over 25 regulatory technical standards.

Recently, the "banking package" consisting of the CRD VI Directive and the CRR3 Regulation has granted the European Banking Authority (EBA) 139 mandates, including 60 new mandates for the development of technical standards (RTS and ITS) and 28 mandates for the adoption of guidelines, excluding the reports and other acts of the Commission. In comparison, the 2019 CRR2-CRD5 "package" provided for 62 mandates in total.

The original CRR and CRD4 legislation of 2013 initially aimed to establish a set of RTS, ITS, and level 3 instruments on approximately 100 topics.

In terms of soft law, in 2021 the EBA published 16 guidelines and is responding to an increasing number of questions and answers (Q&A): more than 650 on the CRR/CRD package and 240 on PSD2. Between 2011 and 2023, the European Securities Market Authority (ESMA) has published 96 guidelines and 377 Q&As.

It is clear, that the three-level structure, particularly level 2 regulation, plays a crucial role and can be useful in the harmonised application of European Union legislation. This system also helps to address the need for shorter deadlines and less formality. At the same time admittedly, this evolution has effectively resulted in a shift of regulatory power away from the EU co-legislators towards the European Commission, and even more so, to the European Supervisory Authorities (ESAs).

[1] See also the *Less is more* report.

This trend is also evident with level 3 or "soft law" instruments, such as guidelines and Q&As. These instruments have not only grown significantly but are, in practice, becoming de facto legal obligations, as compliance is closely monitored by some (but not all) national supervisors.

Moreover, EU and national institutions often issue interventions in the form of soft law: recommendations, opinions, guidelines, guides, letters, questions and answers, expectations, and public statements. These interventions frequently introduce new obligations beyond those found in level 1 directives and regulations, sometimes leading to inconsistencies or conflicts with national laws or among different levels of European standards.

In addition, it is noteworthy that the three ESAs (ESMA, EBA and EIOPA) and other regulatory EU bodies also produce a significant number of level 3 instruments. Further, the number of such EU bodies increased from 15 in 2019 to 22 in 2023, representing a growth of more than 46%. This trend is further emphasized by the recent establishment of AMLA, which will undoubtedly also produce level 3 instruments.

Adapting to new regulatory requirements, particularly those pertaining to level 3 instruments, often necessitates the initiation of costly projects - both internally and with the assistance from external consultants. Moreover, it is often imperative to conduct extensive training programs to ensure that numerous employees across various tiers of the organisation are adequately prepared to comply with these regulations.

The positioning in various products is not solely based on profitability or segment capacity analysis. Instead, it also considers the regulatory burden associated with these products. As a result, (i) there has been a notable increase in the entry and positioning of non-traditional players in market segments that offer an advantageous combination of margin and regulatory load (e.g. in the area of non-bank lending); (ii) several financial institutions have stopped providing some financial services to certain segments of clients due to the regulatory burden or uncertainties associated to those services.

The cumulative impact of these adjustments has resulted in significant direct costs to credit institutions, considerably affecting their income statements. Additionally, these adaptations have incurred substantial opportunity costs, as resources must be diverted from other potentially profitable endeavours to meet regulatory demands. Furthermore, these efforts to comply with the rules at EU level across level 1, level 2 and level 3 are, unfortunately, not always sufficient. Despite the volume and level of detail found in level 2 and level 3 legislation, national particularities — introduced through soft law or supervisory activities — continue to hinder the achievement of one of the main objectives of such publications: greater harmonisation at the European level that would enable the establishment of a single legal framework – ensuring legal certainty and level playing field.

3. Issues identified

Compliance burden for small and medium size banks

An issue created by the rising regulatory burden is its impact on small and medium-sized entities. It is essential that these entities can operate in a market that respects the diversity of entities by their size and type of business. Consequently, *regulation should take into account the size and business model, not imposing requirements whose cost is not bearable for small and medium-sized credit institutions*.

In theory, this issue is resolved through the principle of proportionality managed by national competent authorities in the application of level 3 acts. However, in practice, these acts do not always contain mitigating instruments for these entities, making the fixed costs implied by regulations more difficult to absorb for small and medium-sized entities than for large entities. In this regard, technology-related costs are among the most significant, and their impact is much greater for entities with a specific size or a less technological profile.

Insufficient level of quantitative analysis in the legislative process

Consultations of the ESAs can be very impactful insofar as they relate to initiatives (i) introducing new regulatory requirements or extending the scope of existing ones and (ii) implying significant upfront and ongoing implementation costs and regulatory burden, often setting out a range of policy proposals on which input is sought. Moreover, the input provided by the ESAs are important in shaping the subsequent legislative proposals of the European Commission and, at a later stage, the activities of the Council and the European Parliament.

Output from the ESAs also serve the (valuable) purpose of clarifying level 1 rules and supervisory convergence across the European Union through their development of level 2 technical standards and level 3 guidelines. However, there is a concern that the ESAs introduce substantial new rules through such technical standards and guidelines, which in turn (i) adds many administrative and operational burdens to firms with low added value to market participants; (ii) increases the risk of fragmented implementation by national competent authorities (NCAs). This is, in a large part, due to the co-legislators leaving large gaps in the level 1 legislation that need to be filled later, and implicitly require policy decisions to be made. *To give the ESAs the opportunity to focus their mandate towards better – not more – regulation, we believe it would be important for co-legislators to limit the amount of policy decisions delegated to the ESAs and encourage the ESAs to prioritise their impact and quantitative analysis, including identifying policy-making choices, before level 2 or level 3 texts are published*. This change in methodology could help to improve and justify ESAs' output, whilst also creating a more transparent process vis-à-vis the supervised entities.

New regulatory requirements, additional costs and related burden should be justified only if accompanied by the evidence of commensurate and proportionate *benefits*. Such costs and benefits should be assessed for not just financial institutions, but also market participants, supervised entities, markets (including their efficiency and liquidity) and financial stability.

Also, any new regulatory requirements should ensure (i) a level playing field vis-à-vis any other entity providing the same services as financial institutions and (ii) that such new requirements will not negatively affect the competitiveness of the European financial institutions. Examples where these considerations may apply include different obligations on the distribution of similar financial instruments (e.g. funds vs structured notes) or different obligations to incorporate bail-in provisions in certain agreements by similar institutions (e.g. EU financial institutions vs non-EU financial institutions without such obligations).

In the light of the material impact that ESAs proposals might generate, we deem as a priority that a full-fledged cost-benefit analysis is carried out "upstream" i.e. by the ESAs, before (call for evidence) or when issuing their papers for consultation and not only "downstream" i.e. by the European Commission at the time of the issuance of the legislative proposals.

We believe that *a comprehensive impact analysis should be included as a prerequisite for all ESA proposals*, meaning that European Union authorities should commit to consider not only the immediate costs and benefits of the proposals, but also (i) how those might affect stakeholders and industries; (ii) if the costs are proportionate to the benefits that want to be achieved. This should apply not only at the European level, but also to further Europe globally. For this purpose, it is important to consider how each level 2 and level 3 proposal contributes to the ESA mandate of development, clarification and convergence of financial regulation. The creation of additional burden, particularly for reporting, should be reserved for level 1 rules.

Explicit consideration of efficiency and competitiveness of the mandates of the ESAs

A potential underlying issue for EU policy makers to consider is whether, in the context of improving productivity in Europe as outlined by the Draghi report, the ESAs' mandates should incorporate the alignment of their actions with the objectives of efficiency and competitiveness of the financial system. This provision would be in line with that of other authorities such as the PRA in the United Kingdom.

'Right to be heard'

Providing stakeholders with sufficient time in the context of consultations, proportionate to the amount and complexity of the rules, represents a critical factorov-35.f5ltj 0 Tc 0 Tw 2.

to enhancing the overall quality of the consultation process taken as a whole and the robustness of related outcomes. Whilst we acknowledge that the time needed to implement legislative proposals is also a critical factor, systematic stakeholder engagement is key to ensure the quality of the rules.

We note that the underlying rationale for tight consultation processes often lies in level 1 legislation, whereby scheduled review dates are mandated in the legal text, in turn setting the deadlines for the ESAs to produce their output. It would also be beneficial to try to avoid launching consultations over customary holiday periods as well as end of financial years.

We consider it extremely important that a holistic approach is adopted when addressing the same or closely related issues in the context of different consultation papers and that the proposals put forward in each paper are mutually consistent. This is even more important in those cases where consultations are held within a short space of time.

The adoption, as much as possible, of a forward-looking and transparent approach to the consultation pipeline would be useful. For example, we welcome the publication of a timeline of upcoming review reports. The publication of an annual consultation work programs (similar to the annual supervisory convergence work programs) would be also beneficial for the purposes of planning and resource allocation. These dedicated consultation work programs would enable stakeholders to (i) improve their forward-looking planning related to their involvement in a number of consultations allowing them to allocate their internal resources more efficiently and (ii) to contribute more constructively to each consultation for the benefit of the overall efficiency thereof.

We welcome the periodic roundtables, hearings as well as the bilateral engagement that the ESAs undertake with stakeholders. In our view, it is important that this form of “soft engagement” that is not limited to formally published consultations continues. This could also include broader informal dialogue with the industry and consumers to ensure even more effective exchanges of information and the on-going development of leading practices.

We deem it important to provide the ESAs with greater leeway and flexibility so as to propose a re-scheduling of the timetable for delivering their mandated reports in the face of unforeseen market conditions. For example, we have appreciated ESMA’s proposal in 2019 to postpone various reports foreseen under MiFID II/R with the intention to allow ESMA (i) to base its analysis on a sufficient amount of feedback on the application of the MiFIR transparency regime and, hence, (ii) to achieve more efficient results to collect data for a longer period of time leading to more accurate analyses and recommendations and to better be able to take into account the decision by the UK to leave the EU. In a similar way, we welcome the approach taken by ESMA in the final report on Technical Standards specifying the criteria for establishing and assessing the effectiveness of investment firms’ order execution policies issued on 10 April 2025. In our view, this is a good example of (i) understanding and incorporating in the proposed regulatory technical standard the stakeholders concerns and suggestions; whilst (ii) taking a proportionate approach to balance between consumer protection needs and avoiding unnecessary operational burden.

Treatment of soft law

Guidelines and recommendations issued by the ESAs have particularly contributed to the establishment of consistent, converging, efficient and effective practices and safe harbours and to seeking the common, uniform and consistent application of Union law.

Overall, we consider it important that level 3 Guidelines do not go further than what is agreed and required under level 1 legal acts (i.e. that Guidelines do not extend the scope of these acts, for example by imposing additional obligations or, even worse, overstep and/or contradict the above-mentioned legal acts). Guidelines should (i) be limited exclusively to clarifying/interpreting specific details related to rules already adopted and currently in force; (ii) fully adhere to the political mandates; (iii) be subject, as a rule, to open public consultations, allowing market participants to provide their input to the drafting process and to express their view about the potential impact of the proposed guidelines prior to their finalisation; and (iv) be accompanied, as a prerequisite, by a detailed and transparent cost-benefit and impact analysis that justifies why guidelines need to be adopted in that form.

The critical importance of involving market participants in consultations regarding such guidance is intrinsically related to (i) the peculiar legal nature of these measures as de facto quasi-legally binding, (ii) the significant impact which these may have on market participants, as well as (iii) their role in ensuring the common, uniform and consistent application of EU law.

Simplification in the context of financial rule-making

In order to develop a simplification agenda in financial regulation, as proposed by the European Commission, *we believe the priority must be to improve the efficiency and effectiveness of the existing regulatory framework*. This requires a thorough review of existing regulation to identify areas of overlap and redundancy. The objective should be to consolidate and streamline the rules. In particular, rules relating to clients (information provision, due diligence requirements before selling a product) could benefit from the exercise.

Emphasising a proportionate and risk-based approach to regulation can ensure that regulatory requirements are commensurate with the size and complexity of financial institutions, thereby reducing unnecessary burden on smaller firms. In addition, *promoting supervisory convergence through enhanced coordination between the ESAs and national competent authorities can contribute to a more consistent application of rules across Member States*.

These objectives could be achieved by reviewing overlapping requirements applicable to the same financial institutions. This effort, which is at the heart of the proposed omnibus package, could be extended to the financial sector.

Simultaneously, promoting the use of digital technologies and other technological solutions can automate compliance processes, reduce administrative burden and improve regulatory oversight. In addition, engaging stakeholders through public consultations and conducting robust impact assessment can provide valuable insights into the practical implications of regulatory measures and ensure that they are well aligned with market dynamics and operational realities. By integrating these elements better, regulators can foster a more coherent, transparent and navigable regulatory environment that supports financial stability and economic growth.

The use of questions and answers (Q&A)

The Q&A process plays an important role in addressing issues of a technical nature, in answering to specific interpretive questions and practical uncertainties arising from level 1 or level 2 rules. Formally, they are not legally binding. However, the interpretations and clarifications they provide have a significant impact across the marketplace: de facto, supervised entities are encouraged to abide by the guidance provided by Q&As in the same way as they are required to comply with the legally binding level 1 and 2 rules. In the light of this, targeted improvements of the Q&A process should be a priority.

We support the launch of the ESMA Q&A webpage tool which makes it feasible for stakeholders to consult existing Q&As, to submit new questions and to have visibility of the outstanding questions. That said, further steps to optimise the Q&A process would be welcome (e.g. providing information about the timing when Q&As might be reviewed and addressed or if Q&As have been rejected or passed on to the European Commission) as well as offering greater visibility about the prioritisation of the Q&As. Allowing markets participants to opine on which Q&As should be prioritised due to its potential importance or urgency could also be beneficial for ESMA and stakeholders.

In light of the technical nature of the Q&As and the materiality of their impacts, *it would be important to design and to implement a formal mechanism which might ensure the involvement of market participants in the Q&A process*. The effectiveness of the Q&A process and the robustness and usefulness of the Q&A output would be greatly enhanced thanks to the technical input provided by stakeholders.

Finally, it is important that the use of Q&As is preserved for ESMA except for those specific topics related to national deviations allowed by the relevant EU Directive. Otherwise, all clarifications should be addressed through ESMA Q&As to avoid national divergences.

No Action Letters

The “no action letters” in the EU legal framework do not constitute a commitment by the relevant authority not to enforce (for a time-limited basis and provided that some conditions are fulfilled) a failure to comply by an institution with specific provisions of EU law where the concerned institution provides legitimate reasons. Neither the ESAs nor the NCAs possess any power to allow the disapplication of applicable EU law. Therefore, there is little to differentiate the no action letters from the traditional forbearance (or “deprioritisation”) statements under the coordination procedure which are still in use.

This lack of clear legal framework means that no action letters suffer from two major shortcomings. First, they do not provide a flexible and quick mechanism to accommodate the needs of market participants in those instances where flexibility and speed of action are of essence (i.e. where, due to individual facts and circumstances, market participants could find it challenging, despite their efforts to comply with specific EU provisions and meet related deadlines).

Second, those letters do not provide market participants with the legal comfort that they will not be held liable if they are unable to comply with specific provisions of EU law, in spite of their reasonable efforts and that the NCAs will operate in a harmonised way. The reason for this lies in the formally non-binding nature of the no action letters. As a consequence, they (i) do not remove the duty for NCAs to enforce EU law, where required under local administrative law, and (ii) do not relieve market participants from their obligation to comply with EU law.

Timing-related issues

Level 1 measures should provide for sufficient time for level 2 requirements to be implemented to enable both authorities and the industry to make the necessary changes to ensure compliance. Accordingly, *the date of application of level 1 measures should be made dependant on the finalization of level 2 rules* (i.e. the provisions laid down in a regulation or in a directive should only become applicable a set amount of time after publication of the level 2 measures in the Official Journal).

Moreover, *the ESAs should be provided with reasonable amount of time (preferably at least 12 months) to draft level 2 rules* and should be consulted during the level 1 process on the timetable of the foreseen technical standards.

The European Commission and the co-legislators should consider adopting, in the level 1 texts*, a phased approach to the implementation of regulatory changes* which are likely to have a material impact, as opposed to a “big-bang” approach.

Another aspect where concerns have emerged in the past is in the interaction between the timing of entry into application of a regulatory requirement and the timing of a legislative review set to address and potentially modify this requirement. This uncertainty risks jeopardizing the development of, and damaging the trust towards, EU financial markets, particularly in those cases which revolve around the implementation of high profile and large-scale regulatory projects. For example, a broad review of the CSDR was announced at the end of 2020, with two consultations launched by the European Commission whilst, the date of applicability of the CSDR settlement discipline regime was set for 1 February 2022. This means that the CSDR was under review by the Commission and co-legislators at a time when key requirements in the settlement discipline area were due to go live.

Level playing field: harmonization and equal treatment

Regulatory frameworks should ensure that all financial entities engaging in the same activities are subject to equivalent obligations, regardless of their legal form or jurisdiction of incorporation within the European Union. However, inconsistencies in regulatory approaches continue to create disparities across markets.

Differences in application of regulations across jurisdictions lead to an inconsistently operating environment for financial service providers. It is important that the regulation leaves no room for significant national divergences and that all national supervisors follow the same approach/criteria, without imposing differential obligations within their territories, either by way of soft law, by supervisory actions or through gold-plating. Otherwise, the idea of a Capital Markets Union or the wider incorporation of retail clients into the capital markets seems to be extremely difficult and the single market is not really achieved.

Part of this divergence stems from *the increasing tendency to draft level 1 texts in a concise but more open manner regarding certain obligations, leaving extensive development to level 2 and level 3 measures*. Examples of this include PRIIPs, the ESMA guidelines on suitability requirements or MiFID II product governance obligations. For instance, in this last case, six paragraphs in level 1 and two articles in the level 2 texts were “developed” by 29 pages of ESMA guidelines.

Inevitably, such developments sometimes go beyond merely clarifying the rules or providing safe harbours for compliance; in practice, they introduce substantive legislative changes and impose new obligations, ultimately undermining the spirit—or even the literal wording—of the level 1 legislation. In addition, some national authorities seek to enforce these obligations more strictly than others. This affects the level playing field within the EU and undermines the ability of financial entities to provide services to retail clients in a common European market.

In the same vein, *institutions performing the same functions should be subject to similar levels of scrutiny irrespective of their classification or structure*. In this regard, current legislation imposes more burden on traditional banks in key areas such as payment services, lending activities or AML requirements. Ensuring a harmonised regulatory approach would provide consistency, reduce regulatory arbitrage and improve financial stability while maintaining fair competition within the sector. Only by having the same rules will traditional banks be competitive when offering and rendering services to their clients who, at the end, will be the beneficiaries of this harmonisation.

Gold plating is another concerning phenomenon. The European Commission describes it as the process by which a Member State that has to transpose EU legislation imposes additional requirements, obligations, or standards in national law that go beyond the requirements or standards of EU law—thereby imposing additional regulatory costs, which are not required by EU law. Moreover, these national requirements might be unknown for non-local market participants operating cross border. *There is no EU register for national deviations that may allow market participants to clearly understand the implications for providing cross border services across the EU, so the risks, costs and burden of providing financial services in more than one Member State are multiplied*. It would be desirable for these practices to be eliminated as they also produce fragmentation of the European single market.

In this regard, we welcome the initiative taken by the European Commission within the context of the Savings and Investment Union with the opening of a channel to all market participants to report barriers to financial market integration within the European single market.

Proportionality based approach

We welcome the European Commission and ESAs objective to simplify and reduce the reporting burden in the financial sector. We fully agree that this is a key area where improvement can be made. We would add that there are other areas where the application of the proportionality principle stated at Article 5(4) of the Treaty on European Union would help achieve the objectives of policy makers while avoiding administrative burdens or unintended consequences for markets, investment firms and their clients.

The recent reviews of some MiFID II and MiFIR provisions and the scope of the Benchmark Regulation are a good example of the path that can be followed to remove existing non-proportionate burden. Some requirements were identified by industry associations such as ISDA or AFME as disproportionate when the relevant legislative texts were drafted. In this regard, it is important to note that the legislative process in the European Union takes so long that any potential unintended consequence could likely take years before it is addressed and solved.

There are other examples where the objectives of the respective regulation should remain but the ways to achieve those objectives could be simplified, increasing competitiveness of European financial institutions in the global markets.

4. Summary proposals

Implementing a regulatory pause and moderating the pace of regulation

It would be beneficial for market participants to have regulatory pause to allow them to adjust to and properly implement the vast amount of regulations approved in recent years. Additionally, there is a need to moderate the exponential increase in regulatory burden that have grown substantially over the years, making the financial system more competitive and efficient without undermining financial stability. A more moderate pace of regulation should provide the financial sector with increased predictability and legal certainty over a longer time-period.

Reducing regulatory complexity by simplifying regulations at all three levels

We recommend a return to a principles-based regulatory approach and substantially limit the number and scope of delegations (levels 2 and 3). To this end, one should strictly adhere to the original function for which level 2 and 3 regulations were created (to complement or refine non-essential parts of level 1 regulation), rationalise their development, and avoid the incorporation of significantly more complex new obligations.

Improving the regulatory process

We recommend undertaking broader public consultations in a timely manner but proportionate to the level of complexity of the rules, with more rigorous impact assessments. To that end increasing communication and dialogue with the regulator is important for conducting a detailed analysis of the impact that regulatory developments may have on the efficiency and competitiveness of entities.

There should be greater coordination, transparency, and predictability of level 3 actions (anticipation in the publication of the ESAs calendar).The European Commission, co-legislators and the ESAs should consider timing-related issues for the proper functioning of the three-level structure, ensuring there is sufficient time for the implementation of Level 2 requirements. Additionally, the European Commission and the co-legislators should adopt, in the Level 1 texts, a phased approach to implementing regulatory changes likely to have a material impact, rather than a "big-bang" approach.

The principle of proportionality shall be applied more generally in the regulatory process. In particular, the greater impact of new frameworks on medium and small entities should be considered.

Promoting a level-playing field across the EU and across activities

It is advisable to moderate the gold-plating practices of Member States and their authorities. These practices not only generate additional costs for entities within those territories but also contribute to the fragmentation of the European financial system.

Policy makers should ensure a level playing field among financial entities and other market participants not subject to similar rules and the costs derived from their compliance.

Yours sincerely,

Fernando Conlledo

EFMLG Vice Chair