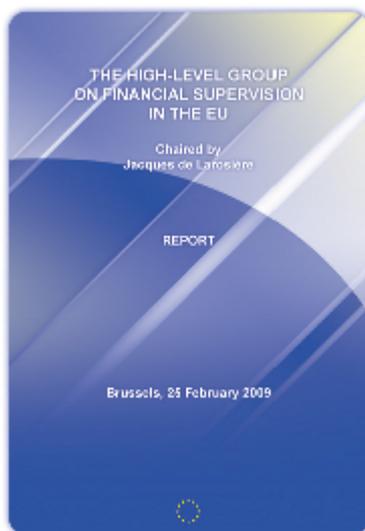


# The de Larosière Group Recommendations



## The de Larosière Group Recommendations

 Tuesday, 3 March 2009 |  European Affairs



The advice to EU president Barroso from the De Larosiere Group. This report is published as the world faces a very serious economic and financial crisis. The European Union is suffering. An economic recession. Higher unemployment. Huge government spending to stabilize the banking system ? debts that future generations will have to pay back. Financial regulation and supervision have been too weak or have provided the wrong incentives. Global markets have fanned the contagion. Opacity, complexity have made things much worse. Repair is necessary and urgent. Action is required at all levels ? Global, European and National and in all financial sectors.

[http://ec.europa.eu/.../global\\_report\\_-\\_final.pdf](http://ec.europa.eu/.../global_report_-_final.pdf) <sup>[1]</sup>

## The de Larosière Group

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We must work with our partners to converge towards high global standards, through the IMF, FSF, the Basel committee and G20 processes. This is critical. But let us recognize that the implementation and enforcement of these standards will only be effective and lasting if the European Union, with the biggest capital markets in the world, has a strong and integrated European system of regulation and supervision.

In spite of some progress, too much of the European Union's framework today remains seriously fragmented. The regulatory rule book itself. The European Unions' supervisory structures. Its crisis mechanisms.

This report lays out a framework to take the European Union forward.

**Towards** a new regulatory agenda ? to reduce risk and improve risk management; to improve systemic shock absorbers; to weaken pro-cyclical amplifiers; to strengthen transparency; and to get the incentives in financial markets right.

**Towards** stronger coordinated supervision ? macro-prudential and microprudential. Building on existing structures. Ambitiously, step by step but with a simple objective. Much stronger, coordinated supervision for all financial actors in the European Union. With equivalent standards for all, thereby preserving fair competition throughout the internal market.

**Towards** effective crisis management procedures ? to build confidence among supervisors. And real trust. With agreed methods and criteria. So all Member States can feel that their investors, their depositors, their citizens are properly protected in the European Union.

In essence, we have two alternatives: the first "chacun pour soi" beggar-thy-neighbour solutions; or the second - enhanced, pragmatic, sensible European cooperation for the benefit of all to preserve an open world economy. This will bring undoubted economic gains, and this is what we favour.

We must begin work immediately.

Jacques de Larosière, Chairman

✘ Tags: [CEBS](#) [3], [Commission](#) [4], [Consilium](#) [5], [de Larosière](#) [6], [EU](#) [7], [lamfalussy](#) [8], [supervision](#) [9]

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[2]

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