

LORD HILL

B-1049 BRUSSELS

MEMBER OF THE EUROPEAN COMMISSION

Brussels, 18. 11. 2014

MB/M(2014)4217661

Mr Frans Timmermans  
 First Vice-President  
 European Commission

*Dear Frans,*

I attach some proposals for the Commission Work Programme in my area. I apologise for the short delay, but I wanted to give this some serious thought with the DG. In particular, for this Commission to be different, and truly political in its work, I fully agree with you that we focus on priorities. This must be the case whether we are reflecting on new initiatives, on how to handle existing legislative proposals or indeed the huge volume of delegated and implementing legislation, which I would also like to discuss with you. I hope the attached standard table is reasonably self-explanatory, but I would add one or two comments.

The major new initiative naturally concerns the Capital Markets Union, where I have grouped the different points together to give a clear sense of where this is going in 2015 in particular. Resolution of Central Clearing Counterparties and other non-banks is also clearly vital – this has the capacity to be the next Too Big To Fail (TBTF) if we do not address it rapidly. The other points listed here either stem from legal obligations or from the President's mandate letter, with one exception: my desire to focus much more sharply on consumer / retail aspects to financial services policy by trying to drive forward work to extend the Single Market.

I have looked closely at the 414 Level 2 measures which flow from adopted legislation (mainly under CRD4, BRRD, and MIFID 2) since the crisis. In 2015, 177 empowerments are legally due for implementation. I have asked my services to consider carefully what flexibility there exists to avoid overlaps, and more generally to prioritise jobs and growth as well as financial stability for those measures with major impact which will require impact assessment. Looking slightly further ahead, of the 414 measures, it is worth noting that 123 measures do not have a target date for implementation in the basic act, which may give us more room for manoeuvre.

Furthermore, I have asked for an analysis of the cumulative impact of all our adopted legislation post crisis: we need to assess the overall impact in terms of jobs and growth at the same time as preserving financial stability.

Finally, in terms of priorities, I have identified one immediate target for withdrawal of Commission proposals - the directive on investor compensation schemes.

But I am keeping a close eye on two other issues. On the proposed revised rules for occupational pension funds, it is possible that the Presidency succeeds in getting agreement to a General Approach in the next couple of weeks, so it would be odd to withdraw it now. However, if there is no GA, and no pick up in the EP's interest in this, we should come back to this. In addition, we also need to see how much progress is made on the much bigger proposal on banking structural reform, where Member States are pulling in different directions in opposition to it, so withdrawal could be an option next year if Member State support does not pick up. But I have concluded that it would be premature to withdraw either proposal now.

I am copying this letter to Jyrki Katainen, Valdis Dombrovskis and Catherine Day.

*Yours,*



**JONATHAN HILL**

*Encl.*