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Email

Brussels, 28 April 2014

Subject: Threat to EU-EEA single market for financial services

Dear Mr Grippa,

We write to you to encourage you to seek , at a planned meeting of 29 April 2014, a remedy to the situation that risks posing an increasing threat to the single market in financial services for banks, and other financial services operators, established in the EU offering services into the territories of the EEA EFTA countries, and vice versa.

The EEA Agreement provides the legal mechanism through which EU legislation is rendered applicable in the EEA EFTA countries, thereby including them in the Single Market. But the EEA agreement has not been designed with the European Supervisory Authorities in mind and thus all EU financial services legislation with references to the ESAs have not been included in the relevant annex to the original EEA agreement, which deprives EU legislation of a legal base for application in the EEA EFTA countries (Iceland, Liechtenstein and Norway). To date there appears to be a backlog of some 50 EU secondary legislative measures that is pending, including significant parts of the recent regulatory reform agenda.

This will, if allowed to linger on, risk driving a wedge in the single market for the three EEA EFTA states concerned that will have significant impact on the firms established in the EU, which may be forced to follow different rules than those of the EU's single rule book. EEA EFTA firms also may suffer similar disadvantages when operating into the EU. Clearly, the expectations of firms that have built businesses across borders availing of the freedom of establishment and freedom to provide services may end up being harmed, whilst the opportunities for regulatory arbitrage and the retrograding of the single market achievements increases the longer this situation is allowed to prevail.

As representatives of banks in the European single market we urge you to find practical solutions to overcome this difficulty as soon as possible, and stand ready to assist in whatever way we can.

We have taken the liberty of sending a similar letter to this one to Commissioner Barnier's services and to Mr Georges Baur, Assistant Secretary General at the EFTA Secretariat.

Yours sincerely,

Guido Ravoet