



Strasbourg, 16 December 2008

José Manuel Barroso
President of the European Commission

Even McCreevy has to respect the European Parliament!

Dear President Barroso,

We are writing to express our dismay at the increasingly obvious fact that Commissioner McCreevy is trying to avoid implementing the demands of the European Parliament for regulation covering **all** financial players.

This is contrary not only to the will of the European Parliament, but also ignoring the assurance from yourself and the President of the Council that hedge funds and private equity would not escape regulation. It is also contrary to the conclusions of the G20, where the EU has agreed to *"to strengthen our regulatory regimes, prudential oversight, and risk management, and ensure that all financial markets, products and participants are regulated or subject to oversight, as appropriate to their circumstances."*

To add to this insult, he now pleads with industry to help him avoid regulation, using inflammatory and insulting language about the Parliament or perhaps member state Governments.

First, we want to remind you that the European Parliament report on financial market reform is a legislative report, was agreed overwhelmingly by all mainstream political groups, and calls for regulation covering all financial players. Instead, Charlie McCreevy in his speech in front of the European Parliament's Economic and Monetary affairs committee on December 1st proposed another consultation on hedge funds. He already did a consultation two years ago, forgetting to consult anyone other than industry. But we don't need new consultations, we need concrete proposals and actions as the Parliament has requested.

Second, on private equity Charlie McCreevy is even more provocative. We have repeatedly underlined that the code of conduct – including the Walker Report - is not sufficient. But Commissioner McCreevy recently told the British Venture Capital Association in London that they can avoid regulation if they sign up to industry guidelines. He did so using inflammatory language about "trigger happy regulators" and "indiscriminate" regulation. We can only assume that he is referring to the Parliament or member state Governments, as no others have the influence on EU regulation.

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This stands in clear contrast to the assurances I received from President Sarkozy in the European Parliament on October 21. President Sarkozy told the Parliament «Aucune institution financière, privée ou publique, ne doit échapper à la régulation». This was repeated in December by Minister Hervé Novelli when he told the Parliament «aucun segment de marché ne doit échapper à la régulation».

This is too much. Commissioner McCreevy's actions demonstrate a total absence of respect for the European Parliament, and appear to be more appropriate for a paid lobbyist of the finance industry than a European Commissioner. His consultations are in our minds little more than time-wasting exercises embarked upon with the hope that they might provide further excuses for him not to carry out the will of the Parliament.

We have lost trust and confidence in Commissioner McCreevy. We ask you to ensure that the Commission does come forward with proposals for regulation covering all financial players as demanded by the European Parliament and as you confirmed to the European Parliament recently.

Yours sincerely,

Poul Nyrup Rasmussen

Martin Schulz

Pervenche Berès

President of the Party of
European Socialists

President of the
Socialist Group in the
European Parliament

Chairwoman,
Committee on Economic
and Monetary Affairs

