

QUESTIONNAIRE TO THE COMMISSIONER-DESIGNATE**Maria Luís ALBUQUERQUE****Financial Services****1. General competence, European commitment and personal independence**

What aspects of your personal qualifications and experience are particularly relevant for becoming Commissioner and promoting the European general interest, particularly in the area you would be responsible for? How will you contribute to implementing the political guidelines of the Commission? How will you implement gender mainstreaming and integrate a gender perspective into all policy areas of your portfolio? How will you implement youth mainstreaming?

What guarantees of independence are you able to give Parliament, and how would you make sure that any past, current or future activities you carry out could not cast doubt on the performance of your duties within the Commission?

I am an economist by training. Throughout my professional life, in both the public and private sectors, I have worked on financial issues from multiple perspectives. As a university lecturer, I taught “Macroeconomics” and “Financial Markets Mathematics.” I combined my theoretical knowledge with first hand policy experience in the Finance Ministry, working at the Directorate-General for Treasury, and as Advisor to the Secretary of State for Treasury and Finance. Later on, I was also responsible for the financial management of a state-owned enterprise (SOE) in the area of rail infrastructure, REFER. My experience as Head of Issuing and Markets at the national public debt management agency made me acutely aware of the deep links between public budgets, market sentiment and financial stability. My role included representing the debt management office in EU committees, namely the Sub-Committee on Sovereign Debt Markets and the Task Force on Coordinated Action, an expert group tasked with discussing the EU financing instruments to face the sovereign debt crisis. Those experiences were essential in helping me navigate the challenging positions of Deputy Minister for Treasury and of Minister of State for Finance – at a time when Portugal was facing an acute economic and monetary crisis. For four and half years, I participated in all ECOFIN and Eurogroup meetings and worked closely with many EU institutions including the European Commission. My political skills were further deepened thanks to my years as member of the national parliament. As a member of parliament, I was part of the European Affairs Committee – where I worked to ensure continued close ties between Portugal and EU bodies.

I combine this deep experience of the public sector with a thorough understanding of how financial markets work and the impacts of EU and national rules on the ground, which I strengthened through my work with Arrow Global, plc, a credit management services provider and Morgan Stanley, a global bank. I also had the privilege to be a member of the High-Level Forum on Capital Markets Union, established by the Commission in 2019. Our report contributed to Commission initiatives to promote the Capital Markets Union, with recommendations that remain highly relevant for delivering on the Political Priorities of President Von den Leyen.

In the past 15 years, I have been involved in the key negotiations and decisions aiming to provide us with the right tools to prevent new financial and eurozone crises – including the setting up of the Banking Union. Living through these crises and their aftermath, with the negative impact on the lives and expectations of citizens across the EU as well as their trust in EU institutions, made me even more committed to the European project. Indeed, I firmly believe that the solutions to such crises can only be found by working together for the common good. I am therefore a firm believer building a Union, based on principles of subsidiarity and proportionality and moving forward in all those areas where acting together delivers better results than addressing challenges at national level. This is why I take the responsibility of joining the Commission – if I am confirmed - with the utmost seriousness. This is a commitment of enormous responsibility as it is essential to ensure that all member states, citizens and businesses across the EU understand and actively participate to strengthen financial capacity in order to reduce inequalities and increase prosperity, delivering on our goal of improving competitiveness.

If appointed as Commissioner, I will use all these skills and competences to develop a European Savings and Investments Union that includes banking and capital markets, financial stability and competitiveness aiming to create better opportunities for citizens to improve their financial standing, to unlock private investment, and to deliver on the green, digital and social transitions. I will also focus on the implementation and enforcement of financial services rules, notably to fight financial crime and reinforce EU sanctions, and strive to simplify our rules wherever possible to facilitate the life of citizens and businesses and pursue all the areas of my mission letter.

I am acutely aware that women are still under-represented at all levels. I am also aware that citizens, and young people and women in particular, often do not have the necessary skills to manage their finances or navigate an increasingly complex and rapidly changing financial ecosystem. I welcome the strong support of the European Parliament for gender mainstreaming and for ensuring that youth concerns are considered in all policy areas. I will also ensure gender balance in my team. Within my portfolio – if appointed - and in line with my mission letter, I would like to focus in particular on financial literacy as a way of addressing both those challenges. I am committed to hold annual dialogues with young people, with the first one to be already organised during the first 100 days in the office. I will follow the spirit and the letter of the Code of Conduct for Commissioners, including updating my publicly available Declaration of Interests should there be changes to it. I will avoid any position or situation that could call in question my independence, impartiality or availability to the Commission, and I will inform the Commission President of any situation that might lead to a conflict of interest in the performance of my official duties. I truly believe that accountability and transparency are not only a requirement, they are a moral imperative that I will uphold gladly.

I will fully respect the EU Treaties and the obligation to always act in the Union's interest. I feel deeply honoured to once again have the opportunity of serving the public interest. I will use all the experience and expertise I have gained in my different roles to serve the Union's interest – and only the Union's interest.

2. Management of the portfolio and cooperation with the European Parliament

Can you commit to duly informing Parliament about your actions and those of your departments? In what respect do you consider yourself accountable to Parliament?

What specific commitments are you prepared to make in terms of your engagement with and presence in Parliament, both in committee and in plenary, transparency, cooperation and effective follow-up to Parliament's positions and requests for legislative initiatives? In relation to planned initiatives or ongoing procedures, are you ready to provide Parliament with timely information and documents on an equal footing with the Council?

If appointed, I would be privileged, humbled, and honoured to join the College of Commissioners. As Member of the College, I will support our common policy agenda, and I will take political responsibility for the activities within my portfolio, without prejudice to the principle of collegiality of the Commission. If appointed, I will carry out my responsibilities in full cooperation with other members of the Commission, in accordance with the working methods, and in line with the interinstitutional multiannual programming decisions.

I am committed to engaging with the Parliament at all stages of both the policy-making process and the political dialogue, and to maintain a relationship based on openness, transparency, mutual trust, regular reporting and exchange of information, notably to allow the Parliament to exercise its democratic oversight effectively. If appointed, I will listen closely to the concerns of the European Parliament and work with the College of Commissioners to respond to its requests. In particular, I will work closely with the European Parliament Committee on Economic and Monetary Affairs (ECON Committee) as the main responsible committee in my area of work. I will regularly brief its members and work with other relevant committees depending on the Parliament's decision on responsible committees, as well as participate in relevant debates during plenary sessions.

Similarly, my cabinet and DG FISMA, the service under my responsibility if I am appointed, will cooperate with the European Parliament and the ECON Committee based on the principles of trust, transparency, a two-way information flow, and mutual assistance, understanding the requirement of full accountability towards the European Parliament.

I am keenly aware that, both in policy dialogue and legislative initiatives, only effective and loyal cooperation can deliver results. I will work to build consensus in line with the 2010 Framework Agreement and the 2016 Interinstitutional Agreement on Better Law-Making. I am fully committed to the Commission President's intention of reinforcing the special relationship between the European Parliament and the Commission, and I stand ready to participate personally in important trilogue negotiations and to facilitate active and regular attendance of

committee meetings, regular and direct flow of information with the chair of the parliamentary committee, availability for bilateral meetings and direct communication with committee members as well as the provision of prompt and clear information and follow-up of the views expressed.

I am furthermore committed to the full implementation of the Treaties, the Inter-Institutional Agreement on Better Law-Making, and the Framework Agreement. The European Parliament and the Council are co-legislators under the EU Treaties in the context of the ordinary legislative procedure, and I will respect the principle of equal treatment for both institutions. I support President von der Leyen's commitment to strengthen the European Parliament's right of initiative and the Commission's commitment to follow up to parliamentary resolutions.

Questions from the Committee on Economic and Monetary Affairs

Capital Markets Union (CMU)

3. What is your vision on how to develop the CMU/Savings and Investments Union? Which will be the concrete steps and the timeline you will take to develop it? To what extent will those measures take into account the specific recommendations made by the Letta, Noyer and Draghi reports?

A Savings and Investments Union (SIU) that encompasses the Capital Markets Union (CMU) as well as the Banking Union (BU) has rightly received a lot of attention recently and features among the President's priority commitments. I am pleased to see that it has been widely recognised that developing the EU's capital markets is now a clear 'need to have' and not just a 'nice to have' if we want to finance our ambitious political objectives such as the green, digital and social transition sustainably. The political momentum I have been witnessing behind the Savings and Investments Union can drive positive change, but only if it translates into concrete policy actions.

My vision is clear: the Savings and Investments Union should be a key instrument to support the EU's broader objective of boosting the Union's sustainable competitiveness and facilitating the transition. The Savings and Investments Union will complement and foster other key EU initiatives, such as the Clean Industrial Deal. Public authorities cannot achieve this alone - all stakeholders, including those from industry and civil society must be involved and take ownership of the reforms. Building the Savings and Investments Union requires progress on a number of work strands, ensuring that all Member States and all stakeholders benefit from strong, integrated financial markets, and well-developed domestic markets so that no one is left behind. Without well-functioning capital markets at both EU and national levels, we cannot meet our investment needs in the years to come.

If I am confirmed as Commissioner, I want to develop a Savings and Investments Union that promotes competitiveness, prosperity and fairness for all citizens and businesses in the EU. Our main aim should be that European savings are channelled as effectively as possible to finance productive and strategic investments, maximising the benefits for citizens and businesses. If I am confirmed, I want to build both the CMU and BU in a cohesive way so that the Savings and Investments Union can help the EU reach a 'tipping point', after which higher rates of growth, competitiveness and household wealth creation can become self-reinforcing. This will require our common sustained efforts and there is no set 'finish line'.

I believe it will be crucial to integrate banks in the Savings and Investments Union as they play a key role in connecting savings and investments in Europe. First, banks will continue to hold an important part of citizens' savings and will provide essential funding to most companies in Europe. Second, strong European banks operating across borders are necessary for key capital market services such as listing and trading. Third, integrated banking markets would also contribute to a more efficient allocation of funding across the EU economy. I believe that ambitious outcomes on files relating to key structural features of the BU, notably the ongoing reform of the Crisis Management and Deposit Insurance and the creation of a European Deposit Insurance Scheme (EDIS) will contribute to further integration of the banking sector and reinforce financial stability. However, progress depends on commitment and support, at the highest political level in the EU, by the European Parliament, and by Member States.

Citizens must be at the heart of the Savings and Investments Union. Citizens can be big winners of the Savings and Investments Union, as well as critical actors in its success. They must reap more benefits from the EU's capital and banking markets and be better supported in building up household wealth. Citizens should be able to put more of their savings 'to work' in capital markets while being appropriately protected, allowing for diversification in the financing of investment across the EU and providing the capital urgently needed by EU businesses to compete, innovate, and embrace the green, digital and social transitions sustainably.

Coming from a country at the periphery of the Union, I am very much aware that the situation and the needs of citizens and businesses when it comes to savings and investments are very different in different Member States. The Savings and Investments Union must work for all Member States, regardless of their size, current level of capital market development or economic situation. We must focus on the development of deep and integrated capital markets at European level, built on strong and well-developed capital markets across all Member States. To this end, Member States must take full ownership of the Savings and Investments Union and actively engage to identify what works well and what does not. This will allow for the adoption of best practices at EU level and also support local market development. I have been involved with the CMU project for a long time and have a good understanding of what works and what does not. If I am confirmed, I will build upon previous efforts and lessons learned and, importantly, consider all stakeholders' input. As such, I see that some of Savings and Investments Union facilitating measures might be "bottom up" and as such led and delivered by Member States, with support and coordination from the Commission. Your support, Honourable Members, will be paramount to that effect.

In terms of timelines and concrete steps, if I am confirmed, I would present within the first months of taking office an overall approach on how the EU, Member States and market participants can move forward decisively on the Savings and Investments Union. With this in mind and considering the political momentum the Savings and Investments Union currently has, I believe policy actions should be focused on a limited set of transformational measures that can be realised within a 5-year horizon. I also think this should be done with less regulation than we have seen in the past years. Initiatives under the Savings and Investments Union should also include proposals to simplify and reduce regulatory burden, notably for SMEs.

In spelling out priorities for the Savings and Investments Union, I want to build on the work of the European Parliament and the Council, and on the recent reports by Enrico Letta and Mario Draghi as well as other reports issued at national level, notably the Noyer report, and facilitate a "whole-of-EU" approach. These inputs have pointed to a number of important issues including the need to expand incentives for business 'angels' and private/public seed capital investors, to increase the appeal of European stock markets for initial public offerings (IPO) and for companies after going public, to reduce regulatory fragmentation in areas like insolvency, tax or financial market infrastructure, to encourage retail investment including through the offer of long term savings products, to strengthen financial literacy, to review the regulatory framework for securitisation, or to advance towards more comprehensive and integrated supervision.

Such reforms are undoubtedly needed. However, before deciding what to propose, if confirmed as Commissioner, I would like to have a closer look at what the main problems are, and to speak further with the European Parliament, Member States, and all stakeholders to identify our shared priorities. For example, I am aware that the Commission services have organised a first exchange of views on identifying barriers to the integration of trading and post-trading and to the scaling up of investment funds investing in innovative and growth firms. A study, which should give more insights into those barriers to consolidation should be completed next year. I am also aware that the Commission services launched in October a public consultation on how securitisation could be relaunched. Also in other fields, like the improvement of the supervisory system at EU-level, I plan, if I am confirmed, to thoroughly consult and engage with all stakeholders to assess to what extent existing tools are efficiently used and whether more structural changes would be necessary. If I am confirmed as Commissioner, all those fact-finding exercises and dialogue will be crucial to inform my action in the months to come, in close cooperation with other members of the College and, ultimately, to reach our common goal of a more competitive and fair Union.

4. How do you intend to further develop the Union's (post-trade) market infrastructure as a foundation for further market integration? Do you think that the recent review of EMIR will succeed in bringing the clearing business of derivatives denominated in euro to EU financial centres? Which steps will you take to design a simple and low-cost saving and investment product in the Union to ensure an appropriate level of protection for retail consumers and investors, and to increase capital markets participation? What initiatives will you take to improve financial literacy? Do you think that securitisation rules are to be amended now or when the CMU is fully realised and how could it affect the financial stability of the Union? Do you plan to bring forward a legislative reform to adjust the supervisory framework for capital markets, taking the SSM as an example?

Financial market infrastructures, including those providing post-trading services, are key to the functioning of EU capital markets. They must be resilient, efficient, and innovative if our financial markets are to remain globally competitive. Unfortunately, there are barriers preventing the creation of a truly single market for post-trading services in the EU. There has been some progress in dismantling those barriers, but many still remain, as highlighted in recent high-level experts reports.

Recently, the Commission services organised an exchange of views among relevant stakeholders on identifying remaining barriers to the integration of trading and post-trading services. Also, a study which should give more insights should be completed next year. Work is ongoing in other areas relevant to the CMU, including company law and insolvency law, and, if confirmed, I will cooperate notably with the Commissioner for Democracy, Justice and the Rule of Law to ensure that we all go in the same direction to help companies and develop the Single Market in a way that appropriately protects consumers and retail investors, while ensuring that relevant rules are streamlined and support competitiveness. It is already clear to me that we need to work further on removing barriers that act as an obstacle to market driven integration of the market for post-trading services.

Central counterparties for clearing (CCPs) play a key role in managing risks in capital markets and promoting their smooth functioning. As such, CCPs are key actors for the creation of a successful CMU. The recent review of the European Market Infrastructures Regulation, known as EMIR 3, on which the European Parliament and the Council agreed in February this year, sets the framework for fostering competitive and attractive clearing markets in the EU, while at the same time ensuring financial stability.

Although the final compromise reached by the co-legislators on the active account is less ambitious than what the Commission proposed, it strikes a balance between a more forceful regulatory intervention and a market-led approach. It is a first step towards reducing the excessive reliance on substantially systemic third-country CCPs and mitigating the related risks. The active account, combined with other measures to improve the attractiveness and competitiveness of EU clearing markets, should kick-start a process through which clearing in the EU will continue to develop and the excessive reliance of our financial markets on certain third-country CCPs will be reduced. EMIR 3 will allow us to carefully monitor the extent to which the combination of these measures will bring the desired results. I would encourage market participants to make the most of the opportunities provided and to help develop a deep and liquid clearing market in the EU, and mitigate potential risks to our financial stability.

With regard to a simple and low-cost saving and investment product, I want to stress the need to develop a true single market for such products, by facilitating and incentivising retail investors' access to such products. If I am confirmed, I will work with all stakeholders to identify the best way forward that adequately balances all interests at stake. Such outcome should ensure that retail investors are empowered to take well-informed investment decisions, are adequately protected, and get a fair deal when investing in capital markets. Only if retail investors can trust the markets to deliver them decent returns and to meet their preferences in supporting, for example, sustainable projects, will they feel incentivised to invest more. In addition, improving financial and digital literacy levels will be paramount, allowing retail investors to make informed decisions and avoid financial fraud and scams. On these topics, I would also refer the Honourable Members to my response to the written question number 8.

Securitisation is undoubtedly important, but it is essential to understand the problems in this market before discussing how to address them. For this reason, I think it is good that the Commission services have launched a targeted public consultation on securitisation. Based on its outcomes, I will be in position, if I am confirmed, to conclude on the best course of action, both as regards the timing and content of any proposal. If evidence shows that immediate action is warranted, we will need to act. Of course, we must ensure that none of our actions – or lack thereof – endanger financial stability.

Differences in regulation and supervision hamper the development of integrated capital markets, thereby increasing costs and reducing competitiveness. Many of these differences can also be detrimental to investors, who may face varying levels of protection across Member States. An improved supervisory system at EU level can be a key driver to achieve the full potential of our capital markets, by reducing inefficiencies, realising economies of scale, and creating trust in the functioning of the markets. It would be instrumental in reducing regulatory burden. There are various ways to improve supervision. One way is joint EU-level supervision where a single supervisor supervises certain market players (like the Single Supervisory Mechanism in banking) across different Member States. Another way is to ensure that national supervisors, operating side-by-side, are better aligned in their approaches and outcomes, thus jointly delivering convergent supervision. If confirmed, I plan to thoroughly consult and engage with all stakeholders on the need to enhance supervisory arrangements within the EU. Based on their input, options to improve the supervisory system would be assessed and a suitable way forward proposed. If confirmed, I will count on the European Parliament's and Member States' support in this process.

Banking Union

5. How do you intend to prioritise the completion of the Banking Union? In line with the parameters from your mission letter, what will be in particular your way forward to set up an EDIS? How do you intend to address the issue of banking consolidation at Union level? Are you committed to the full implementation of the Basel III standards without further delay?

Financial stability is a pre-condition, although not a sufficient one, for sustainable growth and competitiveness. As Minister of Finance of Portugal, I was involved in managing the failures of several banks after the 2008/2009 global financial crisis. In the economic crisis that followed, many people lost their jobs, their houses, and many businesses struggled and closed down. This experience taught me that safeguarding financial stability and protecting depositors are essential to protect the welfare of households and businesses. The elements of the Banking Union already put in place have greatly contributed to ensure the resilience of the banking sector. This was well illustrated in the spring of 2023, when a number of US regional banks failed, and Credit Suisse could have done so, while EU banks weathered the related economic shocks and the risk of financial contagion well.

So far, when developing Banking Union, the focus has been mostly on rulebooks and institutional architecture. If I am confirmed, I want to bring citizens and businesses closer to its core. I would like to focus my action on what the Banking Union can bring for them: for example, deposit protection needs to be robust, so that businesses and entrepreneurs can develop their projects and grow our economy. Also, the Banking Union should result in banks providing better and cheaper financial services, driven by effective cross-border competition. Savings should be put to their most productive use in the EU and investment by corporates should be supported by banks: these must be the ultimate objectives of the Banking Union and the wider European Savings and Investments Union. In this context, further consolidation can enable banks to develop more efficient business models, be more innovative, invest more in information technology (IT), grow in the single market, compete internationally, and become more resilient to shocks through diversification. I am also attached to the diversity of banking business models.

To further develop the Banking Union, if confirmed, I will set the following priorities:

First, I will work to preserve our effective prudential framework. All my previous professional experience tells me how important it is to have a sound and robust prudential framework. The implementation of the Banking Package, which introduced the final elements of the Basel III standards into EU law, is my starting point. The EU's policy line is to apply the internationally agreed standards to all EU 4 500 banks, and not just to the large internationally active ones, as is the case in other jurisdictions. We are giving banks ample time to adapt to the new rules. So, let me be very clear: we must implement the rules, not roll back. But we must also be mindful of international competitiveness, and the possible consequences of delays and divergences in the implementation of standards by other important jurisdictions. If confirmed as Commissioner, I will encourage our international partners to implement the agreed Basel reforms as soon as possible to ensure the level playing field. And after 15 years of major banking reforms, I think we should pause and allow time to let the framework settle in, although targeted tweaks to the framework might still be needed in the future.

Second, if confirmed, I will work to forge a compromise on the Crisis Management and Deposit Insurance (CMDI) framework that would bring real progress in the management of bank failures and ensure financial stability. A stronger CMDI framework should equip authorities with the appropriate tools to deal with failing banks of any size and business model, thereby preserving value instead of destroying it. As far as I am concerned, the negotiations on CMDI should start as soon as possible, and if confirmed as Commissioner, I commit to invest my efforts to find compromises between the positions of the European Parliament and the Council that lead to improvements in the current framework and reinforce financial stability.

Third, I will work to identify a way forward on the European Deposit Insurance Scheme (EDIS) to ensure that all depositors are equally protected wherever they are within the Banking Union and that will address the risk that local bank failures may cause contagion and spill over to other banks and other countries. I want to work towards a solution that both the European Parliament and the Council can support, and the Parliament can be of great help here. The ECON committee adopted an interesting report at the end of the previous legislature that identifies elements of a starting point for compromise. As discussions on EDIS have been stalling for almost a decade, we should also be open to different options to find consensus. Willingness from all sides here is crucial, and if confirmed as Commissioner, I stand ready to facilitate an agreement.

Fourth, I will explore ways to look at other relevant aspects identified over the last years. We need to reflect on how to ensure that local bank subsidiaries benefit from the support of their parent located in another Member State

in a crisis. And we need to look into barriers for the cross-border provision of banking services in the single market. These are not easy issues. But they are important to ensure that Banking Union truly benefits citizens and companies in the EU and effectively contributes to bringing about our Savings and Investments Union.

If I am confirmed, I will count on the support of the European Parliament in this endeavour. In its 2023 Banking Union Annual report, the Parliament described the Banking Union as an essential complement to the Economic and Monetary Union and the single market. It emphasised the potential for an integrated Banking Union to enhance competition and consumer choice in retail banking, including through improved opportunities for cross-border banking services. Additionally, it highlighted the benefits of a diversified and competitive banking sector in the EU. I fully subscribe to these views.

The EU must not delay any further as the competitiveness gap with other jurisdictions, such as with the United States, continues to widen. Now is the time to make progress on CMDI, EDIS, and all the other files that are necessary to further develop the Banking Union.

6. Shadow funding structures that currently fall outside the regulatory perimeter might pose issues, in particular as concerns macro-prudential aspects. What is your view on the link between non-bank financial institutions and the traditional banking system and potential initiatives, in this respect?

Non-bank financial institutions (NBFIs) such as asset management companies, investment funds, investment firms, pension funds, insurance companies, and to a lesser extent unregulated entities, such as family offices, sovereign wealth funds, finance companies, and national pension funds, are a key source of funding for companies, banks and governments, and are well-established financial services providers in the European Union and around the world. They are instrumental to the EU's response to the challenge: 1) of attracting private capital to finance our policy priorities and the digital, green and social transition and innovative ventures as underlined by recent high-level experts reports and 2) of providing financial services to the EU economy and to the rest of the world.

The Commission's high-level forum on Capital Markets Union, in which I acted as co-Chair of the strand looking at retail participation, pointed out in 2020 that a key goal of the Capital Markets Union is to foster economic competitiveness and growth by providing more diverse sources of financing for innovation, and therefore boost productivity. Non-bank financial institutions are a source of financial diversity, as they mainly fund themselves and invest via capital markets and are also a key source of investment and funding for banks and other private and public sectors.

In recent years, non-bank sectors have grown bigger than the banking sector in terms of total financial assets. I am very much aware that, as a result of stress events in past years, such as the liquidity crisis during the Covid-19 pandemic, the Archegos financial scandal or the crisis of liability-driven investment funds, financial stability concerns about non-bank financial institutions have surfaced in international policy discussions, with initiatives in a number of non-EU and EU jurisdictions and international organisations. Potential vulnerabilities relate to the preparedness for liquidity shocks, the build-up of excessive leverage, via financial borrowing and derivatives in particular, and the unknown effects of growing links between these entities and the traditional banking system.

I believe that NBFIs' resilience is a pre-condition for their effective contribution towards the success of the Savings and Investments Union, which is a key Commission priority in line with the Political guidelines. Therefore, I welcome that the European Parliament, in its 2023 Banking Union report also acknowledged the need to enhance NBFIs' resilience. Furthermore, the report emphasised the importance of developing regulatory and supervisory tools to prevent a liquidity crisis and the risks from the interconnectedness between banks and non-bank financial institutions. NBFIs which are regulated at EU level are subject to robust regulatory regimes, notably the Markets in Financial Instruments Directive, the UCITS Directive, the Alternative Investment Fund Managers Directive, the European Market Infrastructure Regulation and Solvency II, all of which have been recently amended. These entities operate within the European System of Financial Supervision, which also monitors financial stability risks via the European Supervisory Authorities, the European Systemic Risk Board (ESRB), and national competent authorities. It is therefore noteworthy that Commission services have recently launched a targeted consultation that, building on these achievements, is gathering evidence about the adequacy of existing macroprudential policies to address systemic risks stemming from NBFIs' activities. I also expect it to shed light on areas that have been largely untouched by previous legislative action, including non-bank financial institutions that are currently outside the EU regulatory perimeter, therefore providing more clarity on whether further action is needed. The findings of the consultation will also help assessing the options for improved supervision of liquidity risks in money markets funds (MMFs).

Financial links between banks and NBFIs, so called ‘interconnectedness’, is also an important topic to bear in mind, and I welcome that the 2023 European Parliament’s report on Banking Union has drawn political attention to the issue. I believe it is important to monitor these exposures – and the ECB-SSM is already doing that - and discourage excessive risk taking, particularly when coupled with inadequate risk management. Thanks to the support of the Parliament, the Union has recently reinforced via the 2024 Banking Package (Capital Requirements Regulation 3) the requirements under the large exposures framework with which banks must comply in relation to their exposures to some NBFIs. To that end, the Banking Package requires disclosure of banks’ aggregate exposure to the non-bank financial institutions sector, focusing mostly on exposure to non-bank entities outside the EU regulatory framework and on specific regulated entities, such as money market funds or highly leveraged alternative investment funds. It also provides mandates to the European Banking Authority to review existing guidelines on non-bank financial institutions and to submit a report on their contribution to the Capital Markets Union and on banks’ exposures to those entities.

If I am confirmed as Commissioner, I will further examine how to ensure the resilience of NBFIs, keeping in mind the risks they pose but also their contribution to the Savings and Investments Union and thereby to the competitiveness of our economy. I will furthermore continue to engage with European stakeholders and international partners, notably via the Financial Stability Board, to monitor the latest developments, to assess emerging risks and vulnerabilities, to deliver on G20 and G7 commitments on NBFIs reforms and ensure, where possible, a coordinated and well-designed response to NBFIs vulnerabilities and avoid regulatory arbitrage in today’s integrated global financial system.

Sustainable Finance

7. What further steps are necessary to ensure that the Union remains a global leader in the area of sustainable finance, that capital is unlocked for investing in the digital and green transition, and that the sustainable finance framework is strengthened? How are you planning to work towards an international baseline for sustainable finance to increase interoperability and effectiveness of sustainable finance standards across jurisdictions? How do you intend to simplify, improve the usability, including the reduction of the administrative and reporting burden, and streamline the sustainable finance framework while delivering the required ambitious results? Do you consider that the current Sustainable Finance Disclosure Regulation (SFDR) helps retail investors to assess sustainability risks and make informed investment decisions and do you believe investment products marketed as sustainable should adhere to minimum sustainability criteria?

As laid out in my mission letter from President von der Leyen, we need to further develop sustainable finance, in particular for transition and climate resilience, and to ensure that the EU remains a global leader in this area.

The EU sustainable finance framework is now largely in place. Given the urgency to act, the toolkit has been developed in a relatively short time, since 2018. Early signs are broadly encouraging. We see that green investments are growing steadily. It is also clear that this new framework and its reporting requirements come with new costs in the short term, and investments may not always come with immediate payoffs. However, the costs of inaction on the climate challenge are becoming ever more apparent.

If I am confirmed as Commissioner, I will build on the framework in place and work towards streamlining requirements to alleviate unnecessary burdens, without compromising on our common European Green Deal objectives. At this juncture, I understand that we do not need significant new requirements or regulations, but we probably need to adjust existing ones and fine-tune requirements and regulations to make them fit for purpose. Targeted reviews should also be carried out to simplify and facilitate the application of the framework. And it is of key importance to continue accompanying stakeholders in their implementation efforts. The toolkit still needs to be made simpler and more proportionate for smaller market players, including as regards the indirect effects of obligations of larger players; and to better facilitate the scale-up of transition finance for all entities, regardless of their starting points and bearing in mind that significant steps towards sustainability objectives, even if incremental, are better than none. If confirmed, I will work to improve the overall usability of the framework, reducing administrative burdens on companies, and streamline the framework to make it more usable by a broader range of actors, including SMEs, without undermining the core objectives and without giving rise to greenwashing. I will work closely with the Executive Vice President for Clean, Just and Competitive Transition, the Commissioner for Economy and Productivity, Implementation and Simplification, the Commissioner for Environment, Water Resilience and a Competitive Circular Economy, and the Commissioner for Climate, Net Zero and Clean Growth to further deliver on these priorities.

We must continue to provide implementation guidance, notably on the European Sustainability Reporting Standards, the Taxonomy, and the European Green Bond Standard. We need to ensure that disclosures and transition planning requirements for companies are coherent across the whole framework. Specific solutions should also be developed to better address the needs of small and medium-sized enterprises, and possibly small mid-caps, including the development of simple and accessible reporting standards. We should listen to the feedback on the challenges reported in the first years of implementation and make the necessary adjustments to the whole framework following a coherent and holistic approach. We already launched a public consultation on the Sustainable Finance Disclosures Regulation and based on that feedback we will assess the proper course of action. We should also review the EU Taxonomy Delegated Acts to cover more economic activities, make existing criteria such as ‘Do no significant harm’ easier to apply, and ensure that transitional activities remain on a credible transition pathway consistent with a climate-neutral economy and that Taxonomy disclosures are cost-effective. Finally, we should further facilitate data flows and machine-readability, and for that purpose make full use of the European Single Access Point (ESAP).

If confirmed, I would pursue work on the Sustainable Finance Disclosures Regulation to tackle greenwashing more effectively and enable end-investors to understand more easily the sustainability features of the financial products they consider buying. To this end, first, we should consider changes to the environmental, social, and governance (ESG) disclosures for financial products, to improve comparability and reliability. Investors must receive robust, meaningful and easily understandable information, avoiding potentially misleading claims or complex processes. The Sustainable Finance Disclosures Regulation’s disclosures must also be coherent with the other disclosures under the wider sustainable finance framework. This would benefit retail investors and product manufacturers alike. Second, we need to assess the feasibility of a sustainability-related categorisation system for financial products. The current misuse of the framework as a pseudo labelling regime poses greenwashing and investor protection risks and does not provide an accurate categorisation of products. A simple categorisation system, which would rely on clear objectives and robust criteria, could facilitate investor understanding and avoid misleading ESG claims. All these steps would help to attract new investors interested in cost-efficient green products, and mobilise long-term savings toward green investments, as part of a deeper more integrated Savings and Investments Union.

But we must also remember that climate change and environmental degradation are a global challenge. If I am confirmed as Commissioner, I would continue the work in international fora and with partner jurisdictions to facilitate interoperability between our frameworks. More interoperability – in particular on taxonomies and sustainability disclosures – will help to develop cross-border capital markets with a level playing field for EU companies. The EU Taxonomy has inspired similar frameworks in South Africa, Colombia, Singapore, and Mexico, among others. In the area of transition finance, we should continue to develop the necessary principles and tools to align financial activities with climate and sustainability goals, consistent with EU principles and rules. In turn, this will help to preserve the level playing field and competitiveness of EU operators while raising global climate and environmental ambition. In the area of disclosures, we should continue to lead by example. The EU approach to reporting, including double materiality, inspired jurisdictions such as Switzerland and China. Several countries (e.g. Japan and United Kingdom) also integrate ESG factors into investment decisions. Finally, the Commission should continue to build on the very high level of interoperability already achieved between EU and global reporting standards to reduce potential burdens on EU companies.

Question from the Committee on Internal Market and Consumer Protection

8. In the mission letter addressed to you the President of the European Commission asked you to ensure that EU rules offer appropriate level of protection for consumers and retail investors, empowering them to take informed decisions and increase their participation in capital markets on fairer terms, in particular in light of the deployment of AI in the financial sector. What concrete measures, including legislative measures, will you take to achieve the above-mentioned objectives? To support this, you are requested to work on a financial literacy strategy. What is your plan and the action you intend to take to develop this strategy?

Retail investors must be empowered to take well-informed investment decisions, be adequately protected, and get a fair deal when investing. I consider these to be essential pre-requisites for increasing retail participation in capital markets. Only if retail investors feel they can trust the markets to deliver them decent returns and to meet their investment preferences, will they be incentivised to invest more. Increasing retail participation will also help the EU economy. Funds can be channelled into investment to ensure that we can meet our economic objectives, such as financing innovation, startups and the digital, social and green transition.

To achieve the above objectives, it will be of key importance to prioritise rapid agreement and implementation of the Commission's Retail Investment Strategy, consistent with the above goals. However, whatever the final outcome, it is clear that the measures in the Retail Investment Strategy are unlikely to be sufficient to deliver a fundamental shift in retail investor attitudes to investing. We need to do more.

Looking ahead and building on consultations and the experience I gained as Co-chair of the High-Level Expert Group on the CMU retail participation strand, I intend, if confirmed as Commissioner, to broaden the focus, explore ways to develop a true single market for simple, low-cost investment and savings products, in order to ensure more choice, lower prices and better access to such products. If confirmed, I will make a careful assessment of whether there is an efficient and functional single market for such products, and how and to what extent different ways of investing might be attracting new investors, including through the use of easily accessible digital tools and whether the right conditions are in place for EU companies to develop scale and offer cost-efficient and transparent cross-border products with a good return, which also ensure that retail investors are adequately informed. We have seen examples in some Member States that have successfully set up investment and savings accounts providing tax incentives and encouraging retail investment. I would wish to look more closely at how those schemes worked and what made them successful. Any efforts in this direction would require a combined effort at both EU and national levels. If confirmed, I will work closely with other members of the College, notably the Commissioner for Democracy, Justice and the Rule of Law, and all stakeholders, to pursue these goals.

Artificial Intelligence (AI) can help consumers and retail investors make more informed decisions by quickly processing data and providing personalised insights in a more accessible manner with products and services more tailored to individual consumers' needs. This can increase access to capital markets. Naturally, with opportunities come risks, which is why the timely implementation of the AI Act will be important to ensure trust. If confirmed, I will work closely with the Executive Vice-President for Tech Sovereignty, Security and Democracy to ensure that the application of the AI Act is smoothly and effectively integrated into existing financial supervision.

If confirmed as Commissioner, I will also continue the important work on financial literacy that has been carried out during the last mandate. I will, as requested in the mission letter, propose a dedicated strategy. Financial literacy is an important life skill, which should be developed early in life as it can put people in a much stronger position to make informed decisions about their finances, and plan for the future. Given the rise of online fraud, consumers of financial services need to be ever more aware and prepared to face cyber scams. Unfortunately, the levels of financial and digital literacy in the EU are still too low: the results of a Eurobarometer survey in July 2023 show that only 18% of EU citizens display a high level of financial literacy. The levels of financial literacy also differ significantly between Member States and between different groups within Member States, and affect especially women, young people and older people having lower literacy levels. Low financial literacy impacts an individual's personal and financial well-being, households, and society more broadly.

I will need to assess and identify the remaining bottlenecks preventing the full effectiveness of the good work done so far, consult and reflect on the appropriate way forward. Any strategy will surely be looking at ways to support and increase exchanges of best practices among Member States and to provide further guidance to implement the existing financial competence frameworks. I am well aware of the Commission's competence in this area and will consider policy options carefully in consultation with stakeholders across multiple sectors and in collaboration with other members of the College to ensure appropriate measures. I count on the European Parliament's support in that regard, as financial literacy is clearly an area where we all need to work together in a consistent and impactful way.

Finally, I would stress that while efforts to improve financial literacy are an important complement to consumer protection rules – they of course can never be a substitute for a solid legislative consumer protection framework.

Question from the Committee on Civil Liberties, Justice and Home Affairs

9. Your mission will be to continue working on digital finance, as well as on the implementation of the new anti-money laundering package.

What steps do you envisage to take in order to assess the deployment of AI systems in the financial sector, including their compliance with the specific requirements for high-risk AI systems provided for in the AI Act (such as risk management systems or fundamental rights impact assessments)? Which priority steps do you intend to take in order to effectively implement the new AML single rulebook, in particular with regard to financial sector, but also non-financial sector as well as new powers, competences and tools provided to the Financial intelligence units in order to prevent, detect and combat money-laundering and terrorist financing?

In my mission letter, President von der Leyen has asked me to continue work on digital finance and in particular to assess the deployment of artificial intelligence (AI) in finance. If I am confirmed as Commissioner, I will work with other members of the College, and with the support of DG FISMA, the European Supervisory Authorities (ESAs) and the newly established AI Office of the European Commission, to achieve our common goals. I will of course also work closely with the European Parliament and the Council. I will, if confirmed, build on the work already done, notably recent consultations and targeted outreach aimed at seeking to gather insights from stakeholders on the current market developments as well as potential risks and barriers impeding AI uptake in the financial sector. I will also work closely with the supervisory community and the AI Office to ensure compliance with the specific requirements for high-risk AI systems outlined in the AI Act. Finally, because AI very much presents opportunities and risks at a global level, I will, if confirmed as Commissioner, work with our international counterparts such as the Financial Stability Board, the Financial Action Task Force, the Basel Committee on Banking Supervision and the Bank for International Settlements to develop globally co-ordinated solutions, respecting European values.

I believe it is of utmost importance to work with all stakeholders – be it consumers, users, providers, developers, or supervisors, and not least the European Parliament and the Council – to ensure a swift implementation of the new rules under the AI Act. The AI Act identifies consumer credit assessment and risk assessments and pricing in health and life insurance as high-risk applications, and we need to devote particular attention to the fact that AI use in these sectors meets the standards set in the AI Act. If confirmed, I will work closely with the Vice-President for Tech Sovereignty, Security and Democracy to assess the AI deployment in the financial sector. If questions arise in relation to EU financial sector legislation in terms of how it applies to AI, I will also work closely with the supervisory community to see how best to address these issues.

If confirmed, I would like to take a proactive approach to addressing the evolving landscape of AI in finance, recognising the need for a nuanced policy approach that balances innovation, seizes the opportunities and advantages it may offer with solid risk management, be it from a financial stability or fundamental rights perspective. By engaging with the co-legislators, stakeholders and fostering dialogue, I would like to create a supportive ecosystem that enables both the financial sector and financial supervisory community to harness the potential of AI while mitigating its risks.

On anti-money laundering, the package of reforms agreed under the previous mandate has the potential to bring true change in the fight against financial crime. But laws are only as good as their implementation on the ground. I fully share the goal set out in the political guidelines for this Commission to focus on better implementation and enforcement of Union rules. I believe that this should be our primary focus in the anti-money laundering field if we are to make this reform a reality and a success. If confirmed, I will closely align with the Commissioner-designate for Internal Affairs and Migration to ensure consistent approaches to our common goals of fighting organised crime. I will also ensure close cooperation between the Commission and Member States for the correct transposition of the new Anti-Money Laundering Directive, as well as open dialogue with the sectors to enable the smooth phasing-in of the requirements of the new Anti-Money Laundering Regulations.

We have until mid-2027 to prepare the ground for the application of the new framework. We therefore have no time to lose; the reform was of a massive size, and there are important novelties that we must ensure are introduced in a coherent manner. Work needs to start now if we are to deliver.

Work on implementing and delegated measures is already underway. They will set out in detail how entities in the financial and non-financial sector alike are expected to comply with important requirements. Work on the common tools and methodologies for supervising these sectors is also being prioritised. If I am confirmed as Commissioner, I will ensure that my services continue building on this momentum, through close cooperation with the European Banking Authority and national authorities. All the technical measures will be publicly consulted so that the

industry can provide insights and suggestions. This process will ensure that the regulatory requirements are adequate, proportionate, and fit for purpose. Equally important for me will be the right set-up of the Anti-Money Laundering Authority.

With respect to Financial Intelligence Units (FIUs), work to harmonise how Financial Intelligence Units receive, process and exchange information has already started. Furthermore, in close cooperation with Financial Intelligence Units, the Commission is currently developing a new version of the 'FIU.net' secure information exchange platform. Work has also been launched for the interconnection of the national bank account registers. All those workstreams will significantly enhance the Financial Intelligence Units' ability to swiftly exchange and analyse information and report cases to law enforcement authorities.

Looking forward, if I am confirmed as Commissioner, I will not shy away from acting decisively. Europe cannot afford to repeat the same mistakes of the past where late or incorrect measures adopted or implemented at national level jeopardised our collective ability to fight financial crime. Therefore, I intend to use all instruments for implementation and enforcement at my disposal, including prevention and infringement proceedings, to ensure the framework and our authorities deliver on our commonly agreed goals.