

**ANSWERS TO THE EUROPEAN PARLIAMENT  
QUESTIONNAIRE TO THE COMMISSIONER-DESIGNATE  
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**1. General competence, European commitment and personal independence**

**What aspects of your personal qualifications and experience are particularly relevant for becoming a Commissioner and promoting the European general interest, particularly in the area you would be responsible for? What motivates you? How will you contribute to putting forward the strategic agenda of the Commission?**

**What guarantees of independence are you able to give the European 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?**

Roughly half my professional career has been spent working in the private sector and the other half in government, first as an adviser in the 1980s and 1990s and then as a Minister from 2010. As a businessman, I learnt in particular about the challenges of setting up and growing my own small business in a competitive environment. As an adviser, I worked on a range of economic and social issues, from tackling unemployment, to encouraging enterprise, to looking for solutions to urban, "inner city" problems. As a Minister, I was responsible for delivering the biggest structural reforms in education for a generation. Most recently I served in the cabinet of the British Government as Leader of the House of Lords - Britain's second parliamentary chamber. One of the main contributions of the House of Lords is to improve the quality of legislation through amendment. As someone who was responsible for the delivery of the UK Government's legislative programme, I am a strong believer in the importance of both pre and post legislative scrutiny. It is also a Parliament which operates by building consensus, drawing on diverse sources of expertise from its members, and forming alliances across party lines. I believe that I have a proven record of working exactly in this way. Consensus building is vital to the work of all Commissioners whose job it is to promote at all times the European interest, not his or her own, nor that of his or her political party or his or her country.

This combination of experience shows that I understand the importance of jobs and growth from a practical point of view and that I can also deliver difficult and complex reform in a political environment. My political experience has given me the following principles that I would apply in my work. Good regulation requires consistency, transparency, and fairness. We should empower individuals by giving them the best possible information, and by extending choice. Rules should be carefully thought through, and properly evaluated before and after enactment. And when they are in force, they should be properly implemented, enforced and subject to tough sanctions.

In terms of what motivates me, this job would enable me to play a part in addressing three major challenges facing the EU identified by President elect Juncker. First, the political or democratic challenge. The participation rates in last May's European Parliamentary elections were disappointing. Despite the best efforts of candidates and parties, turn-out fell in 18 out of 28 member states. Public trust in government and politicians is at an all-time low. This needs to be addressed. Second, the economic challenge. How do we stimulate the European economy to create the growth and investment that it needs, particularly at a time when we face new economic global challenges? How do we lift out of unemployment the millions of people, especially the young, who are without a job, causing widespread social misery? Our goal in the European institutions should be to secure a more prosperous future for the next generation, a future that stresses opportunity. This means restoring

dynamism to the European economy so that it becomes once again a model for the rest of the world. These challenges are of course linked. By creating more jobs, growth and investment, and delivering tangible benefits for our citizens, we can build more confidence in our institutions and in the EU as a whole. Thirdly, this Commission takes office at a crucial moment for the relationship between the EU and the UK. The European Union has delivered peace, prosperity, freedom and the rule of law across a once divided continent; a Single Market of 500 million people with disciplines to promote fairness and competition; the chance for our citizens to work and travel across the EU; and, as part of giving us a bigger voice on the world stage, the ability to make trade deals on a European scale. These are just some of the areas where the role of the European Commission is crucial, and events on the eastern border of the EU remind us of that on a regular basis. So I am keen to play my part in making the argument that the UK is stronger as part of a stronger EU.

So I am proud to have been nominated to be a member of the Commission of Jean Claude Juncker, and pleased that the portfolio he has proposed for me enables me to address the challenges of jobs and growth head on. I will work on this task with the two team leaders in my area, Vice-Presidents Jyrki Katainen and Valdis Dombrovskis, and fellow Commissioner Pierre Moscovici. We need to help build a strong and sustained economic recovery, strong investment in all areas of the economy, and bring us up the league table of international competitiveness.

More broadly, as part of the College, I will work as part of the team of President-elect Juncker to deliver our priorities as a whole, which have been strongly supported by the European Parliament. With respect to independence, I understand the relevant sections of the Treaties, and will uphold them fully. I will of course respect the oath that I will take in front of the Court of Justice of the European Union. In particular, I will comply with the highest ethical standards as set out in Articles 17.3 TEU and 245 TEU as well as the Code of Conduct for Commissioners. As can be seen from my Declaration of Interests, I have no conflicts of interest. I confirm that my Declaration is both complete and fully accessible to the public and that I will update it if any of my relevant circumstances should change. Although being a member of the House of Lords is an appointment for life, I will make the necessary arrangements to take a leave of absence while serving as a European Commissioner. During my term of office, I will not put myself into any positions or situations which could call into question my independence or impartiality, or availability to the Commission. I fully support the new commitment to transparency set out in the political guidelines by the President-elect. I commit to making public all the contacts and meetings I hold with professional organisations or self-employed individuals on any matter relating to EU policy making and implementation. I will stress the importance of the Transparency Register. In terms of my future, I do not yet know what I will do when the term of the next Commission comes to end. But I believe it is essential that we have strong rules regarding post-Commission employment, and once again, I wholeheartedly support the provisions on conflicts of interest. I undertake to comply both in the spirit and with the letter of all rules considered appropriate for Commissioners that exist now or are agreed in future.

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

**How would you assess your role as a Member of the College of Commissioners? In what respect would you consider yourself responsible and accountable to the Parliament for your actions and those of your departments?**

**What specific commitments are you prepared to make in terms of enhanced transparency, increased 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 information and documents on an equal footing with the Council?**

I believe strongly in acting as a team player and building consensus as a member of the College. Collegiality is the essence of how the Commission should work. President elect Jean-Claude Juncker has set out how the new College will function and in particular the interactions between Vice Presidents and Commissioners. I support these new ways of greater collaborative working. I believe this will help break down any silos which may exist at present and ensure that we pool our efforts. Perhaps most importantly, it should also help keep us focused on delivering the key priorities identified by President elect Juncker. I support what he has said about the Commission being "bigger and more ambitious on big things, and smaller and more modest on small things". If confirmed as Commissioner, above and beyond the collective responsibility of the College, I will accept political responsibility for all activities which fall within my field of competence. I will cooperate closely and at all times with the European Parliament, particularly with the ECON Committee and its Chair, Mr Gualtieri, but of course in addition with all other Committees with interests in my field of competence. I will be open and transparent so that we may work together on the basis of mutual trust and confidence. I would want to have the opportunity to attend the ECON Committee regularly to have the same kind of structured political dialogue that Vice President

Barnier has successfully developed. I also commit to participating personally in important trilogue negotiations. I will ensure that my cabinet and officials in the new Directorate General for Financial Stability, Financial Services and Capital Markets Union abide by the same principles so that democratic oversight can be exercised in an effective manner. Exchanging information and working together should help us to deliver collectively what European citizens expect. It will also help to develop an accountable, legitimate, efficient and high quality EU decision making process. I will apply all the provisions of the Framework Agreement. Equal treatment of the European Parliament and the Council is not only legally required but politically essential. With respect to requests for new legislative procedures, I cannot commit unilaterally to proposing any particular initiative. The future Commission's programme, as explained by President Elect Jean Claude Juncker, will be a product of the College as a whole. Concerning the follow-up to European Parliament's positions and requests, I will make sure that in my areas of responsibility that the Commission responds to parliamentary resolutions or requests made on the basis of Article 225 TFEU, within 3 months of their adoption. In this context, I support the commitment made by President-elect Juncker that the future Commission will be particularly attentive to legislative initiative reports. Finally, I will ensure that in everything I do, I will never forget that I am accountable to the directly elected Members of the European Parliament.

## **Questions from the Committee on Economic and Monetary Union**

### **3. Financial Services and Banking Union**

**What should be the main political objectives for future regulation of the financial sector during the next mandate of the Commission? The Banking Union is close to being completed and is one of the most relevant projects for the future of the euro area. What is your assessment of the Banking Union and what are the next steps for the completion of the Banking Union?**

My starting point is the unprecedented financial crisis which started in 2008 and led to a deep and profoundly damaging economic recession, destroying millions of jobs in Europe and causing widespread social misery. The action taken by the European Union in the aftermath was essential to stabilise the financial system, mitigate the worst effects of the crisis and reduce the risk of it happening again. This successful action would not have happened in my view without the leadership shown by the European Commission in general and Vice President Barnier in particular, and by the European Parliament and this Committee. So my first task will be, if confirmed, to build on the work that has been done, to stabilise our financial system and ensure that we have a well-regulated financial services industry working in the interests of the whole of the economy and the citizens of Europe. There can be no going back to pre-crisis days when people did not know where risk was located, or indeed growing, and when it was ultimately European taxpayers who had to pick up the costs of the failures of financial institutions. At the same time, President Elect Jean-Claude Juncker has set me a very clear political objective: to play my part in contributing to our collective agenda of encouraging jobs and growth through the development of the Capital Markets Union. My approach is simple: working with Vice-President Katainen in particular as well as members of the College, I will do all I can to make sure that the financial system is safe and resilient, and works in the interest of the whole of Europe by unlocking and developing the right incentives for investment, notably in small and medium enterprises. I also want it to offer a choice of safe, well-regulated, and transparent financial products for consumers.

Over the last 5 years, we have – necessarily - been through a period of huge regulatory change carried out at extraordinary speed. We have seen the complete overhaul of the regulatory and supervisory financial framework. It has been a remarkable achievement, all the more so as it had to be done while the flames of the crisis raged. Now we are entering a new phase. Although we must continue to be alert to the emergence of new risks in our system and stand ready to take appropriate action, we are unlikely, over the next 5 years, to need to pass the same amount of new legislation again. The work done by the last Commission therefore provides a clear framework for the next Commission: regulation needs to be stable as well as rigorous. The priority will thus be implementation, enforcement, and evaluation. If, during this process, evidence appears that we have not got it quite right, we should not be afraid to make quick and effective adjustments – on which we would of course wish to consult you both informally and formally as necessary before proceeding. In all we do, particularly given the challenges Europe faces on jobs and growth, we must get the complex balance right between effective regulation and increasing funding in our economy. More specifically, I will focus on:

- Implementation: this will be an immediate task and will take place through delegated acts and implementing acts, with a very significant input from the European Supervisory Agencies.
- Enforcement: I will make sure that rules are respected and take robust action when they are not.

- Completing our safe and resilient financial framework: There will also be a need to complete financial reform in some areas to tackle any remaining key sources of risks. Some important proposals made by the current Commission are still under negotiation – for example, banking structural reform, benchmarks, the payment services package (including mobile payments) and money market funds, which are important actors in the area of so-called shadow banking. The regulation of shadow banking is also being discussed by the G20: I will act in these discussions in order to set strong international standards that will then need to be implemented at EU level. One of my first priorities will be to take forward work to design a recovery and resolution framework for non-bank financial institutions, most notably Central Counterparties (CCPs).

- Establishing the Capital Markets Union: in line with Jean-Claude Juncker's Political Guidelines, I will work on the establishment of the Capital Markets Union. This initiative should extend to the whole Union and provide us with a deeper, safer, more liquid and more integrated capital market that can serve the economy much better and reduce our dependence on bank intermediated funding. We will consult all parties, including of course the Parliament, on the most appropriate way forward. This will have to be initiated quickly, as there is an urgent need to boost and diversify the funding of our economy.

- International dimension: I will work on the consistent implementation of international standards and principles in all key jurisdictions. We must close loopholes that can present risks to financial stability, and ensure a level playing field globally. I will seek to deepen regulatory cooperation with the US on financial services, in particular to avoid companies having to comply with two sets of similar but not identical rules. We should pursue similar work with other G20 countries and other jurisdictions, especially those with important financial markets.

For me, Banking Union is proof that consensus can be found in the most difficult situations, provided we all strive to achieve the same goal and are ready to make compromises for the greater good. Banking Union is first and foremost essential for the stability of the eurozone, but given the inter-connectedness of the EU financial markets, also for all 28. Financial stability is the pre-requisite for jobs and growth. The Banking Union is now becoming a reality. The Single Supervisory Mechanism and the Single Resolution Mechanism regulations have put in place the necessary tools for effective supervision and resolution in the Banking Union. On 4 November the European Central Bank will fully assume its role as the Single Supervisor. The comprehensive assessment of the 120 biggest banks in the Euro area will allow the ECB to complete its preparations. The Single Resolution Board is also being set up. The European Parliament will be fully involved in that process in line with the Single Resolution Mechanism Regulation. The Commission has set up a dedicated task force to assist with the preparations. The Single Resolution Fund will be fully financed through contributions from the banks. The preparatory work for a delegated and implementing act is underway and I know this Committee is fully involved. I will take the work forward as a matter of priority. There is still work to be done on public backstop arrangements. This will contribute to the credibility and the strength of the Single Resolution Mechanism. I will work closely with my colleague, Pierre Moscovici, with the European Parliament and with the Council to make this happen. Finally, it is important to bear in mind that Banking Union is based on the single rulebook, put in place to ensure that supervision and resolution abide by the same core principles across the whole EU. The European Banking Authority provides the appropriate coordination on banking matters across all 28 Member States. I will work closely with the EBA in the same way as Vice President Barnier.

#### **4. Financial services: Euro area vs. non-euro area**

**How do you envisage the relationship between the euro area and non-euro area Member States within your important economic brief, in the context of the Single Market? In the perspective of the Banking Union and financial services, how do you intend to handle the most probable differences and problems that will arise between euro area and non-euro area Member States, whilst ensuring consistency between the Monetary Union and the Single Market?**

My objective will be to protect financial stability, develop further the Single Market in financial services and ensure that the financial system contributes to growth and job creation for the whole of Europe. The eurozone crisis demanded a fundamental rethink of the way the monetary union works. Part of the response was a more integrated approach to supervision and resolution of banks within the Eurozone. This was why the Banking Union was set up and I fully support that. The Banking Union remains open to all interested Member States. Its establishment is a great achievement and I – working with Vice-Presidents Katainen and Dombrovskis in particular - will ensure it is properly implemented. The success of the Banking Union matters to non Eurozone Member States as well as to Eurozone Member States. The Single Market as a whole benefits from a more stable and integrated Banking Union. Of course the Member States within the Banking Union may wish to integrate

further but this integration should continue also to benefit the Single Market as a whole, and avoid the fragmentation of the Single Market. In this respect, the Single Rulebook is an effective guarantee that throughout the EU, common rules must always apply. As European Commissioner, my job will be to build greater trust and confidence between the euro “ins” and “outs” in the interest of the European Union as a whole. The European Banking Authority (EBA), as the agency that draws up detailed rules and coordinates banking supervision for the entire EU, will continue to play a crucial role in this respect. These include the so called double majority voting arrangements adopted by the co-legislators. These arrangements contribute to this confidence and provide a guarantee that the interests of all Member States are taken into account in the work of the EBA. These arrangements are already operational and, at this stage, seem to be working correctly without impeding the EBA’s effectiveness.

## **5. Community method**

**How do you intend to guarantee the respect of the Community method as well as the role of the European Parliament in financial legislation, including in scrutinising delegated/implementing acts, bearing in mind that your home Member State is advocating against existing European legislation, in particular with regard to the bonuses issue? How do you propose to deal with Member States that do not comply or try to avoid the strict implementation of the new supervisory and resolution rules?**

The Community method has allowed the EU to pass the most ambitious financial reform in decades. It has shown that it can be very efficient. I will fully adhere to it in my role as Commissioner. To this job I bring my experience as a Member of the UK House of Lords where consensus building across party lines and detailed legislative scrutiny is the basis of its daily work. Implementation of financial reform is my first priority. I will pursue it in full respect of the legal framework and institutional prerogatives as set out by the Treaties. The laws passed by Parliament and Council include a very significant number of delegated and implementing acts. I will ensure that provision for the preparation and adoption of these measures respects the best administrative standards and is faithful to the text of the law. The role of the European Supervisory Authorities is crucial in the preparation of these acts, while of course the Commission has the overall responsibility for the adoption of these measures for assent or rejection by Parliament and Council. In implementing Level 2 legislation by delegated and implementing acts, I will stand ready to explain to the Parliament and Council if we intend to depart from the proposals of the ESAs and I will be ready to discuss this with you. Moreover, in any case, I will ensure that the process is fully transparent and allows the involvement of the Parliament as provided for in the Framework Agreement – and sufficiently early on - to allow for an inclusive implementation process. We must together find the approach that best respects the technical nature of the measures, while taking into account their impact on the functioning of the financial system.

The same applies to bonuses. This issue will fall under the responsibility of my colleague, Mrs Jourova. More generally, it is the Commission's policy to uphold the law. I am aware that the UK has legally challenged the CRDIV Directive on this issue in a case brought before the ECJ. Our institutions will defend the legislation in the normal way. Once the judgement is handed down, we will all study it carefully and consider any further action that may be necessary, under the leadership of Mrs Jourova and the coordination of Vice-President designate M. Timmermans. If a Member State does not comply with EU rules, or tries to circumvent them, I will ensure that full use will be made of the various enforcement tools available. I will support whenever necessary ESA-led investigations on alleged breaches of EU law. I will promote action by the Commission, first through EU pilot procedures, and if necessary with formal infringement proceedings. As Guardian of the Treaties I will not hesitate to take recourse to these measures should the integrity of the legal framework be at stake. The Community method is both the right way to proceed in our complex democracy and the most effective way to get things done. The last 60 years of the EU have shown that. The advent of the European Council and a greater role for national Parliaments have enhanced, but not replaced, the fundamental triangle of Parliament, Council and Commission, acting together under the rule of law.