



**Press Release – 7<sup>th</sup> November 2011**

**EACT highlights European Union's failure to consider real economy impact of financial regulatory proposals**

The European Association of Corporate Treasurers (EACT) has sent an open letter to the Commissioners of the European Union, expressing grave concern over how in its development of financial regulatory proposals Brussels takes account of their impact on employment, growth and stability in the real economy.

The letter has been signed by 188 European companies and its release follows that of a similar letter in January 2010, in which the EACT highlighted to the European Commission that the proposals then being made for the regulation of derivatives had serious adverse unintended consequences for the legitimate use of those derivatives to manage risk in the real economy. That letter was instrumental in ensuring that the final proposals made by the Commission included a regulatory exemption for such activity.

The EACT's new letter to the Commissioners urges them to ensure that in the development of financial regulatory proposals there is a proper dialogue with the end-users of financial services and products. Whilst the EACT strongly supports the actions being taken to strengthen the oversight of the financial system, its experience is that inadequate attention is paid to a proper understanding of the inter-connectedness between financial regulation and the real economy.

Of immediate concern to the EACT is that proposals currently being made in Brussels for Directives and Regulations over capital requirements in the banking sector (CRD IV and CRR) and financial instruments' markets (MiFID and MiFIR) threaten to reverse the economic value of the exemption granted to end-users of derivatives in the final version of the proposals (EMIR) now being confirmed by the European Union.

Richard Raeburn, Chairman of the EACT, said:

*"Far too frequently we find that the financial sector has a dominant voice in seeking to influence the direction of proposals being prepared in Brussels.*

*The real economy, on the other hand, is often not given a full opportunity to enter into the dialogue with the Commission, Parliament and Council. Yet it is this group that is key to restoring economic stability, employment and growth throughout Europe."*



## **European Association of Corporate Treasurers**

The EACT includes 20 associations of financial and corporate treasury professionals from 17 European Union countries in addition to Croatia and Switzerland. It brings together 8,500 members representing 4,700 groups/companies located in Europe.

We comment to the European authorities, national governments, regulators and standard-setters on issues faced by treasury and finance professionals across Europe, bringing our professional experience and opinion to discussion of policy, regulation, law and best practice.

The EACT aims to support the finance and treasury profession across Europe. Together we promote the value of finance and treasury skills through best practice and education. We encourage the evolution of the treasury role as a vital part of strategic financial management.

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