

Framework of Principles for Impact Assessment in the area of financial regulation

Introduction

Having looked at the principles that inform regulatory impact assessment as a discipline generally and also having regard to the principles that guide impact assessment within the membership of the Lamfalussy Committees and the European Commission, it is agreed that the four guiding principles that would serve as an appropriate basis for a framework for impact assessment for the L3 Committees' work are:

- I. Clarity;
- II. Effectiveness and Focus;
- III. Proportionality; and
- IV. Transparency.

These impact assessment principles will enhance the accountability of the Lamfalussy Committees and do not conflict with, or require a revisiting of, the Charters of the Committees.

Practical implications

The Lamfalussy Committees agree these principles for impact assessment and have elaborated on them as follows:

Principles	Practical Implications for Impact Assessment in the work of the Lamfalussy Committees
Clarity	The impact assessment process will need to describe the policy context, the objectives and what the various options are. Options must be shown to be relevant to the Committee's Charters.
Effectiveness and Focus	<p>The impact assessment process will seek to ensure that policy initiatives are focused on the problem identified, and that anticipated side effects, and the risk of unintended consequences, are both taken into account.</p> <p>The impact assessment process will also consider, as appropriate, the compliance and enforcement dimensions of initiatives.</p>
Proportionality	The impact assessment process will ensure that policy initiatives are

	<p>appropriate for the perceived problem or risk. The impact assessment process will in particular consider the positive and negative impacts, of all proposed initiatives. It will also give reasons for choosing a particular initiative and rejecting the alternatives considered.</p>
<p>Transparency</p>	<p>The impact assessment process will seek to ensure that each Committee's policy initiatives are open, user friendly and are communicated effectively to all stakeholders. The existing consultation processes, which comprises of:</p> <ol style="list-style-type: none"> 1. the publication of a draft policy initiative; 2. a consultation period; 3. the publication of the responses received; and 4. a feedback statement <p>will, at the point at which a draft policy initiative is published, include an impact assessment</p>