

### Proposal for Digital Single Market

On 25th February, 2014, the European Union (“EU”) ambassadors endorsed the political agreement between the representatives of the European Parliament on Single market proposal, i.e., “Draft regulation on electronic identification and trust services for electronic transactions”. It will come into force on 1st July 2014 and will be directly applicable from that date. It will overcome the problem of fragmented national legal regimes and will reduce unnecessary barriers for general public and entrepreneurs so as to improve competitiveness and minimize costs.

This was proposed by European Commission on 4th June, 2012; it is mainly regarding the regulation on electronic identification and trust services for electronic transactions in the internal markets. Such regulation enables people to exercise their electronic identification (e-IDs) so as to have access to public services in other EU countries. These services will also work across nation by fully protecting the privacy and data of the users and attains the same legal status as equivalent to the usual paper based approach.

The objective behind this proposal is that it will lead to new opportunities within the EU and such arrangement also serves a better platform for online public services and ensures the right to access the government services or tenders in other European countries.

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### Bank Reforms to curb speculations and risky trades

The European Union (“EU”) has proposed to curtail the freedom of the largest banks who were involved in the speculative trading which contributed to the global financial crisis of 2008. Such reform will ban around 30 EU banks from carrying out the proprietary trading where the banks use their own funds in order to increase their own profits. Though such trading and speculation can be profitable for banks but it involves high risks. The objective behind such proposal is to make the banking system safer. It will ensure that taxpayers do not pay for the mistakes committed by the bank.

In the publicly- funded bailout, during the financial crisis, banks swallowed almost 13% of the EU’s gross domestic product. Therefore, the EU further wants to introduce measures to ringfence banks’ low-margin, but largely safe, retail operations from their potentially riskier investment divisions. Such mechanism would ensure the safety of depositors’ savings.

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As per the proposed measures, the national supervisors would be given powers to shift certain high risk activities (like mortgage securitization, investment in complex derivatives etc.) of certain banks to separate subsidiary companies. The reforms should also provide a wider scope for scrutiny over the newly regulated activities.

This proposal is expected to be a final step in the series of several measures taken for redevelopment of the regulatory framework of banks, in the wake of the financial crisis. This proposal is required to be approved by the European Parliament and the individual countries and would likely start in 2017.

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## **Green Goods Agreement**

The European Union (“EU”) along with 13 WTO members took a vow to start the negotiation for the liberalization of trade in so called ‘green goods’. The green goods are considered important for sustainable development and cover a wide range of issues such as air pollution, managing waste or producing renewable energy like wind or solar, etc.. This initiative is based upon the future needs and it plans to address the barriers to trade in green goods and services.

Generally, the developing countries often face challenges which are caused by the urbanization and the environmental issues but are expected to gain from cheaper access to environmental goods, services and technology. Moreover, this initiative will further contribute to the various other objectives and targets launched by EU such as Green-house gas emission reduction and renewable energy targets.

This initiative will provide EU greater access to environment efficient services and technology and EU has been long advocating the need to liberalize trade in green goods. The agreement would be based upon the Most Favoured Nation Principle.

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