

# **Enhancing IT Security Policies to Foster Innovation in the European Financial Market**

*Adopted during the YEPP Council Meeting – Turin, 12<sup>th</sup> October 2024*

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YEPP welcomes the fact that the EU Commission is taking greater account of cyber and IT risks in the financial sector and is aiming for EU-wide harmonisation with the Digital Operational Resilience Act (DORA). However, it is contrary to our market-based understanding of contractual freedom for the European supervisory authority to issue model contracts that private institutions must use as a contractual basis. In general, European policy should counter the high level of dependency on American IT companies less through small-scale regulation and more by promoting the establishment and growth of European digital companies.

## **Recalling:**

1. Recognizing the increasing interconnectedness and digitization of financial markets, leading to heightened vulnerability to cyber and IT risks, which pose significant threats to market stability and integrity;
2. Bearing in mind the European Commission's Digital Finance Strategy, aimed at modernizing the European financial sector and promoting innovation while ensuring security, consumer protection, and financial stability;
3. Acknowledging the evolving nature of cyber threats and the imperative for adaptive and comprehensive IT security policies to effectively mitigate risks without stifling innovation and market dynamism;

## **Acknowledging:**

1. The foundational principles of a free market economy, including the autonomy of contractual agreements, as essential drivers of economic growth, entrepreneurship, and innovation;
2. The potential detrimental effects of overly burdensome and fragmented regulatory frameworks on the ability of young European digital enterprises to compete and thrive in the global market;

**YEPP calls on:**

1. Urges the European Commission to undertake a thorough review and enhancement of existing IT security policies within the European financial market, with a focus on strengthening resilience against cyber threats while promoting innovation-friendly regulatory environments;
2. Calls upon the European Commission to ensure alignment between IT security policies and the objectives outlined in the Digital Finance Strategy, emphasizing the need for a balanced approach that fosters innovation, maintains market integrity, and protects consumers' interests;
3. Encourages the European Commission to uphold the principles of regulatory proportionality and flexibility in the formulation and implementation of IT security policies, recognizing the importance of preserving market dynamism and innovation while addressing systemic risks;
4. Requests the European Commission to conduct a comprehensive impact assessment of current regulatory requirements on young European digital enterprises, with the aim of identifying and mitigating any barriers to their growth and competitiveness;
5. Calls for enhanced cooperation and coordination between the European Commission, national regulatory authorities, industry stakeholders, and cybersecurity experts in developing pragmatic and effective IT security policies tailored to the needs of the European financial market;

6. Invites member states to actively engage in dialogue and provide constructive feedback to the European Commission throughout the policy formulation process, ensuring that diverse perspectives and interests are adequately considered.