The ESAs within the European supervision structure

**European System of Financial Supervision (ESFS)**
Harmonized financial supervision in the EU via proper application of EU regulations to maintain financial stability, orderly functioning of the financial system and customer protection

**Micro-Prudential Supervision**
Conduct general supervision of institutions and markets in close cooperation with national authorities, where regular ongoing supervision remains

**Macro-Prudential Supervision**
Monitor macro-economic developments to identify, assess and prevent systemic risks to financial stability (Regulation (EU) No 1092/2010)

**European Systemic Risk Board (ESRB):**
ECB: provide analytical, statistical, logistical and administrative (Council Regulation (EU) No 1096/2010)

**National Supervisory Authorities (examples):**
- Germany: BaFin, Bundesbank
- France: Banque de France, Autorité de contrôle prudentiel, AMF, MINEFE, ACAM

Center of Excellence „Sustainable Architecture for Finance in Europe” (SAFE)
ESAs – Mandates and areas of activity

Task of ESAs is to promote the enduring stability and effectiveness of the EU financial system by…

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<th>contributiby regulatory means</th>
<th>Develop regulatory and implementing technical standards (RTS / ITS) which are to be adopted by the Commission either as delegated or implementing acts (⇒ binding regulation or decisions)</th>
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<td>creating a single-rule-book</td>
<td>Issue guidelines and recommendations to financial institutions, market participants and national supervisory authorities in order to create effective supervisory structures and ensure consistent application of EU law, covering areas in which ESAs are not permitted to adopt RTS / ITS (⇒ de facto binding; “comply-or-explain” mechanism)</td>
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| fostering supervisory convergence | Can adopt decisions, which aim directly at and are legally binding upon financial institutions, market participants and national supervisory authorities  
  ▪ in event of a crisis  
  ▪ persistent breaches of EU law by national authorities  
  ▪ differences of opinion between competent national authorities |
| fostering consumer protection policy |  
  ▪ Can issue warnings, temporarily prohibit or restrict financial activities that threaten the orderly functioning and integrity of financial markets or the stability of the EU financial system in the above mentioned cases  
  ▪ Pass RTS, ITS and guidelines on consumer protection  
  ▪ Develop training standards for the industry and develop common disclosure rules to enhance transparency and fairness for consumer products |
| direct supervisory powers |  
  ▪ For Credit Rating Agencies  
  ▪ For Trade Repositories |
Introduction of the ESAs envisaged future review and restructuring

- De Larosière Report on Financial Supervision on the EU
- ESRB and ESAs started their operation, following the adoption of a package of legislative acts (ESAs Regulations + Omnibus Directive)
- First EU COM Report on the structure and performance of the ESAs and the ESFS
- EU COM Communication on CMU progress
- EU COM consultation on the operation of the ESAs

- 2009: Introduction of the ESFS and the 3 ESAs
- 2010: “Omnibus II” Directive clarifying the powers of the new authorities
- 2011: EU COM Consultation on the review of the ESFS and ESAs; EU Parliament review of the ESAs
- 2013: Five Presidents Report
- 2015: general review of the ESAs