

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

Joint Committee of European Supervisory Authorities
(**ESAs**)

European
Banking
Authority (**EBA**)

European
Insurance and
Occupational
Pensions
Authority
(**EIOPA**)

European
Securities and
Markets
Authority
(**ESMA**)

National Supervisory Authorities (examples):

Germany: BaFin, Bundesbank

UK: Bank of England, FSA, The Pensions Regulator

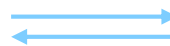
France: Banque de France, Autorité de contrôle prudentiel, AMF, MINEFE, ACAM

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)

Micro-prudential
information



Macro-prudential
information as well as
risk warnings and
recommendations

Warnings and
recommendations to
national governments



Source:

<http://www.ecb.europa.eu/euro/intro/html/map.de.html>

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...

contributing by regulatory means

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)

creating a single-rule-book

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)

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

