# European Supervisory Authorities: powers, governance and funding

2017/0230(COD) - 11/05/2018 - European Central Bank: opinion, guideline, report

**OPINION OF THE EUROPEAN CENTRAL BANK** on a **proposal for a regulation** of the European Parliament and of the Council amending Regulation (EU) No 1095/2010 establishing a European Supervisory Authority (European Securities and Markets Authority) and related legal acts; and on a proposal for a directive of the European Parliament and of the Council amending Directive 2014/65/EU on markets in financial instruments and Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

The proposed regulation and directive form part of a comprehensive package of proposals to reform the European System of Financial Supervision, consisting of the three European Supervisory Authorities (ESAs) and the European Systemic Risk Board (ESRB).

The ECB restricted its comments to those parts of the Commission's proposal which are relevant for the implementation of monetary policy, the promotion of the smooth operation of payment systems, and for the specific tasks conferred on the ECB concerning the prudential supervision of credit institutions.

The ECB recalled that **safe and efficient financial market infrastructures**, in particular clearing systems for financial instruments, are essential for the fulfilment of the basic tasks of the European System of Central Banks (ESCB) and the pursuit of its primary objective of maintaining price stability. Consideration may also be given to the role of the ECB as supervisor of credit institutions.

The **ECB generally supported the proposed regulation's objective** of contributing to the further development and deepening of the Capital Markets Union (CMU). To attain the long-term goal of deepening and integrating EU capital markets, the ECB considered that single supervision of, at least, specific market segments needs to be envisaged. This is particularly important for pan-European entities and activities in order to ensure consistency and equal enforcement across the EU, thus ensuring no leakages by moving activities across borders. Single supervision could also be warranted for data reporting service providers as well as administrators of critical benchmarks under a fully-fledged CMU.

The ECB made specific observations on the role of the central bank of issue with regard to central counterparties (CCPs). It supported the need to **revise the European Securities and Markets Authority' s structure (ESMA).** It also considered it vital to **include one representative of the ECB**, under the monetary policy mandate, as a permanent non-voting member of the Board of Supervisors. This would ensure effective cooperation, coordination and exchange of information between supervisory authorities and the ECB as central bank of issue responsible for the euro, which is of key importance considering the proposed enhancements to the role of the central bank of issue under the EMIR II proposal.

The ECB welcomed the proposed amendments set out in the EMIR II proposal, which clarify the tasks conferred on the CCP Executive Session, of which the relevant central bank of issue is a permanent, non-voting member.

Given the ECB's representation in the CCP Executive Session as the central bank of issue, the ECB considered that this clarification will enable the ESCB members to have meaningful and effective involvement in decision-making and information-sharing on matters of direct relevance to the fulfilment of the ESCB's basic tasks, and the achievement of its primary objective of maintaining price stability.