European Systemic Risk Board (ESRB): organisation

2017/0232(COD) - 14/01/2019 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Othmar KARAS (EPP, AT) and Pervenche BERÈS (S&D, FR) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1092/2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission's proposal as follows:

Systemic risk supervision

The proposed regulation aims to improve the functioning of the European Systemic Risk Board (ESRB) to enable it to better supervise risks to the entire financial system. ‘Systemic risk’ is defined as a risk of disruption in the financial system with the potential to have serious negative consequences for the financial stability of the Union or of one or more of its Member States or for the real economy and the functioning of theinternal market.

In a recital, Members stressed the need to put in place a mechanism that takes into account the interdependence between micro-prudential and macro-prudential risks. The ESRB should monitor and assess risks resulting from developments that may have an impact on a given sector or on the financial system as a whole, including risks and vulnerabilities resulting from technological change or environmental or social factors.

In order to meet its objectives, the ESRB should analyse all relevant information, including developments leading to the completion of the capital markets union.

Appointment of the Head of Secretariat of the ESRB

The General Board should assess, following an open and transparent procedure, whether the shortlisted candidates for this post have the necessary qualities, independence and experience necessary to manage the ESRB Secretariat. The General Board should keep the European Parliament and the Council informed, in sufficient detail, about the assessment and consultation procedure.

Delegation of tasks

To enhance the visibility of the ESRB as a body separate from its various members, the Chair of the ESRB should be able to delegate tasks related to the external representation of the ESRB to the Vice-Chairs of the ESRB or to the Head of the Secretariat, with the exception of participation in closed hearings and discussions in the European Parliament.

Advisory Scientific Committee

This should be composed of the Chair of the Advisory Technical Committee and fifteen experts representing a wide range of skills, experience and knowledge related to all relevant financial markets sectors.

Consultations

Where appropriate, the Advisory Technical Committee should organise consultations with stakeholders, such as market participants, consumer associations and academic experts, at an early stage and in an open and transparent manner, while taking into account the need for confidentiality. The ESRB could seek, where appropriate, the views of relevant private sector stakeholders.

Such consultations should be conducted as widely as possible to ensure an inclusive approach towards all interested parties and relevant financial sectors and shall allow reasonable time for stakeholders to respond.

Warnings and recommendations

If a warning or recommendation is addressed to one or more national supervisory authorities, the Member State or Member States concerned should also be informed. Recommendations should specify the timeframes for responding to them.

Recommendations could also be addressed to the Commission on the EU legislation concerned. They should be sufficiently detailed and reasoned and be accompanied by a comprehensive statement of reasons.

Lastly, the ESRB should reply orally or in writing to questions put to it by the European Parliament or the Council, within five weeks at the latest.