

European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA): powers

2017/0231(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 BALZ (EPP, AT) and Pervenche BERES (S&D, FR) on the 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).

As a reminder, the proposed directive aims to improve financial market supervision by strengthening the coordination role of the European Supervisory Authorities (ESAs). The main provisions of the proposal amending Directive 2016/65/EU and Directive 2009/138/EC aim to:

- present the amendments required for the transfer of the competences currently assigned to the competent authorities to the European Securities and Markets Authority (ESMA), which would be responsible for the authorisation and supervision of companies intending to provide data reporting services;
- include amendments to the Solvency II Directive to give the European Insurance and Occupational Pensions Authority (EIOPA) a more prominent role in contributing to supervisory convergence in the area of internal model application.

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

Notification and collaboration platforms

The amended text provides that when they intend to issue an authorisation in respect of an insurance or reinsurance undertaking under their supervision and the business plan provides that part of its activities is based on the principles of freedom to provide services and freedom of establishment, the supervisory authorities of the home Member State must notify both the Authority and the other supervisory authorities of the host Member State.

The supervisory authorities of the home Member State should also notify without delay the Authority and the supervisory authorities of the host Member State when they identify deteriorating financing conditions or other emerging risks posed by an insurance or reinsurance undertaking in its ongoing business, in particular when the business is conducted, for a significant part of its activity, on the basis of the freedom to provide services or the freedom of establishment, which may have a significant cross-border effect.

In such situations, the Authority could, at the request of one or more competent authorities concerned or on its own initiative, set up and coordinate a collaborative platform to facilitate the exchange of information and strengthen collaboration between the competent authorities concerned and, where appropriate, to reach a common view.

If the competent authorities concerned fail to reach a common view through the collaborative platform, the Authority could issue a recommendation to the competent authority concerned, including a deadline by which the competent authority should implement the recommended changes. Where the competent authority does not follow the recommendation of the Authority, it should explain the reasons for not doing so.

Approval of the supervisory authorities with regard to internal models

At the request of one or more supervisory authorities or insurance or reinsurance undertakings, EIOPA may issue advice to the supervisory authorities concerned. If such advice is issued, the supervisory authorities concerned should take their decision or joint decision or, where the joint decision or decision does not follow the advice, provide reasons in writing to EIOPA and the applicant.