European Systemic Risk Board (ESRB): organisation

2017/0232(COD) - 16/04/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 523 votes to 73, with 59 abstentions, a legislative resolution 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 European Parliament's position adopted at first reading under the ordinary legislative procedure amended 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 the internal market.

All types of financial intermediaries, markets and infrastructure may be potentially systemically important to some degree.

As the body responsible for macro-prudential supervision of the financial system in the Union, the ESRB should:

- identify and discuss financial stability risks regardless of their origin;

- monitor and assess risks to financial stability arising from developments that can have an impact on a sectoral level or at the level of the financial system as a whole, including risks and vulnerabilities resulting from technological change or from environmental or social factors. The ESRB is also expected to analyse developments outside the banking sector, including those leading to the completion of the Capital Markets Union;

- analyse developments outside the banking sector, including those leading to the completion of the Capital Markets Union;

- facilitate the sharing of information among national authorities or bodies responsible for the stability of the financial system and Union bodies related to measures designed to address systemic risk across the Union's financial system.

Appointment of the ESRB Secretariat

To raise the profile of the head of Secretariat of the ESRB, the General Board of the ESRB should assess, in an open and transparent procedure, whether the shortlisted candidates for the position of head of Secretariat of the ESRB possess the qualities and experience necessary to manage the ESRB Secretariat. The ECB should consider systematically opening the selection procedure to external candidates. The General Board should inform the European Parliament and the Council about the assessment procedure.

Delegation of tasks

The Chair shall represent the ESRB externally. The Chair may delegate tasks, such as tasks related to the external representation of the ESRB, including the presentation of the work program, to the first Vice-Chair, or if the first Vice Chair is unavailable and where appropriate, to the second Vice-Chair or to the head of the Secretariat. Tasks related to the ESRB's accountability and reporting obligations may not be delegated.

Member States should be able to choose their voting representative between the Governor of the national central bank and a high level representative of a designated authority according to Directive 2013/36/EU and Regulation (EU) No 575/2013, where that designated authority has the leading role in financial stability in its area of competence.

When participating in the activities of the General Board and of the Steering Committee or when conducting any other activity relating to the ESRB, the members of the ESRB shall perform their duties impartially and solely in the interest of the Union as a whole. They shall not seek nor take instructions from any government, the Union institutions or any other public or private body.

Advisory Scientific Committee

This should be composed of the Chair of the Advisory Technical Committee and 15 experts representing a wide range of skills, experience and knowledge pertaining to all relevant financial markets sectors, proposed by the Steering Committee and approved by the General Board for a four-year, renewable mandate. The Chair and the two Vice-Chairs of the Advisory Scientific Committee shall be appointed by the General Board following a proposal from the Chair of the ESRB and they shall each have a high level of relevant expertise and knowledge.

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. 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

Warnings or recommendations issued by the ESRB may be of either a general or a specific nature and shall be addressed in particular to the Union, to one or more Member States, to one or more of the ESAs, to one or more of the national competent authorities, to one or more national authorities designated for the application of measures aimed at addressing systemic or macro-prudential risk, or to the ECB for the tasks conferred to the ECB or to national resolution authorities and the Single Resolution Board.

If a warning or a recommendation is addressed to one or more of the national supervisory authorities, the Member State or Member States concerned shall also be informed thereof. Recommendations shall include a specified timeline for the policy response. Recommendations may also be addressed to the Commission in respect of the relevant Union legislation.

Where the General Board decides not to make a warning or a recommendation public, the addressees, and where appropriate, the Council, the European Parliament and the ESAs shall take all the measures necessary for the protection of their confidential nature.

Members of the ESRB from national central banks, national competent authorities, national authorities entrusted with the conduct of macroprudential policy should be able to use the information they receive from the ESRB in the course of their duties and in relation to the tasks of the ESRB, including for the exercise of their statutory tasks.