European Systemic Risk Board (ESRB): organisation

2017/0232(COD) - 27/12/2019 - Final act

PURPOSE: to improve the functioning of the European Systemic Risk Board (ESRB) to enable it to contribute to the prevention or mitigation of systemic risks to financial stability in the EU.

LEGISLATIVE ACT: Regulation (EU) 2019/2176 of the European Parliament and of the Council amending Regulation (EU) No1092/2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

CONTENT: the Regulation makes targeted amendments to Regulation (EU) No 1092/2010 in order to improve the functioning and governance of the European Systemic Risk Board (ESRB), which oversees the entire financial system and coordinates EU policies to ensure financial stability from 2011 onwards.

The main amendments to the regulation establishing the ESRB are as follows:

Systemic risk supervision

The ESRB shall be responsible for:

- macro-prudential oversight of the financial system within the Union and contribute to the prevention or mitigation of systemic risks in the Union as a whole or in parts of the Union, including the identification and examination of risks to financial stability, regardless of their origin;

- the monitoring and assessment of risks to financial stability arising from developments that could have an impact on a sectoral levelor at the levelof the financial system as a whole, including risks and vulnerabilities resulting from technological change or from environmental or social factors.

The ESRB shall also:

- analyse developments outside the banking sector, including developments leading to the completion of the capital markets union;

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

Presidency of the ESRB

Under the amending regulation, the President of the European Central Bank (ECB) shall now hold the chair of the ESRB on a permanent basis. In order to enhance the visibility of the ESRB, the Chair of the ESRB shall delegate tasks, such as tasks related to the external representation of the ESRB, to the First Vice-Chair or, if the First Vice-Chair is not available and where appropriate, to the Second Vice-Chair or to the Head of the ESRB Secretariat. This delegation shall not extend to participation in public hearings or discussions behind closed doors at the European Parliament.

Internal governance

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

In addition, the Chair of the ECB's Supervisory Board and the Chair of the Single Resolution Unit (SRU) shall become non-voting members of the General Board.

Member States shall be able to choose their voting representative between the Governor of the national central bank and a high-level representative of a national authority where that designated authority plays a leading role in financial stability in its area of competence.

No member of the General Council may hold an office in the central government of a Member State.

Warnings and recommendations

The warnings and recommendations of the ESRB may be addressed to (i) the Union, (ii) one or more Member States, (iii) one or more European Supervisory Authorities (ESAs), (iv) one or more competent national authorities, (v) one or more national authorities designated for the implementation of measures to address systemic or macro-prudential risks, (vi) the ECB, or (vii) national resolution authorities and the Single Resolution Board.

Advisory Scientific Committee

This shall 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.

In order to ensure the quality and relevance of the ESRB's advice, recommendations, warnings and decisions, the Technical Advisory Committee and the Scientific Advisory Committee shall, where appropriate, consult stakeholders at an early stage and in an open and transparent manner as widely as possible to ensure an inclusive approach towards all interested parties.

ENTRY INTO FORCE: 30.12.2019.