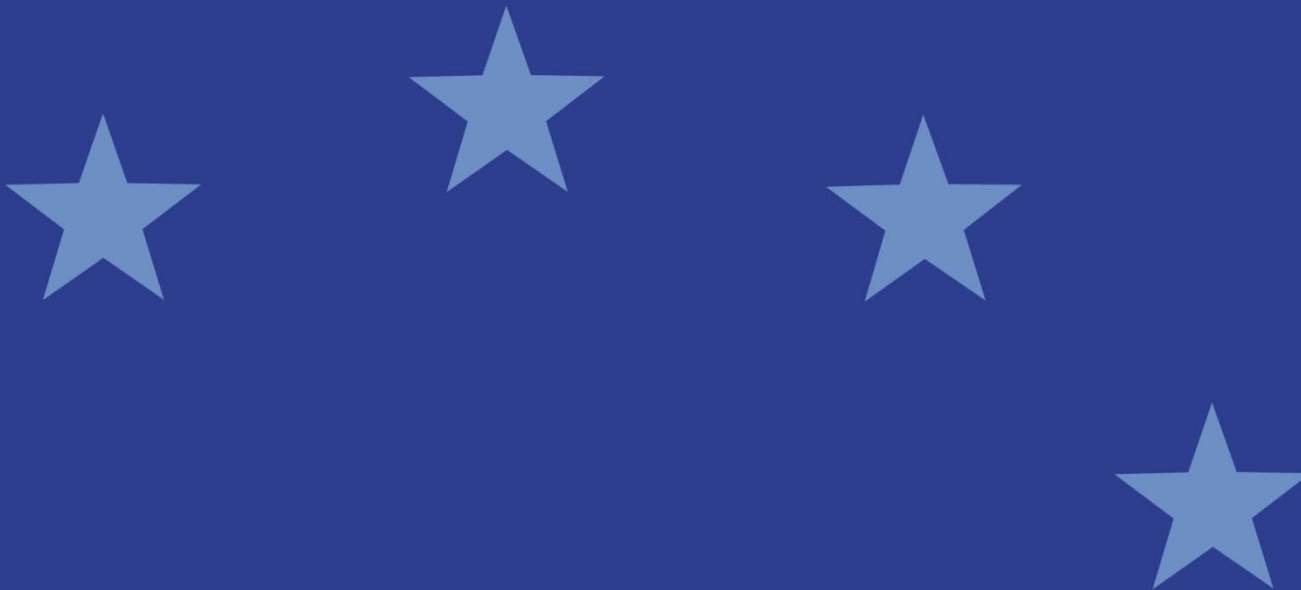




European Securities and
Markets Authority

Conference on EU Regulation and Supervision
Helsinki, 25 January 2012

New European Supervisory System: ESMA's experience



-
- Early experiences
 - Main objectives for the next two years
 - Is there a need for additional powers for ESAs?
 - Evolving roles of ESAs & national authorities
 - Further considerations

-
- A substantial compendium of publications on policy and supervision: consultations, discussion papers, calls for evidence, guidelines and recommendations, such as the final advice on AIFMD.
 - Credit Rating Agencies (CRAs):
 - Consultation in view of finalizing Regulatory Technical Standards on CRA II;
 - Registration of 16 CRAs, including the largest 3;
 - Establishment of the CRA Register;
 - 3rd country endorsement (Japan, Australia).

- Accounting treatment of sovereign debt:
 - July 2011: Statement on “Disclosures related to sovereign debt to be included in IFRS financial statements”, stressing the need for enhanced transparency;
 - November 2011: Public statement on “Sovereign debt in IFRS financial statements”.
- Trading platforms: final report on guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities (ESMA/2011/456, 22 Dec. 2011).

-
- Consumer protection: a key priority of ESMA
 - Guidelines for UCITS exchange traded funds and structured UCITS;
 - MiFID requirements draft guidelines;
 - Forex warning to issuers (6 Jan. 2012);
 - Establishment of the Financial Innovation Standing Committee.
 - Institutional capabilities:
 - The Joint Committee of the ESAs;
 - The Sub-Committees:
 - Financial Conglomerates
 - Cross-Sectoral Developments, Risks and Vulnerabilities
 - Anti Money Laundering
 - Consumer Protection and Financial Innovation
 - Impact Assessment Network
 - The Board of Appeal.

- **Contribution to financial stability: information sharing is key**
 - Pursue analysis on trends, risks and vulnerabilities;
 - Enhanced cooperation (with other ESAs, ESRB, EU Institutions).
- **Financial Consumer protection**
 - consumer trends: collect, analyse, report;
 - Warnings;
 - financial literacy and education: support initiatives by national competent authorities;
 - enhancement of common disclosure rules.

- **Supervision: focusing on delivering**
 - 2012: the first full year of exercise of supervisory duties;
 - CRAs, Trade Repositories (TRs);
 - CRAs:
 - Central repository
 - Close monitoring (data surveillance, on-site inspections).
- **Convergence: towards a level-playing field, supported by peer reviews to foster fair and balanced supervisory practices**
- **Directives and Regulations : expect intense activity towards the Single Rulebook:**
 - Finalization and implementation (Short-selling, EMIR);
 - Reviews of MiFID, UCITS V, MAD, PRIIPS.



Is there a need for additional powers for ESAs?

- The powers given by the ESMA regulation
- New tasks, as added in 2011, demand additional resources
- Budget : the 100% EU funding objective



Evolving roles of ESAs & national authorities, eg. vis-à-vis supervised entities

- From CESR to ESMA, new powers and concrete tools have been added...
 - Technical standards: regulatory or implementing;
(Draft technical standards acquire binding force through endorsement by the EC)
 - Opinions;
 - Enforcement of EU Law (investigation, recommendation, decision);
 - ESA action in emergency situation;
 - Resolution of disputes between supervisors in cross-border situations;
 - Direct supervision of financial market participants and direct control over market activity.
- ... the good cooperation remains essential...

-
- How to ensure adequate cross-sectoral consistency?
 - Structurally
 - Joint Committee
 - Sub-Committee dedicated to cross-sectorality
 - Informally: the daily working practice of ESAs
 - Small vs large: does one size fit all?
 - For example the case of Credit Rating Agencies:
 - **In principle**, the rules apply to *all* CRAs
 - **In practice**, resource allocation with *risk* as a selection factor
 - Informally: the daily working practice of ESAs
 - Details versus principles:
 - The point of view of the regulator: principles, are essential
 - The lesson learnt from experience: industry's demand for precise standards



European Securities and
Markets Authority

Thank you!

