

European Financial Supervisory Architecture

EU Parliament unveils proposals to strengthen financial supervision

The European Parliament rapporteurs on the financial supervision package today presented in a joint press conference in Strasbourg their draft reports for a reform of financial supervision at European level. Commenting on European Parliament proposals, Green MEP **Sven Giegold**, rapporteur for the European Securities and Markets Authority (ESMA) said:

"The lesson of the financial crisis must be learned. We must avoid having a fragmented and non-functional supervisory structure for the EU common market. We need stronger and more coherent supervision, which includes the three micro levels - banks, insurers and securities- as well as supervision on a macro level to monitor systemic risks across the board. We need a single European rulebook. We need tougher regulation because unfettered competition leads to a race to the bottom of supervisory regulation and practice.

The Parliament's rapporteurs have based their work on the Commission's proposal, whose spirit unfortunately has been watered down in many aspects by Council. We have further strengthened the Commission's proposal. From my point of view we need a European regulation on institutions of a European nature. This cannot work without a European budget. It does not make sense to establish Supervisory Authorities without direct powers over market participants and there is the need for a European Authority to be empowered to ban transactions such as "naked short selling".

We face a considerable systemic threat to which we have to respond with a reasoned and balanced approach. It is important to carry out supervision at the appropriate level. Day to day supervision of national institutions will remain on a national level, but supervision of institutions with cross border activities can not remain the responsibility of small national authorities. For the same reason institutes which are "too big to fail" and which may cause a systemic threat should be under exclusive supervision by a European authority.

Regarding the budgetary sovereignty of the member states, European supervision cannot work without European money. The expenses for that have to be paid by the financial institutions themselves through an ex-ante insurance mechanism.

My own report on the European Securities and Markets Authority (ESMA) contains some additional core proposals. I want to give ESMA the right to forbid certain products, enable the Authority to enforce its decisions legally, supervise European business at European level and, clarify that the application of the safeguard clause must be clearly justified by member states."

Note for editors:

1) The rapporteurs for the four main reports on financial market reform participated in the press conference:

Manuel Garcia-Magallo y Marfil, EPP, Rapporteur European Financial Supervisory Authority (Banking)

Peter Skinner, S&D, Rapporteur European Financial Authority (Insurances)

Sven Giegold, Greens-EFA, Rapporteur European Financial Supervisory Authority (Securities & Markets)

Sylvie Goulard, ALDE, Rapporteur European Systemic Risk Board

The rapporteurs for other relevant reports also took part:

Antolin Sanchez Presedo, S&D, Rapporteur Omnibus I

Burkhard Balz, EPP, Rapporteur Omnibus II

Ramon Tremosa I Balcells, ALDE, Rapporteur Tasks of the ECB for the functioning of the ESRB

2) The time schedule for the legislative process is the following:

Consideration of draft reports: 23.2.2010 15:45-18:30h in Brussels

3) To receive a copy of the reports please write an email to: sven.giegold@europarl.europa.eu

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