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Press release | 11.03.2014

EU financial supervision

MEPs vote to strengthen and streamline financial supervision system

The European Parliament today adopted a report by Green MEP Sven Giegold on strengthening the EU's financial supervisory system. Commenting after the vote, Green economic and finance spokesperson **Sven Giegold** said:

"MEPs have today voted to strengthen and streamline the EU's financial supervisory system. The report calls for greater efficiency and more power for European supervisory authorities, with a view to ending the power struggle with national authorities, which undermines EU financial supervision. The different European supervisory bodies (1) should be given a more European and democratic structure, according to the report adopted today. This would reduce the scope for national supervisors to block effective EU financial supervision.

"The chairs of the European supervisory authorities should also be strengthened according to the report, with the authorities empowered to investigate breaches of European law without the mandatory consent of their boards of supervisors. Information gathering would be simplified and the bureaucratic burden reduced under the proposals adopted by MEPs.

"The report also calls for stronger supervision of systemic risks and solutions for conflicts of interests between the European Central Bank and the European Systemic Risk Board (ESRB).The ESRB should have an independent executive director to this end. This would provide for more comprehensive macroeconomic supervision and greater balance vis-à-vis microeconomic supervision.

"It is a serious source of regret that in the committee vote centre-right and Liberal MEPs forced through an amendment, which places barriers in the way of the implementation of non-binding guidelines for the harmonisation of European supervision. This change is a sop to the financial sector lobby, which serves to weaken the coherence of European supervision. We tried to correct this in the course of the plenary vote but unfortunately we found no majority for our initiative."

(1) The European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA).

Main elements of the report in bullet points:

· the European supervisory authorities (ESAs) should be empowered to launch binding mediation procedures on their own initiative;

· all three ESAs should get the mandate and the powers to carry out stress tests on their own initiative;

· the ESAs, the ECB in its role as a supervisor and the ESRB should get access to the same supervisory data;

· an independent executive chairperson should be appointed for the ESRB;

· the ESRB may issue recommendations on macroeconomic stability to the ECB in its role as a supervisor;

· the chairpersons of the ESAs should be empowered to take technical and operational decisions on their own initiative;

· the chairpersons of the ESAs should become voting members of their boards of supervisors;

· the chairpersons of the ESAs should be empowered to initiate peer reviews;

· the chairpersons of the ESAs should be invited to council meetings of EU finance ministers;

· the management boards of all ESAs should be staffed with independent experts, appointed by the European Parliament. The operational management of the ESAs will be the responsibility of the management board;

· the supervisory authorities should have their own budget line;

· the voting mechanisms of EIOPA and ESMA shall be maintained and the cumbersome and harmful changes that were introduced in EBA as part of the SSM compromise should be reversed ;

· the ESAs should be empowered to monitor differences in national legislation detrimental to the functioning of the internal market and identify rent seeking behaviour;

· the ESAs can be tasked with the supervision of large, pan-European enterprises or activities;

· the ESRB should be represented at meetings of the Economic and Financial Committee and in all relevant meetings within the ECB.

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Responsible MEPs

Sven Giegold

Member

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