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On the 10 May the ECON committee voted the whole package of texts to reinforce European financial supervision. The package consists notably of:

- Regulation creating the European Systemic Risk Board (ESRB), responsible for macroeconomic supervision - my report;
- Regulations which create three sectoral supervisory authorities (Banking, Insurance and Markets).

1. Overall these bodies were inspired by the work of the de Larosière group and have been devised on the basis of the proposal from the Commission. They aim to equip the EU with regulation and supervision worthy of the single market.

2. The ESRB proposal voted by the ECON committee presents the following characteristics:

#### Missions

- A 'system' of supervision is created with a network which links the national and the European level to enable the creation of a common culture of supervision: the European authorities (ESRB and the 3 authorities) are all brought under one single seat (Frankfurt) to help ensure efficiency;
- The ESRB identifies risks and, if necessary, issues warnings and recommendations; it declares an emergency situation. It decides if its decisions should be made public or not.

#### Operation

- The President of the ESRB is the President of the ECB, independent with strong authority;
- The decision-making body is the General Board made up of central bankers and supervisors of the 27 Member States, open to the real economy and society; notably independent members have been added who have experience in the relevant sectors of the real economy; its decisions are prepared by the steering committee (made up of 7 central bankers, 1 member of the Commission, 3 Presidents of the sectoral authorities and 3 independent figures); the secretariat is provided by the ECB.
- A scientific committee with global stature, equipped with reinforced capacities and means for analysis; it works with the experts from the national central banks, the ECB and the national supervisory authorities, as well as with the three authorities, it also interacts with society;
- An increased accountability in front of the European Parliament;
- A revision clause, for three years time, allowing the system to be improved.

3. For the 3 authorities please refer to the individual rapporteurs. Broadly speaking the main points covered are:

- The mission to draft a 'single rule book' and to ensure that it is respected
- To reinforce the role of the colleges and, for cross border institutions which could pose a systemic risk or of European dimension, supervision by the authority; in the case of disagreement between national supervisors, the authority has the final word.
- The creation of 3 stability funds (banking, insurance, markets) and of 2 European deposit guarantee funds (banking and insurance);
- A limitation to the safeguard clause (to block the intervention of the competent European authority, the Member State called into question must expressly prove that it contravenes its fiscal sovereignty); in the case of an emergency the safeguard clause is not suspensive;
- The creation of a 'resolution unit' for institutions in difficulty.