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ALDE: deal establishing European financial supervision a big step forward

In the final deal agreed in principle today, Council agreed with ALDE's key demand (supported by the main political groups of Parliament) that the President of the European Central Bank be also the President of the new European Systemic Risk Board - to be reviewed after five years. This body will be charged with identifying risks to financial stability and have the power to issue warnings and recommendations to avoid trouble in the future.

Sylvie Goulard (MoDem, France), EP rapporteur on the establishment of the ESRB and macro-prudential oversight said that *"We fought hard for the Systemic Risk Board to be chaired by the President of the European Central Bank - a European personality who will bring independence and moral authority to the position as well as a clear identification of responsibility to citizens."*

"The decision-making bodies will include independent specialists, academics and SME representatives from a wide range of backgrounds that will also raise the profile of the institution."

"Although Council refused to accept the binding reference to direct ESA supervision over EU-wide entities (such as credit rating agencies and trade depositories), the rapporteurs insisted on a political declaration to be made by the four main political groups on the need for such a competence in order to ensure effective and equal oversight throughout the EU (see attached text)." The Commission also committed to making a similar declaration.

"Although a consensus was reached today between negotiating representatives, the text of the agreement remains provisional and still needs to be confirmed by ECOFIN (finance ministers) and Parliament later this month."

Ramon Tremosa (CiU, Catalunya, Spain) EP rapporteur on the specific tasks of the ECB with respect to monitoring financial stability had insisted that the ECB President also head the ESRB for reasons of efficiency, independence and consistency: *"In our view, it is essential that the President of the Central Bank also preside over the Systemic Risk Board. It would have been*

inconceivable to have different individuals, subject to possible political pressures, and differing views on such an important task."

Note to editors:

Over the 20 or so trilogues (negotiating meetings), Parliament has obtained many of its key points, including: ESAs to take decisions which apply directly to individual financial institutions; Parliament has a veto over appointments of chairmen of the ESAs; ESAs will focus attention on systemic weak spots in financial markets; country by country reporting standards will be introduced and so-called correlation tables will be published to ensure the correct and transparent implementation of the directives into national law.

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