

Consultation on the Review of the European System of Financial Supervision

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The European Supervisory Authorities (ESAs)

Effectiveness and efficiency of the ESAs in accomplishing their tasks

How do you assess the impact of the creation of the ESAs on the financial system in general and on (i) financial stability, (ii) the functioning of the internal market, (iii) the quality and consistency of supervision, and (iv) consumer and investor protection in particular?

In my opinion if European financial system (in general) wants to face competition with 'Wall Street' and China, creation of EAS is crucial in this matter. We must have in mind that two financial powers works and they are assessed integrally. European financial markets (in general) are dispersed and functioning under different law regulations, requirements towards issuers of financial instruments (shares, bonds, pensions and insurance policy ect.) rules, structure of supervision, and 'stress' regulation ect.. This nova-days situation creates "back-doors' for infiltration and manipulation in favor of this two financial powers. Without integrated EAS our dispersed financial system (in big words but that regards to Banks, Pension Funds, Asset Management, Brokers, ect) are sensitive and might be object of manipulation, infiltration and destabilization. Creation of EAS will and should have impact towards national regulations and financial institutions and finally bring common law, requirements, structure, supervision ect. easy understandable for EU citizens. Applied common regulation would help investors from Romania to invest in Spain and Danish investor to purchase shares in Croatia (new member). This will also strength the idea of free movement of capital (Article 56 of the Treaty establishing the European Community).

Do the ESAs' mandates cover all necessary tasks and powers to contribute to the stability and effectiveness of the financial system? Are there elements which should be added or removed from the mandate? Please explain?

EAS's covers all necessary task and powers to contribute to the stability and effectiveness of the financial system although there are some elements that should be added to this mandate. One of them is security of the EU financial system against hackers attack. Everybody is aware that China is in possession of secret hackers army compound nr 61938 located in Shanghai where elite of Chinese hackers are permanently stealing data and crucial information from US and Europe. This unit might be used to either paralyze or disorder functioning of financial markets with possibility of taking control over markets, financial systems and creation of false crisis. Falsification of virtual data might have high impact on real life of simple Eu citizen and might lead towards riots, uprisings and revolutions.

In your view, do the ESAs face any obstacles in meeting their mandates? If yes, what do you consider to be the main obstacles? Please explain.

In my opinion ESAs will face many problems during introduction of common regulation in 27

different markets. Some countries might want to preserve present situation and will claim tones of amendments, changes ect. to postpone the whole process. Some countries (as it was already in History of EU) might or will try to reject ESA regulation (i.e. Germany on may 2011 voting in Bundestag on ESA issues). This regards to big financial centers like Great Britain and Germany. Both of this countries have strong financial position and attract foreign (outside EU) capital. Common European regulations and supervision might (in their view) lower competition abilities. Other countries might foresee those regulations as another loose of national identity (i.e. Hungary).

Work towards achieving a single rulebook - regulatory activities

Do you consider that the technical standards and guidelines/recommendations developed by the ESAs have contributed to further harmonise a core set of standards in the area of supervision (the single rulebook)? If you have identified shortcomings, please specify how these could be addressed.

All technical standards, guidelines and recommendations looks at first view to harmonize standards of supervision although as I described risks in bullet point 1.1 b more attention should be attracted by all authorities towards hackers infiltration. Even best standards implemented might face problem with disorder created by 'so called hackers'. In this matter regulations (at it is mentioned in Article 34 ESAs Regulations) should consider security precautions (of the system itself) as well.

What is your assessment of the work undertaken by the ESAs as regards providing opinions (e.g. technical advice) to the EU institutions?

This is a crucial matter and in my opinion all technical works undertaken by ESAs by providing technical advice should impact works on related subjects by EU institutions. All provided guidelines will help authorities to undertake required by financial system decisions.

Common supervisory culture/convergence of supervisory practices

In your view, did the ESAs contribute to promoting a supervisory culture and convergence of supervisory practices? If you have identified shortcomings how could these be addressed?

The culture of convergence and supervisory practice should be implemented and promoted at very basic levels of teaching in secondary schools. In my opinion every citizen of EU must be educated not only about primary rights associated with EU membership but also about way of its own further development in business field. ESAs will control this field (business and economic) in future so explaining rules and 'how it works' is very important to all EU citizens. Nobody wants to play in game with no rules or rules that are changing during the game (i.ex. Russia). In my view single European citizen should and must assist in EU development. This means that knowledge about: procedures, requirements and existing law not only will have influence on private life (pension funds, banking accounts, stock investments ect.) but also in business life way of development (public company and issue of shares, bonds and others financial instruments). It also means that in futures forthcoming 'managers' of local companies will be acknowledged with risks and potential possibilities of being member of EU business community.

Consistent application of EU law

In your view, do the procedures on breaches of EU law (Article 17 ESAs Regulations) and binding mediation (Article 19 ESAs Regulations) ensure the consistent application of EU law? If you have identified shortcomings how could these be addressed?

Up to date Art 17 (ESAs regulation about breaches of EU law) and Art 19 (ESAs regulation about binding mediation) where not used but it seems to be an important measure to address direct decisions to national authorities to respect of Community law. Procedures established in Art 17 and 19 looks to fulfill expected requirements,

Emergency situations

Do you consider the ESAs' role in emergency situations appropriate? Please explain.

In my opinion ESAs role in emergency situation is not only appropriate but crucial. It's proven that financial markets are driven by emotions. Each bank might be forced to bankruptcy due to the false accusation or rumors. 'Run on cash' might ruin each and every financial institution. Notice in that case from EAS might soften emotions and lower public pressure. This subject refers not only to banks but also companies listed on stock exchange, pension and investments funds, trusts ect. Voice from independent and political pressure free agency might have stabilizing impact on financial markets.

Coordination function (Art 31 ESAs Regulations)

Do you think that the coordination role of the ESAs is appropriate? If you have identified shortcomings, please specify how these could be addressed.

Coordination role of the ESAs especially in emergency role is in my opinion important. According to 31 Article (ESAs Regulations) actions imposed on ESAs should meet requirements.

In your experience, to what extent have coordination activities carried out by the ESAs contributed to promoting a coordinated EU response to adverse market conditions? Please explain.

In this subject important role of ESAs is to facilitating information exchange between authorities determining the reliability of information. Additionally exchange of this info between authorities should be available to national authorities and I think those requirements in regulations are meeting requirements.

Tasks related to consumer protection and financial activities

How do you assess the role and achievements by the ESAs in the field of consumer protection? Please specify the main achievements by each ESA.

I think this role of EASs is already fulfilled. Three warnings issued by EASs up to date proof this efficiency. Although third warning (warning about Contracts for difference (CFDs)) was issued far far too long of problems of polish investors from 2011 who bought contracts for speculative reasons. Many polish companies convinced by Bank's advisers entered in CFD's contracts without experience and loos a lot of money on this investments (especially on Yen/EURO).

Are you aware of the warnings that were issued by the ESAs so far? If yes, please specify which ones and whether they have contributed to improve consumer protection or any other objective of the ESAs.

As mentioned above warning regarding Contracts for difference (CFDs) should be published much earlier. In my opinion at least 2 years ago.

What are the main strengths and weaknesses of the current framework on consumer protection (Article 9 ESAs Regulations) and what would you suggest to address any possible shortcomings?

The strengths of consumer protections lies in quick response. Warnings issued after problems are worthless.

Direct supervisory powers

How do you assess ESMA's direct supervisory powers? If you have identified shortcomings, please specify how these could be addressed.

This seems to be a good idea especially in field of post-trading issues.

How do you assess ESMA's performance for the registration and supervision of credit rating agencies (CRAs)?

Problem of credit rating agencies is right now very crucial. "So called" independent agencies (mostly located in US) are publishing their view over company, bank or country performance and this opinion have a high impact to the market. We must have in mind 'case' of Enron where all rating agencies where giving A notes to shares and bonds while company was already a bankrupt.

Do you consider that further responsibilities of direct supervision should be entrusted on one or more of the ESAs, particularly with regard to institutions or infrastructures of pan-European reach? Please explain.

Yes it should be considered but as it was mentioned above reaction must by much more faster. There is a polish expression 'smart after looses' . I think EU should be enough smart 'before looses and warn enough earlier.

Governance of the ESAs

General governance issues

Are the governance requirements sufficient to ensure impartiality, objectivity and autonomy of the ESAs?

Yes ART 42 of EASs regulations give enough enjoy of independence each member of the Board

and give power to fulfill its statute mandates.

How do you assess the accountability requirements? If you have identified shortcomings, please specify how these could be addressed.

The Chairpersons shall report in writing description of all undertaken activities. It's understandable that European Parliament should have possibility to enquirer Chairperson in undertaken activities.

Decision-making bodies and voting modalities

Does the current composition of the Board of Supervisors (BoS) ensure that it acts efficiently? If you have identified shortcomings, please specify how these could be addressed.

That's seems to be a right structure.

Does the composition of the Management Board ensure that the ESAs are run effectively and perform the tasks conferred on them? If you have identified shortcomings, please specify how these could be addressed.

At this stage of development composition of the Management Board ensure that the ESAs will run effectively and perform the tasks conferred. Although revision should take place after 5 years of functioning.

Does the mandate of the Management Board ensure that the ESAs are run effectively and perform the tasks conferred on them? If you have identified shortcomings, please specify how these could be addressed.

I think MB with this power endorsed should run effectively.

Financing and resources

How do you assess the arrangements on financing and resources? If you have identified shortcomings, please specify how these could be addressed.

Structure of income seems to be OK although 50 % / 50 % would be fair proposal. Nova-day proposition that 60 % of funding comes from national authorities and 40 % comes from EU budget looks to be unfair especially to small countries. This will be an EU institution and EU budget should finance it in more that 50 %.

Involvement and role of relevant stakeholders

How would you assess the impact of the relevant stakeholder groups within the ESAs on the overall work and achievements of the ESAs?

Stakeholders groups should have an high impact on overall work. Stakeholders picked from broad scope of stakeholders like financial institutions, consumers and employee representations, users of financial services and last but not least top-ranking academics should fluent works and achievements of ESAs.

Are you satisfied with the quality and timeliness of consultations carried out by the ESAs?

Yes.

Are you satisfied with the appointment procedures for the stakeholder groups?

Yes, It looks right.

In your experience, does the composition of stakeholder groups ensure a sufficiently balanced representation of stakeholders in the relevant sectors? If not, which areas appear to be insufficiently/overly represented?

Proposed structures should ensure a balanced representation of stakeholders.

Is the work undertaken by the stakeholder groups sufficiently transparent? Do you see areas where the approach towards transparency needs to be revisited?

No, at this stage it looks like stakeholder groups are sufficiently transparent.

In your experience, are the ESAs, and in particular the ESAs stakeholder groups, sufficiently accessible for stakeholders not directly represented in these stakeholder groups?

In order to fulfill this requirement a simple solution would be by establishing an complain web page where stakeholders groups could address their requests and expectations.

Joint bodies of the ESAs

How do you assess the functioning of the Board of Appeal (BoA)?
If you have identified shortcomings, please specify how these could be addressed.

In order to fulfill this requirement a simple solution would be by establishing a complain web page where stakeholders groups could address their requests and expectations.

What is your assessment of having one joined BoA for all ESAs as compared to a dedicated BoA for each ESA respectively?

This is a right view in my opinion. Joined BoA for all ESAs will allow to lower costs. One institution but with different decisions will be less costsfull then an organization divided into different sections.

How do you assess the functioning of the Joint Committee (JC)?
If you have identified shortcomings, please specify how these could be addressed.

The idea of JC seems to be right. Question arise how this cross-sectoral cooperation and consistent supervisory will work.

Does the JC ensure cross-sectoral cooperation and consistent approaches between the three ESAs? If you have identified shortcomings, please specify how these could be addressed.

As it is mentioned in the point above cross-sectoral cooperation between the tree ESAs institutions and will have impact over functioning of ESAs itself.

ESRB

ESRB's mandate and experience

Risk identification and prioritisation

What are your views on the ESRB mandate? If you think it should be amended please specify how.

Mandate of ESRB looks Ok in view of macro-prudential oversight of financial system. Precautions of financial risk and its mitigation and prevention should provide a financial stability and smooth functioning of internal markets.

What are your views on the definition of systemic risk, as provided by the ESRB Regulation? If you think it should be amended, please specify how.

The systemic risk and avoid of periodical widespread of financial distress is defined in ESRB Regulations. Prevention role is in this case crucial. Regulations meets requirements.

Do you think that the ESRB has developed a sufficiently preventive and forward-looking approach? Please comment on the successes and shortcomings and how they could be, respectively strengthened or addressed.

Preventive and forward looking approach developed by ERSB seems to be good although this institution should react much faster. As it was described above issue of the warnings for Contracts for difference (CFDs) should be published as early as possible.

What aspects of EU financial stability should be addressed by the ESRB as a priority?

Aspects of stress resist and hacker infiltration should be addressed as ESRB priority.

What is your assessment of the ESRB's coordination with other economic or financial policy areas or economic governance procedures, for example on macroeconomic imbalances?

No point of view in this area.

Please outline and comment on the areas in which the ESRB has been most effective.

ESRB, up to day, had no ability to prove its useful function, although it posses structure and human resources to be effective in this field.

Should the ESRB specific mandate be adapted in light of the Single Supervisory Mechanism? If yes, how?

No point of view in this area.

Timeliness and appropriateness of warnings and recommendations

What are your views on the powers conferred to the ESRB by the ESRB Regulation (i.e. the power to issue warnings and recommendations)? Are they sufficient? Please explain. What are your views on the use the ESRB has made of these powers in practice?

In my opinion its a natural way of conferring powers from ESAs to ESRB institutions. The main question arise how this power will be used. IF ESRB will be a quick threat responding institution an will issue warnings at time. But if warnings will be issued 2 years after it's waste of money. Problems should recognized in advance not after they happens.

What is your assessment of the ESRB's public recommendations in terms of content and timeliness? What is their impact on the direct addressees, and indirectly on the relevant market/market participants? If you identify any potential improvements, please specify how these could be delivered.

Time and public authorization for this information is crucial for health of capital markets. Publications of warnings should be way away of any suspicions about influence on the market.

Did the recommendations adequately address the relevant policy makers in alerting them to, and advising them on, the necessary measures for risk mitigation?

Yes it meets requirements in my opinion.

Were the recommendations specific enough and did they address the main specific risks that could be identified in the period under review? If not, where would you identify the shortcomings and how could these be improved?

Recommendation already issued were specific enough and were well addressed but as mentioned above Contracts for difference (CFDs) was issued too late.

Implementation of warnings and recommendations

How do you assess the non-binding character of warnings and recommendations? Could such tools be strengthened? If yes, please specify how.

In my opinion warnings and recommendation should have non-binding character. Although in Poland recommendations issued by ESAs has a non-binding character but has such influence that all Banks adjusted to it and latest recommendations "T" for polish Banks regarding credit requirements for clients almost stopped credit action. Binding character of recommendation might influent markets (in negative way). Financial Institutions should have ability to react and asses individually with recommendations.

What is your assessment of the 'act or explain' mechanism chosen by the Regulation? If you identify any room for improvement please specify how this could be addressed.

"Act or explain" is a good mechanism but time will verify it. Then improvements can be maid.

What impact did public recommendations have on the market or public in general? Please outline your experience.

Public recommendations have big impact on public markets. As cited above polish ESAs recommendation "T" almost halved real estate credits and this in consequence slowed polish Economy despite there were no reasons for introduction of such high clients requirements (especially LtV ratio).

Institutional framework and governance of ESRB

General governance issues

Key principles for good governance

Do the regulations provide ESRB with the right structures to follow the good governance model in terms of openness, participation, accountability, effectiveness and coherence and to promote a common supervisory culture? Please explain your answer.

No point of view in this field.

Has ESRB contributed to establishing a common macro-prudential policy framework and convergence of macro-prudential supervisory practices within EU? Please explain your answer.

No point of view in this field.

Has the ESRB acted as an impartial body in the interests of EU as a whole? Please

explain your answer.

No point of view in this field.

Accountability and transparency

Are the ESRB's accountability and reporting obligations, (including the frequency), to the European Parliament and the Council sufficient and transparent enough? If not, please explain how they should be improved.

ESRB due to the requirements is obliged to provide information about its actions to the European Parliament and the Council. This gives a in my opinion a strong supervisory control over ESRB activity. No improvements should be mad at this stage.

What is your assessment of the nature of these public hearings?

No point of view in this field.

Decision-making bodies and voting arrangements

Voting arrangements for the designation or election of the Chair of the ESRB

What are your views on the fact that the President of the ECB is by rule the Chair of the ESRB? If you think this rule should be amended, please specify how the ESRB Chair should be appointed. For example, should it be defined in the Regulation or should she/he be appointed by an EU institution or the ESRB itself? If by an EU institution, by which one and how?

In my opinion to be independent Chair of ESRB should be elected by EU Parliament.

Do the governance arrangements ensure that the Chair carries out his tasks with sufficient independence? If not, please specify where there is room for improvement and how this could be addressed.

If it will be elected by EU Parliament his Independence will be sufficient. If President of ECB will be directly a Chair of the ESRB it might be not independent and might influent work of ESRB.

Composition, mandate and functioning of the General Board

What is your assessment of the composition, size and mandate of the General Board? If you identify any shortcomings please specify how these could be addressed.

This structure seems to be right.

What is your assessment of the relative representation of central banks on the General Board?

Might be useful but we must remember that they will not a voting rights but only advisory rights. And that might be important in General Board discussions.

What is your assessment of the participation of the European Supervisory Authorities (EBA, EIOPA, ESMA)?

Will be useful. Each voice or opinion is important in public discussion.

What is your assessment of the presence of non-voting members at General Board meetings?

Non voting members will consists of high-level Member State delegates and in my opinion the might be useful for decision making process as well as presents 'national' point of view on each aspect.

Internal organisation

What is your assessment of the supporting activities of the ECB to the ESRB, according to the relevant regulation (Council Regulation 1096/2010)? What are the key advantages and disadvantages of this set-up? If you identify any room for improvement, please specify how this could be addressed.

Due to the Council Regulation 1096/2010 ESRB will have a Secretariat responsible for day to day business. That gives guarantee of correct functioning.

Access to data

In your view, has the ESRB had adequate access to relevant data and financial information for the fulfilment of its mandate?

In my opinion ESRB will not have a adequate access to relevant data. ESRB must address request to ESAs, the ESCB national supervisory and national statistic authorities and is should demonstrate that request is justified. That might create problems of gathering data and making a quick response by issuing warnings or recommendations.

For the analysis of systemic risk, what is the balance needed between, on the one hand, data in summary or aggregate form and, on the other hand, firm-specific data?

Firm specific data would be more appropriate than a summary or aggregated data. As its regards to quantitative research in this matter specific data allows to make more precise analysis and give a better results.

How do you assess the data access procedures foreseen in the ESRB Regulation? If you identify any room for improvement, please specify how this could be addressed.

No point of view in this field.

ESRB external relations and communication

Positioning of ESRB as an authoritative policy institution focused on monitoring and preventing systemic risks

What is your assessment of ESRB communications?

ESRB communication and external relations are based on implementation of macro prudential policies to mitigate those risks. That seems fair solution.

What is your assessment of the ESRB's reputation as the body responsible for identifying and helping to mitigate systemic risk?

ESRB's has ability to be a reliable body with high reputation that might help to mitigate risk. Reputation of ESRB will be build upon quality of recommendations and instructions.

Interaction with other international bodies (e.g. G20/FSB)

What is your assessment of the ESRB interactions with the International Monetary Fund (IMF); the Financial Stability Board (FSB); the G20 Group; macro-prudential authorities in any other relevant non-EU countries? If you identify any room for improvement, please specify how this could the addressed.

Interaction between organization looks to be effective in future. Improvements might come after.

Cooperation and interaction between the ESAs (micro level) and ESRB (macro level)

Assessment of market developments

What is your assessment of the past stress test exercises that were initiated and coordinated by EIOPA and EBA? If you have identified any shortcomings, please specify how these could the addressed.

No point of view in this field.

Did the stress tests and EBA's recapitalization exercise contribute to increase confidence in the stability of the financial system and increase the resilience of financial institutions? Please explain.

No point of view in this field.

Aspects of macro-micro interaction

What is your assessment of the cooperation between ESRB and the ESAs? In which areas has cooperation been successful? If you identify room for improvement, please specify how this could be addressed.

No point of view in this field.

What is your assessment of the ESAs' follow-up actions on the ESRB recommendations?

Please explain.

No point of view in this field.

Has ESRB contributed to the work of the ESAs by bringing a macro-prudential perspective into micro-prudential activities? If so, please comment on key successes and/or shortcomings.

No point of view in this field.

Structure of the ESFS

What is your assessment of the structure of the ESFS?

No point of view in this field.

Does the structure of the ESFS facilitate the identification, monitoring and mitigation of systemic risk in the EU financial sector? Please explain.

No point of view in this field.

Do you consider that the ESFS can be further simplified in order to tangibly enhance coherence between the ESAs and the ESRB? Please explain and add concrete suggestions, where possible.

No point of view in this field.

Do you consider that the structure of the ESFS, in particular the roles of EBA and ESRB, will need to be revisited in light of the establishment of the Single Supervisory Mechanism (SSM) and the new role of the ECB within the ESFS? Please explain and add concrete suggestions, where possible. How should synergies in terms of supervision within ESFS including ECB be exploited? Please explain.

No point of view in this field.

From your experience, do you think that the ESAs and ESRB attract a sufficient number of diverse and excellent staff? If not, why not? If you identify room for improvement, please specify how this could be addressed.

No point of view in this field.

Miscellanea

Do you have any other comment on the effectiveness and efficiency of the ESAs and ESRB within ESFS and on ESFS in general? Please indicate whether the Commission may contact you for further details on the information submitted, if required.

In general mu opinion over ESAs and associated organizations all powers and measurements should be concentrated over 'security'. Security of: turnover, of data processing, stress impact ect.. All those organizations would implement in EU standards and those standards must meet security requirements. I hope this regulations will bring more 'security' and less bureaucratic.