



EUROPEAN COMMISSION

Brussels, 21.3.2018
C(2018) 1718 final

Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the Communication on Reinforcing integrated supervision to strengthen Capital Markets Union and financial integration in a changing environment {COM(2017) 542 final}.

This Communication and the accompanying legislative proposal form part of the Commission's efforts to improve financial integration, to complete the Capital Markets Union and to reinforce its supervisory framework. The Commission considers the completion of the Capital Markets Union a high priority in order to promote jobs, growth and investments in Europe and to strengthen the Economic and Monetary Union.

The Communication is based on several reviews, stakeholder consultations and an extensive impact assessment. In particular, it takes fully into account the 2014 resolution of the European Parliament requesting various amendments to the existing European System of Financial Supervision.

An enhanced European System of Financial Supervision is an important building block to achieve a truly integrated financial market. The Commission is of the view that further strengthening and more integration of the European System of Financial Supervision is needed to deliver concrete benefits and to manage the challenges resulting from increasingly integrated financial markets in the European Union and from global developments.

To this end, the Commission proposes to enhance existing tools and to add new ones to achieve more coordinated supervisory outcomes across the Union. Direct supervision by the European Supervisory Authorities is proposed only in very limited cases where it is deemed more effective and in full compliance with the principle of subsidiarity. As the Capital Markets Union will bring about further financial integration, it is crucial to strengthen the capacity of the European Supervisory Authorities to ensure consistent supervision and uniform enforcement of the single rulebook. To improve the functioning of the European Supervisory Authorities and the European System of Financial Supervision as a whole, the Commission proposes limited changes to the governance

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structure of the European Supervisory Authorities without altering the current voting rights of the European Banking Authority. These are intended to secure proper consideration of the specific circumstances of Member States outside the euro zone. Finally, the Commission suggests new rules for the funding of the European Supervisory Authorities to ensure the sustainability of their funding in the future.

The legislative proposal also introduces new funding rules which allow for a proportionate distribution among financial firms according to their size. Those new rules also contain a fairer distribution of the financial burden in proportion to the different size of the financial markets of Member States.

Overall, without putting into question the crucial role national competent authorities play to ensure solid supervision of financial markets, the proposal seeks to strengthen the European component of supervision while taking into account consumer protection and new technological developments in the financial markets, as the Camera Deputaţilor also suggests.

The procedure before the co-legislators concerning the legislative proposal accompanying the Communication is now underway and the Commission remains hopeful that the proposal will be adopted by the end of this year.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Camera Deputaţilor and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Valdis Dombrovskis
Vice-President*