

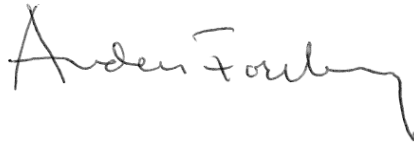
2009-06-24

To the European Commission
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The Swedish Parliament has referred the Commission's communication *European financial supervision*, COM(2009)252, to the Committee on Finance for examination.

The committee has reported to the chamber on its examination of the communication in a statement 2008/09:FiU42. The statement was decided upon 23 June 2009.

The statement and minutes are enclosed.



Anders Forsberg
Secretary-General of the Riksdag

Financial Supervision

Summary

In this statement the Committee gives an account of its examination of the European Commission's Communication on Financial Supervision in Europe (COM(2009) 252 final). The Committee gives its view of the issues raised by the Commission in its Communication and emphasises certain matters that merit attention in the ongoing deliberations.

The Committee holds that reports from the proposed European Systemic Risks Council (ESRC) must be publicly accessible in as far as this is possible. Furthermore, the Committee considers that the proposed system of three supervisory authorities at EU level should be reviewed within two or three years at the most. In the longer term, supervision should only be carried out by a single consolidated authority at the EU level.

In the view of the Committee, the issue of whether supervisory authorities at the EU level ought to be empowered to exercise direct supervision over individual institutes should be the object of further deliberations. The same applies to the issue of the competencies that these EU authorities should have in emergencies.

The three proposed EU level supervisory authorities should, in the view of the Committee, be funded via the EU budget within existing budget limits.

The Committee proposes that the Riksdag should put this statement on file.

The report contains two explanatory reservations (SocDem) and (Lft).

The Committee's proposal for a decision by the Riksdag

The European Commission's Communication on Financial Supervision in Europe

The Riksdag puts this statement on file.

Reservation 1 (SocDem) – reasons

Reservation 2 (Lft) – reasons

Stockholm, 16 June 2009

On behalf of the Committee on Finance

Stefan Attefall

The following members participated in the decision:

Stefan Attefall (ChrDem), Bertil Kjellberg (Mod), Anna Lilliehöök (Mod), Sonia Karlsson (SocDem), Lars Elinderson (Mod), Roger Tiefensee (Cen), Monica Green (SocDem), Carl B Hamilton (Lib), Hans Hoff (SocDem), Peder Wachtmeister (Mod), Göran Pettersson (Mod), Ulla Andersson (Lft), Tommy Ternemar (SocDem), Emma Henriksson (ChrDem), Mikaela Valtersson (Grn), Jörgen Hellman (SocDem) and Christina Zedell (SocDem).

Account of the matter considered

The matter and its preparation

The European Commission's Communication on European Financial Supervision (COM (2009) 252 final) was referred to the Committee on Finance for examination on 9 June 2009 and thus forms the object of a statement in accordance with the provisions in Ch.10 Sec. 4 of the Riksdag Act.

Prior to this, the Committee had been informed about financial supervision in the EU by Government Minister Mats Odell on 26 March. Furthermore, the Committee was given information by State Secretary Urban Karlström, Ministry of Finance, and by the Financial Supervisory Authority on 31 March. The Committee also held deliberations on financial supervision with Government Minister Mats Odell on 8 June. The Committee supported the Government's planned approach in preparation for continued

negotiations, with a dissenting opinion from the Left Party. At its meeting on 8 June, the Committee was also given information by Minister for Finance Anders Borg and Government Minister Mats Odell on the handling of issues relating to financial supervision at the next meeting of the Council of Ministers (Ecofin) on 9 June. The Committee received further information about financial supervision issues from the Riksbank and the Financial Supervisory Authority at its meeting on 9 June.

Background

The de Larosière Report

Issues relating to how supervision of financial markets and financial institutes in the EU should be designed have long been the subject of discussion in various forums. This debate has been intensified by the ongoing financial crisis.

During the autumn of 2008, Commission President José Manuel Barroso appointed a special group of "wise men" charged with analysing financial supervision in the EU and drafting proposals for its implementation.

The group, under the leadership of the former head of the International Monetary Fund (IMF), Jacques de Larosière, submitted its final report on 25 February 2009.

The report contains a number of recommendations in which the group proposes changes to the supervisory structure.

The report proposes that a special council, the European Systemic Risk Council (ESRC) should be set up with responsibility for monitoring financial stability in the EU at a general, macro-economic level.

It also proposes the creation of a system of coordinated financial supervision in the EU, the European System of Financial Supervisors (ESFS).

In its Communication, the Commission takes a position on the proposals in this part of the de Larosière Group's report, and presents its view regarding the design of the EU financial supervisory structure.

The principal contents of the Communication

In the Communication, the Commission refers to the de Larosière Report and notes that consultations with various interested parties in the spring of 2009 have shown a broad consensus on the need for reform of financial supervision in the EU, based on the proposals of the de Larosière Report.

Furthermore, the Commission indicates that the matter needs to be dealt with rapidly, and welcomes reactions from stakeholders by 15 July 2009 at the latest.

Principally, the Communication proposes two new mechanisms for i) supervision at the macro or system level, and ii) supervision at the micro or institutional level.

The European Systemic Risk Council (ESRC)

Like the de Larosière Group, the Commission proposes the creation of a new council for supervision at the macro level, the European Systemic Risk Council (ESRC).

The remit of the ESRC

The remit of the ESRC will be to monitor developments in financial markets in general and to assess possible threats to the stability of the financial system.

The following responsibilities are proposed for the ESRC:

- i) to collect the information needed to supervise the system and assess risks and threats to stability;
- ii) to give warning when significant risks arise;
- iii) to recommend necessary measures to counteract risks;
- iv) to monitor and follow up how warnings and recommendations are received, and any measures taken; and
- v) to liaise with international institutions such as the IMF, the Financial Stability Board and agencies and authorities in countries outside the EU.

The Commission does not wish to assign any formal

decision-making powers to the ESRC with regard to individual member states, central banks or other entities.

On the other hand, the Commission considers that in practice a degree of informal, non-binding power will accrue by the mechanism of "Act or explain" by which those urged to take measures either follow the Council's recommendations or explain their reasons for not doing so.

The structure of the ESRC

The Commission considers that the central banks must play a leading role regarding the structure of the ESRC.

For this reason, the president of every national central bank in the EU should be members, as well as the President and Vice-President of the ECB.

The President of the ECB should chair the ESRC, and the Vice-President should speak for the ECB in discussions.

It is further proposed that representatives of the three new supervisory authorities should be members of the Council, as well as a representative of the Commission.

On the other hand, the Commission does not consider that the national supervisory authorities should be members of the Council.

Instead, a representative of one national supervisory authority in each country should participate as a non-voting observer.

ESRC decisions will taken by a simple majority.

As far as can be inferred from the Communication, the ECB would, in effect, have two votes - that of the Chair and that of the representative of the ECB as a member among others.

The European System of Financial Supervisors (ESFS)

Based on existing cooperation between national supervisory authorities – which, according to the Commission, has proved to be insufficient – it is proposed that new, and considerably more detailed, cooperation should be initiated within the

framework of a European system of financial supervisory authorities. At the central level, three new supervisory authorities are proposed who will replace the current Level 3 committees for bank, securities and insurance supervision.

The Commission underlines that supervision at micro level (of individual institutions) should primarily be performed by national supervisory authorities or, for the institutions established in several countries, by several national supervisory authorities together in a college of supervisors. At the same time, the Commission feels that more harmonisation and more efficient cooperation are essential and that three new EU authorities are necessary in order to achieve this.

The tasks of the new EU authorities

In practical terms, the Commission proposes that the new supervisory authorities will be entrusted with establishing binding technical standards. In addition, they will be competent to develop non-binding interpretative communications that national supervisory authorities may apply when they make decisions on individual cases.

The new authorities will also be mandated to take measures to ensure a consistent application of regulations. They will be able to take decisions in cases where different national supervisory authorities disagree on how regulations are to be applied. If a national supervisory authority does not comply with the common body of regulations, the relevant European authority will be able to urge the relevant national authority to comply. The EU authority responsible may also recommend to the Commission that the Commission adopt a decision to order a national supervisory authority to take measures. In its Communication, the Commission also proposes that EU authorities would be able to take decisions that directly affect individual financial institutions as concerns, for example, stability supervision and warnings about the stability of the financial system.

The Commission also proposes that certain specific types of entities with extensive cross-border operations such as credit-rating agencies and certain types of clearing houses, are to be directly supervised by the EU authorities. Even mergers and acquisitions within the EU could be the subject

of stability supervision on the part of the EU authorities. In addition, the Commission wishes the EU authorities to be granted the competence to take crisis measures and make the necessary decisions – for example as regards the short selling of securities.

The ESFS will also deal with the collection of information from national supervisory authorities for EU authorities into a central database, and with cooperation in the form of e.g. joint training inputs and staff exchanges between supervisory authorities. In addition, the three EU authorities would be able to liaise and undertake technical cooperation with international organisations and supervisory authorities in third countries.

The Commission also emphasises that both the Commission's own decisions and those of the EU authorities are to be subject to review by Community courts.

The structure of the ESFS

As concerns the structure of the ESFS, the Commission proposes the setting up of three new authorities at the EU level, with sectoral responsibility for bank, insurance or securities supervision, respectively. The Commission notes that there are different models for organising supervisory authorities and that another solution would be that all financial supervision would be gathered under one authority. The Commission, however, argues that there are no clear, decisive reasons supporting any other model than that chosen to date by the EU, i.e. the sectoral model. At the same time, however, it has been stated that the prevailing model is to be evaluated in a few years' time. In order to promote coordination, the Commission also wishes to create a Steering Committee charged with high-level coordination of the work of the three EU authorities.

According to this proposal, each EU authority will be governed by a board consisting of the head of the authority and a representative from each national supervisory authority. The observer group would include the Commission, a representative of the ESRC and representatives of EEA and EFTA countries. Authorities' boards would be able to vote on binding technical standards using a qualified majority and

when, for example, it concerns decisions on the interpretation and application of regulations, decide by simple majority.

Continued work concerning the financial supervisory structure in the EU

The proposals submitted in the Communication are not finished legislation proposals. As concerns the structure of financial supervision in the EU, however, an unusually rapid legislative procedure is proposed. Ecofin commented on the Commission's Communication at its meeting on 9 June and expressed its support for the main points of the proposals. The matter will be dealt with by the heads of state and government at the European Council on 19–20 June. The Commission will be accepting comments until 15 July and intends to submit a proposal for legislation in September. Decisions concerning the adoption of legislation may be taken with a qualified majority according to the co-decision procedure (Article 251 of the EC Treaty).

The Committee's considerations

Introduction

At a general level, the Committee welcomes the proposals included in the Commission's Communication. The financial crisis has demonstrated the necessity of more efficient and effective supervision of financial market actors. In the course of this crisis, it has become clear that the increased integration of the financial markets of the EU requires rapid, coordinated measures in order to solve problems in financial institutions operating in several member states. The Committee agrees with the assessment that rapid reforms are now necessary and that the coming year may prove to be decisive for the achievement of better-functioning financial supervision in a Union in which financial actors' operations are becoming increasingly cross-border in nature. In order to achieve this it is, according to the conclusions of the Committee, necessary that existing national supervisory structures become more closely knit to each other than is currently the case. In the opinion of the Committee, the Commission's proposal is a good basis for continued work on this issue in the immediate future. However, the Committee would also like to highlight some aspects of the Commission's proposal that, in its opinion, deserve further consideration.

The connection between the ESRC and the ECB as well as other central banks

The Commission proposes that the Head of the European Central Bank is to chair the European Systemic Risk Council (ESRC) and that this Council is to receive administrative support from the European Central Bank in Frankfurt am Main. The Commission further proposes that all national heads of central banks are to be included in this Council, while representatives of national supervision authorities will participate as observers only with no voting rights at Council meetings.

In the opinion of the Committee, it is natural that EU central banks, who play a central role in the monitoring of financial system stability and the overall risk situation in the

financial markets, are assigned a prominent role in the Council.

At the same time, the Committee would like to assert that the ambit of macro-supervision should not be limited due to the fact that central banks, that form the majority of the proposed Council, are also responsible for monetary policy. When assessing the stability of the financial system, it is vital to consider the development of monetary and financial policies that concern the stability of the system. The issue of the composition of Council should, in the assessment of the Committee, be considered against this background. There may be good reasons to consider how the Council should be composed in order to ensure that macro-supervision is performed as efficiently and effectively as possible. One important aspect is whether the position of Chair of the Council should be given to the President of the European Central Bank or to a person who does not participate directly in monetary policy decisions that affect the majority of the Union's member states and a considerable part of its total economy. The Committee notes in this part that in the Ecofin conclusions from the meeting on 9 June it was asserted that the Chair of the European Systemic Risk Board (ESRB) could be the president of a central bank elected by the members of the ESRC.

Transparency of ESRC operations

In the opinion of the Committee, it is highly important that the recommendations of the ESRC are made available to the public as soon as possible, and to the greatest extent possible. The Committee especially welcomes the fact that the Commission notes that the efficacy of recommendations increases when they are made public. The Committee holds that this must be the basic approach when the ESRC develops recommendations. The public must be afforded high levels of transparency as concerns the supervisory activities undertaken at the macro level, not only for reasons of efficiency but also because increased transparency provides enhanced legitimacy for the decision-making process. Lack of transparency would risk creating insecurity concerning the situation in the financial markets and might, eventually, negatively affect public confidence in the financial system as

a whole. At the same time, the Committee recognises that individual recommendations, wholly or in part, may contain information e.g. on the situation in individual companies which should not be made public.

In summary, the Committee considers that these issues should be examined in the continued work with this process, based on the central tenet that the ESRC's recommendations are to be generally accessible to the greatest degree possible.

The organisational supervision structure at EU level

Within the framework of the proposed EU system of financial supervision (ESFS) the Commission would like to see three new EU authorities for supervision which are based on the three existing Level 3 committees for banking, insurance and securities. This structure means that supervision activities are performed on a sectoral basis. At the same time, the Commission notes that there are also alternative ways to design the supervision structure.

In this context, the Committee would initially like to point out that several member states have changed their supervision structure over the last decade in the direction of a model in which a consolidated supervisory authority undertakes responsibility for the supervision of banking, securities and insurance operations. In support of such consolidation it has been asserted that, for example, many objects of supervision such as financial conglomerates operate within all three sectors, that the borders between these sectors have become increasingly blurred e.g. as concerns financial derivative instruments and insurance products, that the consolidation of supervision provides advantages of scale, more efficient use of resources as well as fewer internal conflicts between supervision objectives and that combined supervision facilitates the evaluation and accountability exercises to be carried out by the politicians who, ultimately, take the decisions on how supervision is to be designed at the overall level.¹ Moreover, the Committee notes that the academic

¹ See e.g. Clive Briault, *The Rationale for a Single National Financial Services Regulator*. Financial Services Authority, Occasional Paper Series No. 2 (May 1999).

debate in this field has levelled some criticism at the current structure of three, sector committees at the EU.²

In summary, the Committee feels that there are good reasons to consider whether supervision in the longer term should be performed by a single, consolidated authority at the EU level only. At the same time, it is the opinion of the Committee that it is of short-term importance to create structures for more coordinated supervision at EU level. In the opinion of the Committee it may therefore be suitable, for practical reasons, not to embark on a far-reaching reform of the supervision structure in the current situation. The Committee would however especially emphasise the importance of initiating and completing a review of the EU level supervisory structure relatively soon, within a maximum of two or three years, and then return to the issue of which supervisory structure is most efficient, effective and appropriate in the longer term.

Decision-making procedures for ESFS

The Commission proposes that the boards of the EU authorities should be able to vote as concerns binding technical standards using a qualified majority and, when concerning agreement on how regulations are to be interpreted and applied, take decisions by a simple majority of the votes. This appears to be a suitable procedure and the Committee welcomes the Commission's proposal on this matter.

Direct supervision of certain companies

The Committee also notes that the Commission wishes to place certain entities under the direct supervision of the three proposed EU authorities. In the opinion of the Committee, it is important that actors operating across borders are also subject to cohesive, effective supervision. Direct supervision by EU authorities may, in the assessment of the Committee, be one possible way of achieving this. At the same time, the supervision model this requires means that a number of practical and legal issues must be dealt with.

² Howard Davies, David Green. *Global Financial Regulation: The Essential Guide*, s. 216 (Cambridge: Polity Press, 2008).

The Commission has identified two categories of companies that could become subjects of direct supervision by EU authorities: credit rating agencies and certain clearing houses. If the Commission's proposal in this part is implemented, certain companies running cross-border operations will be placed under the direct supervision of the Community bodies. In spite of the fact that this concerns a relatively small number of entities to be supervised, the Committee considers that this proposal brings up certain issues of principle.

Firstly, the Commission's proposal in this part means that some financial supervision of individual companies will be managed by Community bodies and not by national authorities. Consequently, it will be vital to establish very early on, and to delimit, the supervisory competencies to be granted to the EU authority/ies with this direct supervisory responsibility. It is especially important to clarify how cooperation is to be carried out between the EU authorities and authorities in the countries where the subjects of direct supervision have their offices and otherwise operate. This concerns, for example, issues of how on-site inspections are to be carried out. In this context the Committee wishes to underline the importance of designing the regulations with a sufficient degree of efficiency and effectiveness as concerns both supervision and rule of law aspects.

Secondly, the proposal to place certain clearing houses under direct supervision raises questions as to how responsibility is to be distributed in the case of insolvency. In a hypothetical situation in which a clearing house is unable to fulfil its obligations, public funding may be necessary. At the level of principle, it can be discussed how suitable it is that supervision of such a company is performed by an EU authority that is not connected to any of the actors – in this case individual member states – who may be forced to contribute funding in a crisis situation.

Thirdly, if direct supervision of the two categories of entities mentioned here is the aim, it must be established which of the three EU authorities that is to perform this supervision. Assuming that supervision of clearing houses should be performed directly at the EU level, it is primarily the EU authority for supervision of the securities markets

which will be considered. As concerns credit rating agencies, the authority best suited to their supervision is not as easy to identify.

Fourthly, the regulation of direct supervision competencies for EU authorities must be in line with other legislation within the financial markets field. In the opinion of the Committee, how regulations concerning direct supervision relate to extant legislation should be thoroughly studied, and also how such regulations could be designed within the context of the Community legal framework.

In summary, the Committee's opinion is that a number of issues must be studied further before it is possible to appraise whether supervision of certain companies should be performed directly by EU authorities. In the opinion of the Committee, it therefore appears most suitable not to take an initiative regarding such direct supervision in the current situation. The issue should be studied further with the aim of providing more detailed information on the issues that the Committee has addressed here. The Committee wishes, at the same time, to underline how important it is that continued consideration of this issue does not stall reforms concerning other aspects of the supervision structure of the EU where the necessity of rapid measures is urgent.

EU authorities' competencies in crisis situations

The Commission also proposes that the EU authorities are to be able to take binding decisions on measures in crisis situations. At a general level, the Committee can agree that in rare cases, when financial markets conditions are exceptional, various types of special measures taken jointly at the European level may be called for. However, the Committee wishes to emphasise that any body of regulations that enables binding decisions concerning crisis measures must be designed in a very clearly defined and well-delineated manner. Both the criteria for what constitutes a crisis situation and the detailed measures that may then be taken must be defined in advance. This is, in the opinion of the Committee, a precondition for measures to be taken efficiently and effectively when necessary, without causing additional turbulence in the markets in times of crisis. Against this background, the Committee considers that

regulations that provide EU authorities with such extraordinary powers – e.g. as concerns bans on short selling – should not be enacted in a rush without first being the subject of careful study and preparation. The Committee wishes, at the same time, to underline the importance that continued preparatory work in this regard, as with the issue of direct supervision, should not stall reforms as concerns other aspects of the supervision structure of the EU where the necessity of rapid measures is urgent.

The European Commission's role in the ESRC and ESFS

The Commission, which has submitted this communication, plays a central role in the construction of a European supervision system at the macro and micro levels. In addition, the Commission holds a unique position through its exclusive right to submit proposals for new legislation. Within the framework of the Lamfalussy Process, the Commission also bears special responsibility to ensure that member states at national level implement jointly determined regulations concerning financial markets. Moreover, the Commission is entrusted with monitoring compliance with the regulations of the Stability and Growth Pact, as well as compliance with Community rules as concerns competition and state support.

According to the proposal now submitted, the Commission will participate with voting rights in the ESRC and in the managing boards of the three EU supervision authorities within the ESFS. In addition, it is proposed that the Commission be given observer places in the boards of the three EU authorities. The Commission is thereby assured of good opportunities to follow the daily operations of these authorities.

The Committee can see a value in that the Commission, with its central role in European cooperation, follows and participates in financial supervision activities within the EU. At the same time, the Committee wishes to assert that it is the European Parliament and the Council who bear the final responsibility for following up the operations of the proposed supervisory bodies. These are the two institutions whose duty it is to demand accountability and to monitor that operations are run efficiently and effectively. In the opinion of the Committee, it is extremely important that regular reporting to

the European Parliament and the Council is carried out. The proposals concerning such reporting presented by the Commission in this Communication are consequently well worth pursuing going forward.

Financing of EU authorities' operations

The Committee notes that the Commission takes up the question of how these EU authorities' operations should be financed and mentions two possible solutions: financing via the EU budget or via contributions from the national authorities. In the opinion of the Committee, it does not seem advisable to create a special system of financing that is dependent on funding from national authorities. Such a solution may make it more complicated to establish the amount of resources necessary for supervision in each member state. In such a financing model the national supervisory authorities, who are financed via national budgets, would need additional funding which in turn would be channelled to EU authorities. The risk here is that this results in increased uncertainty as concerns the national authorities' total resource needs, unless the contribution from each national authority to each EU authority is clearly determined in advance.

Against this background, the Committee considers that the supervisory operations at the European level should be financed directly via the EU budget and that funding for this should be supplied to the proposed EU authorities within the existing budget limits.

Future activities

In conclusion, the Committee would like to emphasise that issues concerning financial supervision of the EU will most likely be the object of intensive work during the autumn of 2009, when Sweden will hold the Presidency of the Council of the European Union. Consequently, the Swedish government will undertake activities concerning the financial supervision structure of the EU in its role as Presidency. The Presidency role will mean that Sweden will work actively in order to create more efficient and effective financial supervision in the EU.

In this context, the Committee would like to emphasise that willingness to cooperate and the ability of all member states to prioritise the common European interest will be essential if a well-balanced, long-term sustainable supervisory structure is to be achieved. In these considerations the Committee has indicated a number of issues in relation to the Communication, which should be considered in further work in this extremely important area. The Committee assumes that the Commission, in its work going forward, will make efforts to identify balanced solutions that will make it possible to rapidly and efficiently move the work forward during the Swedish Presidency.

Herewith the Committee proposes that the Riksdag should put this statement on file.

Explanatory reservations

The Committee's proposal for Riksdag decision and position has given rise to the following reservations. The heading states the point in the Committee's proposal for decision by the Riksdag that is referred to in each section.

1. The European Commission's Communication on Financial Supervision in Europe – reasons (SocDem)

by Sonia Karlsson (SocDem), Monica Green (SocDem), Hans Hoff (SocDem), Tommy Ternemar (SocDem), Jörgen Hellman (SocDem) and Christina Zedell (SocDem).

Position

We are in agreement with the Committee's majority as concerns the approach to how financial supervision in the EU should be developed and support the considerations stated in the Committee Considerations on the European Commission's Communication. However, on one point we consider that the statement should have shown clearer emphasis, namely as concerns the Chair of the European Systemic Risk Council (ESRC). In our opinion it is important that the chair of the ESRC holds as independent a position as possible. As it may be necessary to include monetary policy assessments when the ESRC designs its recommendations, it could be questioned whether it is suitable that the President of a central bank chairs the Council.

2. The European Commission's Communication on Financial Supervision in Europe – reasons (Lft)

by Ulla Andersson (Lft).

Position

The current financial crisis has, among other things, demonstrated the need for cooperation between countries as concerns the supervision of financial companies. The Left Party consequently welcomes the European Commission's

Communication concerning increased cooperation in financial supervision within the EU. However, even more urgent is the necessity to strengthen the regulation of financial companies and their products, as well as increasing transparency and openness. Tighter regulations at EU level should be imposed in the form of minimum regulations, i.e. so that individual countries would be able to formulate a stricter framework if they so desire. This Communication from the Commission does not explicitly cover the question of financial regulation; however there are documents that imply that the Commission wishes to see a development towards full harmonisation of regulations within the financial sector. The Left Party is opposed to this intention. It is vital that countries who wish to operate strong, well-functioning supervision of financial markets are not limited by the fact that less ambitious regulations are enacted at EU level.

The Left Party intends to submit its comments on parts of the Commission's proposal when there is a complete legislation proposal to take a position on. However, we can already express concerns regarding the intended staffing of the European Systemic Risk Council (ESRC). The Commission proposes that the President of the European Central Bank (ECB) will chair the ESRC. In the opinion of the Left Party, this link to the ECB is unfortunate and may undermine the independence of the ESRC. In our opinion, it is important that the ESRC chair be as independent as possible. As it may be necessary to take monetary policy assessments into account when the ESRC establishes its recommendations, and monetary policies may affect the situation of the financial markets, it could be questioned whether it is suitable that the president of a central bank chairs the Council. In addition there are a number of issues that must be examined before a position can be taken on this proposal. Not least noteworthy among these is the division of responsibilities between the three authorities within the European System of Financial Supervisors (ESFS) and the national supervisory authorities, which must be more clearly-defined. In addition, we consider it problematic that financial supervision will be carried out on a sectoral basis. We fear that this will weaken the supervision.

The Left Party considers that the important issues that have been raised here must be the subject of further considerations before a final proposal for legislation can be presented. Herewith, we propose that the Riksdag should put this statement on file.

List of proposals discussed:

*The Commission's Communication COM (2009) 252 Final
on Financial Supervision in Europe.*