CAPITAL MARKETS UNION:
STRONGER SUPERVISION OF FINANCIAL MARKETS

WHAT IS THIS PROPOSAL ABOUT?

The Commission is proposing an overhaul of financial supervision in the EU. Our goals:

- Making supervision more efficient
- Moving ahead with the Capital Markets Union
- Reducing and better managing risks to financial stability

THE EUROPEAN SYSTEM OF FINANCIAL SUPERVISION

- Created in 2010 as part of the EU’s response to the financial crisis.
- The European Supervisory Authorities contribute to the development of a ‘Single Rulebook’ for regulating financial institutions and markets in the whole EU.
- They promote EU-wide convergence of supervisory practices, help to protect consumers and investors and promote financial stability.
- The European Systemic Risk Board issues warnings and recommendations in case of risks to financial stability in the EU.

WHERE WILL CHANGES BE MADE?

<table>
<thead>
<tr>
<th>EUROPEAN SUPERVISORY AUTHORITIES (ESAs)</th>
<th>Oversight of risks in the financial system as a whole (macro-prudential supervision)</th>
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<td>Supervision of individual banking, investment, insurance and pension markets (micro-prudential supervision)</td>
<td>Individual national and EU supervisors</td>
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WHY ARE CHANGES NEEDED?

- More seamless supervision promotes more integrated financial markets in the Capital Markets Union
- ESAs’ mandates need to deliver uniform application of EU rules across the EU
- Decision-making in ESAs and ESRB needs to ensure best outcomes for EU as a whole
- The EU should develop and integrate capital markets further in the context of the UK’s exit
- Cross-border risks between EU and rest of the world have to be addressed effectively
- ESAs need adequate funding for their increasing tasks

WHAT ARE THE MAIN CHANGES PROPOSED?

- Better coordination of supervision across the EU
- More efficient decision-making with clear EU focus
- Enhancing the means for effective supervision
- First steps towards a single capital markets supervisor
- ESAs to be funded not only by taxpayers but also by industry
- ESAs to promote work on FinTech and sustainable finance
- A more effective European Systemic Risk Board

WHAT WILL HAPPEN NEXT?

The European Parliament and the Council will discuss the proposal.