

# **EU FINANCIAL SUPERVISORY ARCHITECTURE**

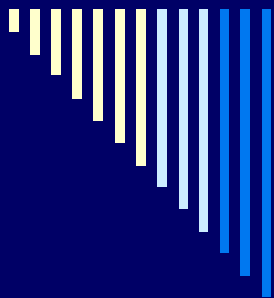
**HIGH-LEVEL CONFERENCE**

**BUILDING A NEW FINANCIAL ARCHITECTURE**

**LISBON, 26 MARCH 2010**

**MEP Antolín SÁNCHEZ PRESEDO**

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# TOWARDS A NEW FINANCIAL SYSTEM

“ We will take action to build a  
**stronger**, more globally **consistent**,  
supervisory and regulatory framework  
for the future financial sector, which  
will support **sustainable global  
growth** and serve the **needs** of  
business and citizens”

*G-20. London Summit, 2th April 2009*



# EUROPEAN FINANCIAL SUPERVISORY SYSTEM

- World's first initiative on **transnational supervision**
- Build the **most reliable financial system world-wide**
- Promote **financial sustainability**



- Long-term stability;
- financial inclusion;
- adequate interaction with real economy;
- fair competition;
- internalisation of costs...



# WHAT DO WE AIM FOR?

- Macro and micro supervision
- Integrated network of national and European authorities
- Multilevel supervisory model
- Horizontal: an EU financial system for all financial entities
- Progressive

**EUROPEAN FINANCIAL  
SUPERVISORY SYSTEM**

**PRUDENTIAL  
CONSISTENT  
COHERENT  
EFFECTIVE**



# OMNIBUS I

- Adaptation of **sectoral directives on financial services**
    - 1998/26/EC: Settlement Finality Directive
    - 2002/87/EC: Financial Conglomerates Directive
    - 2003/6/EC: Market Abuse Directive
    - 2003/41/EC: Institutions for Occupational Retirement Provisions Directive
    - 2003/71/EC: Prospectus Directive
    - 2004/39/EC: Markets in Financial Instruments Directive, MIFID
    - 2004/109/EC: Transparency Directive
    - 2005/60/EC: Anti Money-Laundering Directive
    - 2006/48/EC & 2006/49/EC: Capital Requirements Directive, CRD
    - 2009/65/EC: Undertakings for Collective Investments in Transferable Securities Directive, UCITS
  - **OMNIBUS II- Solvency II**
-



# BEYOND THE EUROPEAN COMMISSION PROPOSAL

- Bring the ESAs and the ESRB into the sectoral legislation
- Streamline cooperation between national competent authorities— ESAs- European Commission
  - Gather and disseminate information
  - Articulate enquiries and on-site inspections
- Provide new mediation powers
- Promote general coordination (sectoral and cross-sectoral)
- Set up the basis for draft technical standards and guidelines



# MAIN CHALLENGES ON TECHNICAL STANDARDS

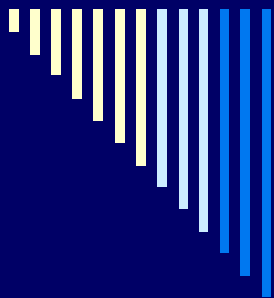
- Update the **Lamfalussy** architecture
  - Adapt to the **Lisbon Treaty**
  - Add new value: the **Single Rule Book**
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# LAMFALUSSY ARCHITECTURE AND TECHNICAL STANDARDS

- Four high level principles (Commission proposal)
    - Technical issues
    - Practical issues / cooperation procedures
    - Flexibility
    - Necessity - market efficiency and integrity
  - No definition / classification in Commission proposal
  - Scope and extent complex and heterogeneous
  - Objective - Consistent harmonisation and uniform application of financial legislation
  - Should not involve policy choices
-



# LISBON TREATY

- Replacement of comitology procedure
- Delegated Acts (Article 290 TFUE)
  - Adaptation of delegation to each legislative act
  - Former Regulatory Procedure with Scrutiny, RPS
  - New fields of the Single Rule Book
  - Drafted by the ESAs
- Implementing Acts (Article 291 TFUE)
  - Specific Regulation needed
  - Drafted by the ESAs



# SINGLE RULE BOOK

## □ **Regulatory Standards**

- Develop, specify and determine the conditions for consistent harmonisation and uniform application of the rules included in basic acts
- Adopted as Delegated Acts - L2 Lamfalussy
- Commission possibility to amend

## □ **Prudential Standards**

- Determine uniform application through implementing acts
  - Adopted as Implementing Acts – L3 Lamfalussy
  - Endorsed by the Commission (who checks for compatibility with European Acquis)
-



# SUMMING UP: OUR PROPOSAL

## □ **Lamfalussy Architecture**

- Level 2 – new regulatory procedure
- Level 3 – new European scope of supervision

## □ **Lisbon Treaty**

- Article 290 TFUE- Delegated Acts
- Article 291 TFUE- Implementing Acts

## □ **The Single Rule Book**

- Regulatory Standards: definitions, disclosure and reporting, coordination and cooperation
- Supervisory Standards

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**THANK YOU**

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