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**AFG response to the European Commission's
Consultation on the Review of the European System of Financial Supervision**

1. The European Supervisory Authorities (ESAs)

1.1. Effectiveness and efficiency of the ESAs in accomplishing their tasks

1.1.a. 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?

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As a preliminary comment, we were and are strongly in favor of the creation of the three ESAs, including of course ESMA. All the following remarks are meant to reinforce the efficiency of the new architecture, not to question it.

We first would like to highlight that only a very limited number of AFG members participated to the preparation of our response to this questionnaire. This lack of interest probably reflects the shortcomings of the ESAs' communication efforts and the lack of understanding of their importance.

We therefore suggest ESMA to organise more communication events to explain its role, organisation and work, such as through AFG "Point Sur" conferences aimed at Paris asset managers. Indeed, the opaque functioning of the ESAs and their sub-optimal governance seem to be in contradiction with the decisive role they play.

We would also like to stress that the ESAs were set up only a few years ago and that it might be difficult at this rather early stage to step back and give a proper feedback.

ESMA has a significant impact on asset management companies, on a day-to-day basis.

In general, we think that the way the ESAs operate is not fully satisfactory.

In particular, regarding the issue of ensuring the practical enforcement of EU legislations and regulations, we think that the tools that ESMA may currently use – such as arbitrage in case of diverging interpretations and peer reviews - are not sufficient: a more stringent mechanism should be put in place vis-à-vis national authorities in order to make sure that national authorities actually enforce EU legislations and regulations. It is still the missing part of the "Lamfalussy approach" and such an improvement would facilitate a level playing field for market participants across Europe and avoid regulatory arbitrage. Ultimately, it would clearly enhance the Single Market.

Also, ESMA still has to prove that the answers to the numerous consultations it carries out are taken into account, a fact that our members are not convinced of yet.

Finally, in our view, ESMA failed to make proper and regular enough use of its consultative committee on asset management.

More specifically, to answer ESMA's questions:

- (i) We are not in a position to assess the impact of the creation of the ESAs on the financial stability, as ESMA is not directly involved in this respect;**
- (ii) We believe that the ESAs do have an impact on the functioning of the internal market;**
- (iii) We agree that they work towards a better quality and more consistent supervision; however, a lot remains to be done in this respect. In particular, we would like to stress the need for a smoother coordination among the authorities' initiatives;**

- (iv) **We welcome the guidelines and warnings issued by ESMA aiming at improving consumer and investor protection.**

1.1.b. 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?

We think that ESMA's mandate is adequate. However, two important points can be stressed. First, as said in our answer to question 1.1.a, ESMA does not have the tools to ensure a real level playing field. Second, it could be questioned whether in some instances ESMA did not go beyond its mandate. It seems that ESMA tends to increasingly assume a political role which oversteps its powers and authority rather than focus on the technical aspects of the legislation. For example, we feel that ESMA exceeded its remit when it issued its guidelines on ETFs and other UCITS issues, and its guidelines on financial indices as well as when it adopted its draft regulatory technical standards on EMIR (this was acknowledged by the ECON Committee which voted in favor of a rejection of these RTS).

Here again we would like to highlight the need for a smoother coordination among the authorities' initiatives. In particular, such coordination would be very useful during the preparation of draft RTS, so that a rejection of those RTS by the Commission is used as a last resort.

1.1.c. 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.

As far as we are aware, the main obstacles faced by ESMA are its capacity to enforce the rules and its ability to communicate: ESMA should develop communication tools complementing its website. Moreover, regarding more specifically its website, some of our members told us that it is not user friendly enough.

ESMA should focus much more on the essence of its mandate and implement efficient consistency among European States on securities and asset management regulations. It should not on the contrary intervene on topics which are in the hands of the Commission and practice a sort of race to go faster than the Commission/ Parliament/ Council debates. This procedure is indeed long but it is the way Europe is being built and it is not for ESAs and ESMA in particular to try and change the rules. More specifically we can mention that ESMA took, unwisely in our mind, steps to promote regulation or consultation on ETF and UCITS on a topic that was part of the Commission's so-called UCITS 6 consultation without referring to it and also on indices at a time when the Libor discussion was on its way internationally and at the level of the Commission in Europe.

1.1.1. Work towards achieving a single rulebook - regulatory activities

1.1.1.a. 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.

Yes, we believe 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.

However, we have identified the following shortcomings:

- **There is an issue regarding the timeliness and implementation of these standards. Indeed, the guidelines/recommendations are sometimes issued late and set out completely unrealistic implementation deadlines. On that point we strongly resent the lack of consultation with professionals who are the only ones to be in a position to provide realistic and operational views.**
- **The status given to ESMA's guidelines is not always the same from one national regulator to another. Indeed, the principle of "comply or explain" very often leads in practice to diverging national implementations, which goes against the principle of regulatory harmonisation across Europe.**

For example, in the case of the guidelines relating to efficient portfolio management techniques, the German BAFIN decided to postpone their implementation, while the French AMF decided to implement them by the deadline set out in the guidelines. Obviously, such national discrepancies among national regulators impact the level playing field among asset management companies across Europe.

- **We believe that some of ESMA's guidelines infringe the level 1 provisions of the UCITS Directive (e.g. on ratios): we feel that ESMA exceeded its powers in trying to clarify level 1 provisions and contradicted them. We experienced even that major changes in ratios as commonly understood in several European countries were decided not even in the framework of guidelines but in the Q&A referring to the guidelines. We strongly oppose that policy of lawmaking in lowest level texts.**

The consultation process relating to the preparation of the guidelines/recommendations has some shortcomings, for instance the consultation periods might be too short and most consultations are only available in English. Furthermore, we believe that ESMA should try and avoid making assumptions and make sure it takes into account the different models existing in the EU (e.g. distribution models) instead of being dogmatic and, in the end, biased, in favor of a specific model (e.g. UK/NL on distribution).

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

We believe that the work undertaken by ESMA as regards providing opinions to the EU institutions has been very useful. However, such work could be fairly improved.

Indeed, some provisions adopted by ESMA may not be in line with level 1 provisions, therefore creating inconsistencies across the texts adopted by the different institutions.

Such inconsistencies may be largely explained by the way texts are elaborated and in particular by the following two reasons:

- The ESAs may bring their own views on level 1 texts while not having necessarily followed the detailed provisions of level 1;**
- The sequence in which the texts are made might not always be completely logical. It seems obvious that level 2 measures should be elaborated after level 1 measures have been finalized and level 3 measures after level 2. In other words, the preparation of rules should be organized and methodical despite short delays and tight time schedules.**

Furthermore, as described above, in some instances we think that ESMA might have gone beyond its mandate. ESMA tends to increasingly assume a political role which oversteps its powers and authority rather than focus on the technical aspects of the legislation. For example, we feel that ESMA exceeded its remit when it adopted its draft regulatory technical standards on EMIR (this was acknowledged by the ECON Committee which voted in favour of a rejection of these RTS).

Here again we would like to highlight the need for a smoother coordination among the authorities' initiatives. In particular, such coordination would be very useful during the preparation of draft RTS, so that a rejection of those RTS by the Commission is used only as a last resort.

1.1.2. Common supervisory culture/convergence of supervisory practices

1.1.2.a. 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?

As far as we know the ESAs have contributed to promoting a supervisory culture and convergence of supervisory practices. In particular, we think that regular “peer reviews” among supervisors that did not exist under CESR are indeed a progress in order to identify best practices and spread them. We also agree that referring to ESMA to decide on diverging interpretations (“trash ratio” in UCITS for example) among supervisors is a useful tool to implement convergence. However it implies that ESAM consults efficiently with the industry and its clients. We also have already mentioned the shortcomings of the extensive usage of the “comply and explain” rule which more often than thought ends up in divergences.

Moreover, as described above, we think that the tools that ESMA may currently use – such as arbitrage in case of diverging interpretations and peer reviews - are useful but

not sufficient: a more stringent mechanism should be put in place vis-à-vis national authorities in order to make sure that national authorities actually enforce EU legislations and regulations. It is still the missing part of the “Lamfalussy approach” and such an improvement would facilitate a level playing field for market participants across Europe and avoid regulatory arbitrage. Ultimately, it would clearly enhance the Single Market.

1.1.3. Consistent application of EU law

1.1.3.a. 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?

We think that these procedures could help towards a consistent application of EU law. However, we are not aware of concrete examples of them being implemented in practice. Perhaps increasing publicity and making the information available to the markets could be envisaged. It would also help to clarify who may refer to ESMA, as it seems that financial actors may not directly do so.

1.1.4. Emergency situations

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

We lack concrete experience/knowledge in this respect. However, it seems that in emergency situations the lead should be granted to national authorities as they have the advantage of proximity and in-depth knowledge of local situations; the role of ESMA should be to organise proper guidance in emergency situations within the limited framework of its mandate in such situations (investor protection). We would like to stress that, in order to avoid excesses, emergency situations should be last resort.

1.1.5. Coordination function (Art 31 ESAs Regulations)

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

Yes, we think that the coordination role of the ESAs is appropriate. Coordination is particularly crucial for ESMA.

1.1.5.b. 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.

We believe that the ESAs have allowed for a better coordinated EU response to adverse market condition (e.g. short selling).

1.1.6. Tasks related to consumer protection and financial activities

1.1.6.a. 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.

ESMA published warnings aimed at investors. However, such warnings might not be sufficiently conveyed to retail investors (the press may be useful in this respect).

1.1.6.b. 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.

Yes, we were informed of the warnings issued by ESMA through email alerts. We believe that these warnings should be conveyed by the national press and national authorities. Furthermore, it is crucial that they should be available in the different national languages of the EU, in particular when they aim at retail investors.

1.1.6.c. 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?

Regarding ESMA specifically, the current framework on consumer protection is rightly defined. However, we regret that the current Regulation on ESMA goes unduly beyond this mission of investor protection. In particular, Article 1 second last paragraph of Regulation 1095/2010 requires that “in the exercise of the tasks conferred upon it by this Regulation, the Authority shall pay particular attention to any systemic risk posed by financial market participants (...).” We contest putting such stress on systemic risk as far as ESMA is concerned, as it extends potentially ESMA’s action beyond its natural scope, i.e. consumer protection and market integrity.

Moreover, when tackling the objective of consumer protection, ESMA (as well as the European Commission) should take into account the different local business models and cultures. For instance, the distribution channels for investment funds are largely different in most continental Europe as compared to the rest of Europe, and these local differences should be taken on board when looking for pan-European investor protection solutions – and avoid imposing a UK/NL single solution which is not adapted to local models and cultures.

Lastly, one of the current weaknesses of ESMA might be that it does not take enough into account the need for a real level playing field among substitute products, between on the one hand UCITS and AIFs and on the other hand other financial products or contracts which are less regulated and less safe.

1.1.7. Direct supervisory powers

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

The first field where ESMA has a direct supervisory role is credit rating agencies (CRAs). The second will be trade repositories (TRs). First, we consider as appropriate that supervision in these fields be made by ESMA. The issue that this raises is that of financial resources: the current principle is that regulated entities should pay for the expenses incurred by ESMA on behalf of their direct supervision. It sounds rational at first, but is potentially very dangerous at least for the following two reasons:

- **ESAs are not commercial entities but public bodies and they should not necessarily try and balance costs and fees paid or received;**
- **At the end the cost is borne by investors.**

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

It is not mainly ESMA that should be blamed for not achieving yet to repeal references to external ratings in European regulations (although we contested on this point CESR's rules on MMFs). But it is the key issue; it is very difficult to imagine such a text as Solvency 2 without mentioning CRAs' ratings even if the issue of the cost of this data is not properly addressed by relevant authorities.

1.1.7.c. 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.

Market infrastructures tend to be more transnational than other entities that are under ESMA's jurisdiction. Thus, it is relevant to investigate whether direct regulation by ESMA would be more adequate.

The question of CCPs was largely debated when preparing EMIR. We feel that the current view to have a college of regulators is adequate and should be tested. We also feel that central depositaries should keep their national supervision until a clear European legal and operational framework is established.

1.2. Governance of the ESAs

1.2.1. General governance issues

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

Yes, we think that the governance requirements are sufficient to ensure impartiality, objectivity and autonomy of the ESAs. The role and functioning of consultative stakeholder committees has to be beefed up (see 1.2.4.a).

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

We think that the accountability requirements are adequate. However, the feeling that ESMA is an opaque structure should be highlighted when discussing governance. We suggest as a practical measure that ESMA make available a corporate organisation chart with names and phone numbers of the persons in charge of files in the different departments, as it was the case for CESR and is the case for the European Commission.

1.2.2. Decision-making bodies and voting modalities

1.2.2.a. 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.

1.2.2.b. 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.

We think that Germany, UK and France should be permanently represented at the Management Board and Board of Supervisors as they are the main players on financial markets.

1.2.2.c. 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.

Yes, we are of the opinion that the mandate of the Management Board ensures that the ESAs are run effectively and perform the tasks conferred on them.

1.2.3. Financing and resources

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

1.2.4. Involvement and role of relevant stakeholders

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

We believe that the impact of the stakeholder group within ESMA on the overall work and achievements of ESMA is disappointing. Indeed, academics are over-represented whereas asset managers, i.e. the “buy side”, are under-represented. In addition, the high number of topics and heavy workload of the stakeholder group makes its work not as efficient as expected.

As a way of progress we suggest that the agenda of the stakeholder group be public and that the stakeholder group meetings be attended by the staff of ESMA at the level of the person directly in charge. This practice proves efficient in France and AMF could provide helpful advice in that field.

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

In our opinion, there are too many consultations and consultation deadlines are often too short. Having parallel consultations on the same topic by different European bodies is rather surprising and pernicious as it evidences a lack of coordination among European bodies and evidences the absence of respect of any hierarchy among them although Treaties are rather clear on that.

Please refer to our response to question 1.1.1.a - the guidelines/recommendations are sometimes issued late and set out completely unrealistic implementation deadlines.

1.2.4.c. Are you satisfied with the appointment procedures for the stakeholder groups?

The appointment procedure is clear, but the process for decision making is totally opaque. We feel that talented people should be encouraged to candidate and that the support of representative associations and national regulators should be key in their selection. Professional expertise is in our view essential and recognition in one's own country and professional environment is the best way to assess it.

We very strongly deplore that ESMA wishes not to meet with stakeholders when a consultation is under way. This democratic deficit may prove quite harmful. Indeed, exchanges may allow for a better understanding of what ESMA is asking for.

1.2.4.d. 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?

We believe that the panels should be able to express their views. Sectorial groups should have more weight than the horizontal group.

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

No, we believe that the work undertaken by the stakeholder groups is not sufficiently transparent. Indeed, we are not informed of the topics that the stakeholder group is working on. The agenda of their meetings should be made available more widely.

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

No, in our opinion the ESAs and the ESAs stakeholder groups are not sufficiently accessible for stakeholders not directly represented in these stakeholder groups.

1.2.5. Joint bodies of the ESAs

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

We do not know.

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

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

We do not know.

1.2.5.d. 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.

2. ESRB

2.1. ESRB's mandate and experience

2.1.1. Risk identification and prioritisation

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

We believe that the ESRB mandate does not allow for a sufficient analysis of systemic risk relating to asset management. It seems that extrapolation was used to assess such a risk, for example by extending the analysis done on hedge funds to other types of funds (in the context of the calculation of leverage). ESRB's role as a moderator should be enhanced.

2.1.1.b. 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.

We believe that the definition of systemic risk should not be encompassing. We do not wish ESMA to perform stress tests.

2.1.1.c. 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.

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

2.1.1.e. 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?

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

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

2.1.2. Timeliness and appropriateness of warnings and recommendations

2.1.2.a. 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?

2.1.2.b. 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.

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

2.1.2.d. 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?

2.1.3. Implementation of warnings and recommendations

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

2.1.3.b. 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.

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

2.2. Institutional framework and governance of ESRB

2.2.1. General governance issues

2.2.1.1. Key principles for good governance

2.2.1.1.a. 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.

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

2.2.1.1.c. Has the ESRB acted as an impartial body in the interests of EU as a whole? Please explain your answer.

2.2.1.2. Accountability and transparency

2.2.1.2.a. 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.

2.2.1.2.b. What is your assessment of the nature of these public hearings?

2.2.2. Decision-making bodies and voting arrangements

2.2.2.1. Voting arrangements for the designation or election of the Chair of the

ESRB

2.2.2.1.a. 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?

2.2.2.1.b. 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.

2.2.2.2. Composition, mandate and functioning of the General Board

2.2.2.2.a. 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.

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

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

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

2.2.2.3. Internal organisation

2.2.2.3.a. 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.

2.3. Access to data

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

2.3.b. 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?

2.3.c. 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.

2.4. ESRB external relations and communication

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

2.4.1.a. What is your assessment of ESRB communications?

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

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

2.4.2.a. 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 be addressed.

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

3.1. Assessment of market developments

3.1.a. 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 be addressed.

3.1.b. 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.

3.2. Aspects of macro-micro interaction

3.2.a. 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.

3.2.b. What is your assessment of the ESAs' follow-up actions on the ESRB recommendations? Please explain.

3.2.c. 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.

4. Structure of the ESFS

4.a. What is your assessment of the structure of the ESFS?

We welcome the creation of the ESFS. However, we truly believe that national authorities remain necessary.

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

We can expect that the structure of the ESFS facilitates the identification, monitoring and mitigation of systemic risk in the EU financial sector, as the ESFS has an encompassing approach.

4.c. 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, we do not consider that the ESFS can be further simplified in order to tangibly enhance coherence between the ESAs and the ESRB. We think that identical rules should be implemented in all the Member States.

4.d. 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.

We would like to warn against a possible bias in favor of EBA.

4.e. 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.

5. Miscellanea

5.a. 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.