

# Vice-President Dombrovskis on the proposal for a stronger and more integrated European financial supervision for the Capital Markets Union

Good afternoon,

In today's College Meeting we discussed several important topics.

First, we had a fruitful discussion on the Communication for an EU Agenda for fair taxation of the Digital Economy. This is due to be adopted tomorrow. So I am afraid that you will have to see me here again.

And today we are putting forward a set of targeted amendments to the post-crisis system of EU-level financial supervision.

We want to make cross-border operations easier for companies, more effective to monitor for supervisors, and more trustworthy for consumers.

Today's proposals flow from the Five Presidents' Report and the Reflection Paper on the Deepening of the Economic and Monetary Union. They have been announced in the Capital Markets Union Mid-term review in June. And they are grounded in various reports, a public consultation, and a detailed impact assessment.

Supervision might sound technical, but let me say a few words about why this is actually important:

European financial markets are evolving rapidly. Financial integration is on the rise again in recent years. We want to consolidate this trend by completing the Banking Union and the Capital Markets Union.

More integrated markets will support jobs and growth by increasing the pool of capital available for productive investments. And they will help guard against the effects of financial shocks, thereby reducing the need for public intervention. This is key for a more resilient Economic and Monetary Union.

New opportunities are also arising in other areas, such as the push for sustainable and green finance, and the rise of Fintech. Last but not least, finance in Europe is changing due to the departure of the UK from the EU.

With today's proposals,

We want to give the system of EU-wide supervisors the tools they need to stay ahead of new market developments – to highlight new opportunities and addressing issues in a timely manner.

And we want to enhance supervisory convergence – this will promote consistent supervision and help avoid regulatory arbitrage.

Today's main proposals concern the three European Supervisory Authorities – or ESAs – and the European Systemic Risk Board:

First of all, we are upgrading the supervisory convergence tools of the ESAs and giving new responsibilities to the EU-wide supervisor for securities and capital markets, or ESMA.

Today, there is almost no EU-level supervision of capital markets. Our proposals would expand EU-level supervision in areas where common supervision is easier for companies operating cross border and more effective for supervisors.

- This includes the approval of certain new prospectuses for listing on public markets, for which simplified EU rules will come into force in 2019.
- It includes the authorisation of EU-labelled cross-border investment funds, such as EuVECA for venture capital or ELTIFs for long-term investment.
- And finally, it includes the supervision of systemically important services such as critical benchmarks and data reporting service providers.

Second, we are improving the governance and funding of all three ESAs. Our proposal would create new Executive Boards with permanent members for quicker and more EU-oriented decision-making. And it would introduce proportional contributions from the financial industry to cover the bulk of the financing while maintaining EU co-financing.

Third, we are proposing to deploy the ESAs in the fight against climate change. There is a clear and urgent need to mobilise billions of euros in private investment towards green and sustainable goals. This is why we are proposing to require the ESAs to integrate Environmental, Social and Governance considerations into all their tasks.

Fourth, we want supervision to keep up with the pace of technological innovation, which is rapidly changing the way we pay, borrow, save and invest. Europe's Fintechs need a coherent regulatory approach across the EU in order to scale up and grow to their full potential. We are proposing to give the ESAs a strong coordinating role for national Fintech initiatives, such as innovation hubs and regulatory sandboxes. They should also help coordinate approaches towards cybersecurity.

Last but not least, we are proposing targeted amendments to the efficiency of the European Systemic Risk Board, to re-inforce macro-prudential coordination

and allow the ESRB to better fulfil its mission.

Together, these reforms will ensure that our supervisory system adapts to the times and promotes supervisory convergence.

In other issues, let me note that tomorrow marks a milestone in the European Union's trade policy, with the provisional entry into force of the EU-Canada Comprehensive Economic and Trade Agreement.

This will enable companies and citizens to start reaping the benefits of this agreement.

As President Juncker said in a statement issued today, "now it's time for our companies and citizens to make the most out of this opportunity and for everyone to see how our trade policy can produce tangible benefits for everyone".

As you know, this agreement is now being ratified at national level before it enters fully into force.

The Commission now expects Member States to conduct an inclusive discussion in the context of the ongoing national ratification processes of this agreement.

And it goes without saying that we remain available to continue engaging with Member States, Parliaments and citizens in the democratic process towards full ratification.

Thank you very much.