

# Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2017/0232(COD) Procedure completed
European Systemic Risk Board (ESRB): organisation Amending Regulation (EU) No 1092/2010	<a href="#">2009/0140(COD)</a>
Subject 5.10.01 Convergence of economic policies, public deficit, interest rates 8.40.08 Agencies and bodies of the EU	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs		05/10/2017
		 <a href="#">KARAS Othmar</a>	05/10/2017
		 <a href="#">BERÈS Pervenche</a>	
		Shadow rapporteur	
		 <a href="#">SWINBURNE Kay</a>	
		 <a href="#">KLINZ Wolf</a>	
		 <a href="#">GIEGOLD Sven</a>	
		 <a href="#">MEUTHEN Jörg</a>	
		 <a href="#">KAPPEL Barbara</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>JURI</b> Legal Affairs		
	<b>AFCO</b> Constitutional Affairs		21/11/2017
		 <a href="#">HÜBNER Danuta Maria</a>	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Justice and Home Affairs (JHA)</a>	<a href="#">3735</a>	02/12/2019
European Commission	Commission DG	Commissioner	
	<a href="#">Economic and Financial Affairs</a>	KATAINEN Jyrki	

### Key events

20/09/2017	Legislative proposal published	<a href="#">COM(2017)0538</a>	Summary
26/10/2017	Committee referral announced in Parliament, 1st reading		
10/01/2019	Vote in committee, 1st reading		
10/01/2019	Committee decision to open interinstitutional negotiations with report adopted in committee		
14/01/2019	Committee report tabled for plenary, 1st reading	<a href="#">A8-0011/2019</a>	Summary
15/01/2019	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
17/01/2019	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
01/04/2019	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	<a href="#">PE637.442</a> <a href="#">GEDA/A/(2019)003029</a>	
15/04/2019	Debate in Parliament		
16/04/2019	Results of vote in Parliament		
16/04/2019	Decision by Parliament, 1st reading	<a href="#">T8-0375/2019</a>	Summary
02/12/2019	Act adopted by Council after Parliament's 1st reading		
18/12/2019	Final act signed		
18/12/2019	End of procedure in Parliament		
27/12/2019	Final act published in Official Journal		

### Technical information

Procedure reference	2017/0232(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EU) No 1092/2010 <a href="#">2009/0140(COD)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 114
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	<a href="#">European Economic and Social Committee</a>
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/11090

Legislative proposal		<a href="#">COM(2017)0538</a>	20/09/2017	EC	Summary
Document attached to the procedure		<a href="#">SWD(2017)0313</a>	20/09/2017	EC	
Economic and Social Committee: opinion, report		<a href="#">CES5295/2017</a>	15/02/2018	ESC	
Committee draft report		<a href="#">PE625.360</a>	10/07/2018	EP	
Committee opinion	<b>JURI</b>	<a href="#">PE621.062</a>	16/07/2018	EP	
Amendments tabled in committee		<a href="#">PE627.024</a>	07/09/2018	EP	
Committee opinion	<b>AFCO</b>	<a href="#">PE623.628</a>	10/09/2018	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A8-0011/2019</a>	14/01/2019	EP	Summary
Coreper letter confirming interinstitutional agreement		<a href="#">GEDA/A/(2019)003029</a>	01/04/2019	CSL	
Text agreed during interinstitutional negotiations		<a href="#">PE637.442</a>	01/04/2019	EP	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T8-0375/2019</a>	16/04/2019	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2019)440</a>	08/08/2019	EC	
Draft final act		<a href="#">00077/2019/LEX</a>	18/12/2019	CSL	

## Final act

[Regulation 2019/2176](#)  
[OJ L 334 27.12.2019, p. 0146](#) Summary

## European Systemic Risk Board (ESRB): organisation

**PURPOSE:** to improve the functioning of the European Systemic Risk Board (ESRB) so that it can better monitor risks in the EU financial system.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** following the financial crisis, the EU set up the European System of Financial Supervision (ESFS), built on a two-pillar system of macro-prudential and micro-prudential supervision.

The European Systemic Risk Board (ESRB), established in December 2010, is the macroprudential pillar of the ESFS. Its task is, in particular, to contribute to the prevention or mitigation of systemic risks to financial stability in the EU that arise within the financial system, while taking into account macroeconomic developments, so as to avoid periods of widespread financial distress. It has specific tools, such as recommendations and warnings to shape macroprudential policy in the EU.

Consisting of a wide range of members, including national central banks, supervisory authorities and European institutions, the ESRBs importance is borne out by its work as a coordination platform and information hub, on monitoring risk from an EU-wide perspective.

The 2017 Commission report on the mission and organisation of the ESRB concludes that, while the ESRB is generally well-functioning, improvements on certain specific points are necessary in light of the recent developments in the financial supervisory architecture of the Union and in particular the set-up of a Banking Union. Improvements to the ESRBs composition and how it cooperates with European institutions are needed.

This proposal shall be seen in the context of the ongoing review of the European Supervisory Agencies (ESAs).

**CONTENT:** the Commission proposes targeted changes to [Regulation \(EU\) No 1092/2010](#) in order:

- to propose that the European Central Bank President (ECB) serve as ESRB Chair on a permanent basis;
- to give a greater role to the head of the Secretariat of the ESRB, whose tasks are currently limited, to enhance the impact of the ESRB warnings and recommendations. The proposal here is to introduce a consultation procedure in which the General Board assesses the

candidates proposed by the ECB for the post of Head of the ESRB Secretariat, in particular their qualities and experience necessary to manage the Secretariat. Parliament and Council would be informed of the procedure;

- to update the ESRB Regulation to take account of the creation of the Banking Union and to add the Single Supervisory Mechanism and the Single Resolution Board as voting members of the ESRB General Board;
- to include the ECB as a possible addressee of ESRB warnings and recommendations for ECB tasks conferred to it by the Single Supervisory Mechanism Regulation ([Regulation \(EC\) No 1024/2013](#)), i.e. for supervisory tasks not pertaining to the conduct of monetary policy;
- to provide that the advisory technical committee and the advisory scientific committee shall consult, as appropriate, stakeholders at an early stage and in an open and transparent manner to ensure the quality and relevance of ESRB opinions, recommendations and decisions.

The Regulation will be reviewed after 5 years.

**BUDGETARY IMPLICATIONS:** the budgetary cost for the ESRB Secretariat is borne by the ECB and has no direct implication for the EU budget.

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## European Systemic Risk Board (ESRB): organisation

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The Committee on Economic and Monetary Affairs adopted the report by Othmar KARAS (EPP, AT) and Pervenche BERÈS (S&D, FR) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1092/2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission's proposal as follows:

### Systemic risk supervision

The proposed regulation aims to improve the functioning of the European Systemic Risk Board (ESRB) to enable it to better supervise risks to the entire financial system. Systemic risk is defined as a risk of disruption in the financial system with the potential to have serious negative consequences for the financial stability of the Union or of one or more of its Member States or for the real economy and the functioning of the internal market.

In a recital, Members stressed the need to put in place a mechanism that takes into account the interdependence between micro-prudential and macro-prudential risks. The ESRB should monitor and assess risks resulting from developments that may have an impact on a given sector or on the financial system as a whole, including risks and vulnerabilities resulting from technological change or environmental or social factors.

In order to meet its objectives, the ESRB should analyse all relevant information, including developments leading to the completion of the capital markets union.

### Appointment of the Head of Secretariat of the ESRB

The General Board should assess, following an open and transparent procedure, whether the shortlisted candidates for this post have the necessary qualities, independence and experience necessary to manage the ESRB Secretariat. The General Board should keep the European Parliament and the Council informed, in sufficient detail, about the assessment and consultation procedure.

### Delegation of tasks

To enhance the visibility of the ESRB as a body separate from its various members, the Chair of the ESRB should be able to delegate tasks related to the external representation of the ESRB to the Vice-Chairs of the ESRB or to the Head of the Secretariat, with the exception of participation in closed hearings and discussions in the European Parliament.

### Advisory Scientific Committee

This should be composed of the Chair of the Advisory Technical Committee and fifteen experts representing a wide range of skills, experience and knowledge related to all relevant financial markets sectors.

### Consultations

Where appropriate, the Advisory Technical Committee should organise consultations with stakeholders, such as market participants, consumer associations and academic experts, at an early stage and in an open and transparent manner, while taking into account the need for confidentiality. The ESRB could seek, where appropriate, the views of relevant private sector stakeholders.

Such consultations should be conducted as widely as possible to ensure an inclusive approach towards all interested parties and relevant financial sectors and shall allow reasonable time for stakeholders to respond.

### Warnings and recommendations

If a warning or recommendation is addressed to one or more national supervisory authorities, the Member State or Member States concerned should also be informed. Recommendations should specify the timeframes for responding to them.

Recommendations could also be addressed to the Commission on the EU legislation concerned. They should be sufficiently detailed and reasoned and be accompanied by a comprehensive statement of reasons.

Lastly, the ESRB should reply orally or in writing to questions put to it by the European Parliament or the Council, within five weeks at the latest.

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## European Systemic Risk Board (ESRB): organisation

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The European Parliament adopted by 523 votes to 73, with 59 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1092/2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission's proposal as follows:

#### Systemic risk supervision

The proposed regulation aims to improve the functioning of the European Systemic Risk Board (ESRB) to enable it to better supervise risks to the entire financial system. Systemic risk is defined as a risk of disruption in the financial system with the potential to have serious negative consequences for the financial stability of the Union or of one or more of its Member States or for the real economy and the functioning of the internal market.

All types of financial intermediaries, markets and infrastructure may be potentially systemically important to some degree.

As the body responsible for macro-prudential supervision of the financial system in the Union, the ESRB should:

- identify and discuss financial stability risks regardless of their origin;
- monitor and assess risks to financial stability arising from developments that can have an impact on a sectoral level or at the level of the financial system as a whole, including risks and vulnerabilities resulting from technological change or from environmental or social factors. The ESRB is also expected to analyse developments outside the banking sector, including those leading to the completion of the Capital Markets Union;
- analyse developments outside the banking sector, including those leading to the completion of the Capital Markets Union;
- facilitate the sharing of information among national authorities or bodies responsible for the stability of the financial system and Union bodies related to measures designed to address systemic risk across the Union's financial system.

#### Appointment of the ESRB Secretariat

To raise the profile of the head of Secretariat of the ESRB, the General Board of the ESRB should assess, in an open and transparent procedure, whether the shortlisted candidates for the position of head of Secretariat of the ESRB possess the qualities and experience necessary to manage the ESRB Secretariat. The ECB should consider systematically opening the selection procedure to external candidates. The General Board should inform the European Parliament and the Council about the assessment procedure.

#### Delegation of tasks

The Chair shall represent the ESRB externally. The Chair may delegate tasks, such as tasks related to the external representation of the ESRB, including the presentation of the work program, to the first Vice-Chair, or if the first Vice Chair is unavailable and where appropriate, to the second Vice-Chair or to the head of the Secretariat. Tasks related to the ESRB's accountability and reporting obligations may not be delegated.

Member States should be able to choose their voting representative between the Governor of the national central bank and a high level representative of a designated authority according to Directive 2013/36/EU and Regulation (EU) No 575/2013, where that designated authority has the leading role in financial stability in its area of competence.

When participating in the activities of the General Board and of the Steering Committee or when conducting any other activity relating to the ESRB, the members of the ESRB shall perform their duties impartially and solely in the interest of the Union as a whole. They shall not seek nor take instructions from any government, the Union institutions or any other public or private body.

#### Advisory Scientific Committee

This should be composed of the Chair of the Advisory Technical Committee and 15 experts representing a wide range of skills, experience and knowledge pertaining to all relevant financial markets sectors, proposed by the Steering Committee and approved by the General Board for a four-year, renewable mandate. The Chair and the two Vice-Chairs of the Advisory Scientific Committee shall be appointed by the General Board following a proposal from the Chair of the ESRB and they shall each have a high level of relevant expertise and knowledge.

#### Consultations

Where appropriate, the Advisory Technical Committee should organise consultations with stakeholders, such as market participants, consumer associations and academic experts, at an early stage and in an open and transparent manner, while taking into account the need for confidentiality. Such consultations should be conducted as widely as possible to ensure an inclusive approach towards all interested parties and relevant financial sectors and shall allow reasonable time for stakeholders to respond.

#### Warnings and recommendations

Warnings or recommendations issued by the ESRB may be of either a general or a specific nature and shall be addressed in particular to the Union, to one or more Member States, to one or more of the ESAs, to one or more of the national competent authorities, to one or more national authorities designated for the application of measures aimed at addressing systemic or macro-prudential risk, or to the ECB for the tasks conferred to the ECB or to national resolution authorities and the Single Resolution Board.

If a warning or a recommendation is addressed to one or more of the national supervisory authorities, the Member State or Member States concerned shall also be informed thereof. Recommendations shall include a specified timeline for the policy response. Recommendations may also be addressed to the Commission in respect of the relevant Union legislation.

Where the General Board decides not to make a warning or a recommendation public, the addressees, and where appropriate, the Council, the European Parliament and the ESAs shall take all the measures necessary for the protection of their confidential nature.

Members of the ESRB from national central banks, national competent authorities, national authorities entrusted with the conduct of macroprudential policy should be able to use the information they receive from the ESRB in the course of their duties and in relation to the tasks of the ESRB, including for the exercise of their statutory tasks.

# European Systemic Risk Board (ESRB): organisation

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**PURPOSE:** to improve the functioning of the European Systemic Risk Board (ESRB) to enable it to contribute to the prevention or mitigation of systemic risks to financial stability in the EU.

**LEGISLATIVE ACT:** Regulation (EU) 2019/2176 of the European Parliament and of the Council amending Regulation (EU) No 1092/2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

**CONTENT:** the Regulation makes targeted amendments to [Regulation \(EU\) No 1092/2010](#) in order to improve the functioning and governance of the European Systemic Risk Board (ESRB), which oversees the entire financial system and coordinates EU policies to ensure financial stability from 2011 onwards.

The main amendments to the regulation establishing the ESRB are as follows:

## Systemic risk supervision

The ESRB shall be responsible for:

- macro-prudential oversight of the financial system within the Union and contribute to the prevention or mitigation of systemic risks in the Union as a whole or in parts of the Union, including the identification and examination of risks to financial stability, regardless of their origin;
- the monitoring and assessment of risks to financial stability arising from developments that could have an impact on a sectoral level or at the level of the financial system as a whole, including risks and vulnerabilities resulting from technological change or from environmental or social factors.

The ESRB shall also:

- analyse developments outside the banking sector, including developments leading to the completion of the capital markets union;
- facilitate the exchange of information between national authorities or bodies responsible for the stability of the financial system and Union bodies on measures designed to address systemic risk across the Union's financial system.

## Presidency of the ESRB

Under the amending regulation, the President of the European Central Bank (ECB) shall now hold the chair of the ESRB on a permanent basis. In order to enhance the visibility of the ESRB, the Chair of the ESRB shall delegate tasks, such as tasks related to the external representation of the ESRB, to the First Vice-Chair or, if the First Vice-Chair is not available and where appropriate, to the Second Vice-Chair or to the Head of the ESRB Secretariat. This delegation shall not extend to participation in public hearings or discussions behind closed doors at the European Parliament.

## Internal governance

To raise the profile of the head of the ESRB Secretariat, the General Board shall assess, in an open and transparent procedure, whether the shortlisted candidates for the position of head of the ESRB Secretariat possess the qualities and experience necessary to manage the ESRB Secretariat. The ECB shall consider systematically opening the selection procedure to external candidates. The General Board shall inform the European Parliament and the Council about the assessment procedure.

In addition, the Chair of the ECB's Supervisory Board and the Chair of the Single Resolution Unit (SRU) shall become non-voting members of the General Board.

Member States shall be able to choose their voting representative between the Governor of the national central bank and a high-level representative of a national authority where that designated authority plays a leading role in financial stability in its area of competence.

No member of the General Council may hold an office in the central government of a Member State.

## Warnings and recommendations

The warnings and recommendations of the ESRB may be addressed to (i) the Union, (ii) one or more Member States, (iii) one or more European Supervisory Authorities (ESAs), (iv) one or more competent national authorities, (v) one or more national authorities designated for the implementation of measures to address systemic or macro-prudential risks, (vi) the ECB, or (vii) national resolution authorities and the Single Resolution Board.

## Advisory Scientific Committee

This shall be composed of the Chair of the Advisory Technical Committee and 15 experts representing a wide range of skills, experience and knowledge pertaining to all relevant financial markets sectors, proposed by the Steering Committee and approved by the General Board for a four-year, renewable mandate.

In order to ensure the quality and relevance of the ESRB's advice, recommendations, warnings and decisions, the Technical Advisory Committee and the Scientific Advisory Committee shall, where appropriate, consult stakeholders at an early stage and in an open and transparent manner as widely as possible to ensure an inclusive approach towards all interested parties.

**ENTRY INTO FORCE:** 30.12.2019.