



RiskCapital 2009 – Supervision in Response to the Financial Crisis

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CEBS

Committee of European
Banking Supervisors

Outline

- The role of CEBS
- The Commission's proposal
- CEBS's work on convergence
- Tools for regulatory harmonisation
- New regulation in response to the crisis
- Conclusions

The role of CEBS – objectives and tasks

Objectives:

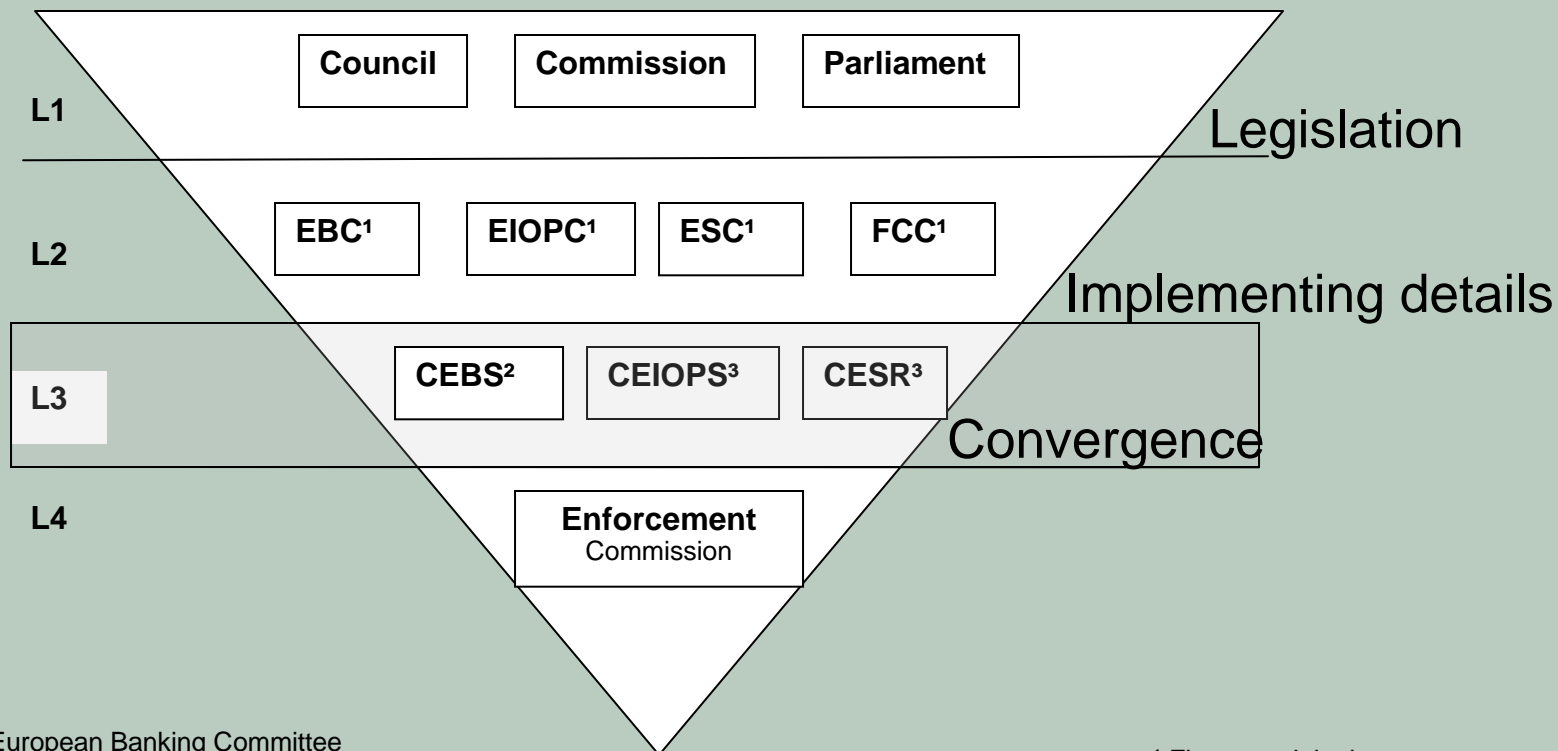
Promote efficient and effective supervision and the safety and soundness of the EU financial system through:

- Good supervisory practices
- Efficient and cost-effective approaches to supervision of cross-border groups
- Level playing field and proportionality

Main tasks:

- Give advice to the Commission
- Promote consistent implementation/application of the EU banking legislation
- Promote convergence of supervisory practices
- Promote information exchange and supervisory cooperation
- Regular risk assessments from a supervisory perspective

The role of CEBS - the Lamfalussy structure



EBC = European Banking Committee
EIOPC = European Insurance and Occupational Pensions Committee
ESC = European Securities Committee
FCC = Financial Conglomerates Committee
CEIOPS = Committee of European Insurance and Occupational Pensions Supervisors
CESR = Committee of European Securities Regulators

¹ Finance ministries
² Supervisors and Central Banks
³ Supervisors

The Commission's proposal (1)

- An enhanced European financial supervisory framework should be composed of two new pillars
 - European Systemic Risk Board (ESRB) -> *macro-prudential supervision*
 - European System of Financial Supervisors (ESFS) -> *micro-prudential supervision*

The existing 3L3 Committees to be replaced by three new European Supervisory Authorities (ESAs)

The Commission's proposal (2)

Important points

- Harmonised set of core rules
- Strengthened role of for the future 3L3
- Mediation function for the future Authorities
- Establishment of a Steering Committee
- Direct supervision of specific pan-European entities

CEBS's work on convergence

Three roads to convergence

- Supervisory culture
- Common toolkit
- Colleges

CEBS's work on convergence – Colleges(1)

- Guidelines on home-host cooperation (Jan 2006)
- Range of practices paper (Dec 2007)
- Template for written agreements (Jan 2009)
- Joint principles (CEBS/CEIOPS) for supervisory colleges (Jan 2009)
- Good practices paper (April 2009)
- Guidelines on the operational functioning of colleges -> to be ready by the end of 2009

CEBS's work on convergence - Colleges (2)

CEBS priorities

- Agreed list of major cross border banking groups in EU
- Regular follow up and monitoring
- Aim for 2009
 - ✓ *To have colleges in place for each group on the list*
 - ✓ *To have MoUs in place*
 - ✓ *To have a good planning of supervisory activities*

Tools for regulatory harmonisation

- Peer review mechanism
- Supervisory disclosure framework
- Mediation mechanism

New regulation in response to the crisis

- CRD – Gaps, pro-cyclicality and capital buffers
- Liquidity
- Transparency and Valuation
- Remuneration
- Risk management

Conclusions

- Contribute to restoration of trust in financial markets
- Contribute to the improvement of the EU supervisory architecture
- Increase the regulatory harmonisation
- Move further on European convergence of supervisory practices



CEBS

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