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3L3 Committees welcome European Parliament landmark vote to reform financial supervision in Europe.

The Level 3 Committees, CESR, CEBS and CEIOPS (“the 3L3 Committees”) welcome today’s landmark decision of the European Parliament to endorse the EU financial supervision reform package.

The political agreement reached over the past weeks between Member States and EU legislators allows Europe to move into a new era of financial supervision. The new European System of Financial Supervisors (ESFS) integrates the three European Supervisory Authorities (ESAs) and the European Systemic Risk Board (ESRB), establishing the key pillars of a new institutional infrastructure which aims to ensure a stable, reliable and robust Single Market for financial services.

The European Parliament vote also launches the 3L3 Committees’ institutional transformation. This is a complex process, requiring the existing Committees (CESR, CEBS and CEIOPS) to evolve quickly into European Authorities by January 2011. It will entail significant enhancements to current competencies and the implementation of support structures for the new tasks ahead. This work is now well underway in each of the Committees, in close cooperation with the European Commission.

The 3L3 Committees are more than ever committed to enhance the existing EU financial supervisory architecture. This involves, amongst other things, upgrading the quality and consistency of supervision; reinforcing the oversight of cross-border groups; strengthening risk assessments and stress testing; establishing a single European rule book applicable to all financial institutions in the Single Market, which will lead to a high degree of convergence in the field of supervision; as well as an efficient dialogue with all market participants, investors and consumers of financial services; and a commitment to strengthen cooperation among the three ESAs.

The Chairs of the 3L3 Committees also welcome the decision, highlighting the significance of today’s vote:

CEBS Chair – Giovanni Carosio: “CEBS is well underway to becoming the new EBA on the 1st January 2011. One of its priorities will be developing technical standards that, once adopted, will directly apply to banks and bank supervisors in Europe. This innovation in prudential rule making will contribute to the establishment of an EU common rule book. The timing could not be better, given the recently agreed upon package of Basel III reforms that we will implement in Europe.”

CEIOPS Chair – Gabriel Bernardino: *"We now start a new chapter for the supervision of the EU financial market. The political agreement reached today provides the backbone for a new EU supervisory system that will ensure a true level playing field for all actors at Union level and reflect the increasing integration of financial markets in the Union. This is a unique opportunity which supervisors must seize in order to ensure the stability of the financial system as well as the protection of insurance policyholders, pension scheme members and beneficiaries. Furthermore, the new system will act as catalyst for the Solvency II framework, soon to be implemented in the EU insurance sector."*

CESR Chair - Carlos Tavares: *"The creation of the three Authorities and the ESRB will undoubtedly contribute to obtain sounder financial markets. The powers given to the ESAs will greatly enhance their capacity to deliver a single rulebook for Europe, which I believe in turn will also allow for increased investor protection. Beyond this, it will be crucial that the ESAs endeavour to strengthen co-operation among supervisors, including those outside of the EU. CESR has begun preparatory work for ESMA's supervisory responsibilities for Credit Rating Agencies and Trading Repositories. In addition, from its inception, ESMA will be expected to deliver significant regulatory activity which on the one hand will build on CESR's intensive work since the outset of the current financial crisis and, on the other, will encompass new fields of regulation."*

Notes for Editors

CEBS, CEIOPS and CESR are all independent Committees. Comprehensive information on their roles and objectives, and the relevant founding documents, are available on the respective websites of the Committees.

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