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# Keynote speech

## Capital Markets Supervision in the SIU Era

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**Chair**

Good morning,

It's a pleasure to be with you today and I'd like to thank both the European Stability Mechanism and the Florence School of Banking and Finance for organising this conference and inviting me to speak. Forums like this – between policymakers, academics, regulators, and industry representatives – are essential for collective, critical reflection on important initiatives such as the Savings and Investments Union. And I appreciate the opportunity to lend my voice to that debate.

At ESMA, we welcome the renewed attention being placed on Capital Markets Union, and now its successor, the Savings and Investments Union – or SIU. The strategic importance of well-functioning, integrated EU capital markets has become increasingly clear – economically, socially, and geopolitically.

We recognised this in our 2024 ESMA Position Paper, which outlined 20 recommendations that could build more attractive and effective capital markets in the EU. One year on, we now have a Strategy from the European Commission, which builds on the notable reports from Mario Draghi and Enrico Letta and is pretty aligned with ESMA's views and those of other stakeholders.

### The Savings and Investment Union

The Savings and Investments Union is now an important lens through which to view EU capital markets. It highlights the fact that financial integration is not just about reinforcing the status quo. It is about enabling citizens to participate in Europe's economic future in a more meaningful way. It is about widening the reach of European capital so it can get to the innovative and strategic projects that need it most. It is about strengthening the resilience and efficiency of our financial system, so it can better serve our needs.

The necessary steps to achieve this, as set out in the SIU Strategy, are wide-ranging and challenging. But ambition and vision are a prerequisite, and I welcome the European Commission's strategy in this regard.

Through the recent consultation on 'market integration and supervision', the Commission has wasted no time in putting some crucial topics on the table for further consideration and comment. Today, I want to focus on one of those topics – supervision.

## A focus on supervision

I am the first to emphasise that supervisory reform will not transform EU capital markets alone. But I do believe it can be a crucial enabler. Yet, this debate is often framed as contentious and political. While this may be true, we must try to look at this question as objectively as possible. We must look at the ways and means of bringing more coherent and effective supervision to financial markets across the EU, so that the framework delivers for markets, for investors, and for the economy.

To support SIU, supervision must be effective and efficient. It must enable firms to operate and grow across borders within the Single Market, with clear and consistent expectations. It must provide equivalent outcomes for investors and users of capital regardless of geography. And it must support financial stability without creating duplicative or uncoordinated approaches.

## Supervision today and the growing role of ESMA

Today, we have a two-pillar approach to supervision of capital markets.

The first, and most important, pillar is national supervision, where the primary responsibility lies with National Competent Authorities, or NCAs. They are on the ground, close to the firms they supervise, and carry out most day-to-day supervisory work across capital markets. National supervision is the backbone of our financial system and will remain so – particularly where the business of those supervised firms is domestically orientated and they engage with local investors.

Through a process called supervisory convergence, ESMA then works with NCAs to ensure that EU rules are applied consistently and effectively across Member States.

The second pillar is EU-level supervision, which is where ESMA plays a more central role. Here, ESMA serves as a direct supervisor of specific types of entities that serve as infrastructure to some highly integrated or cross-border market segments.

This two-pillar structure recognises the diversity and complexity of the EU's capital markets. It promotes convergence of national supervision while supporting the gradual, proportionate evolution of EU-level supervision – thereby maintaining overall coherence and finding the most efficient and effective supervisory approach for the wide range of different market players in the EU capital markets.

ESMA first became a direct supervisor in 2011, soon after becoming a fully-fledged European Supervisory Authority under some of first post-crisis reforms. Interestingly, ESMA was the first EU-wide supervisor of financial entities, assuming oversight of Credit Rating Agencies more than 3 years before the Single Supervisory Mechanism began supervising significant Euro-area banks.

Over almost 15 years, ESMA's experience and authority as a day-to-day supervisor has grown steadily. Today, ESMA directly supervises Credit Rating Agencies, Trade and Securitisation Repositories, along with some Benchmark administrators, Data Reporting Service Providers, and non-EU Central Counterparties. This range of entities also continues to expand, with more types of market players due to come under ESMA supervision soon (ESG rating providers, verifiers of EU green bonds, Consolidated Tape Providers).

Each of these mandates was given to ESMA because it was evident that our pan-European perspective could support sound, consistent supervision and safeguard the integrity of these markets. These entities are all actors that operate across borders, serving the whole EU market. In some cases, these were emerging areas of activity where supervisory experience had not yet been developed nationally. In this respect, EU co-legislators considered that ESMA was best placed to provide EU wide and comprehensive supervisory oversight, rather than allocating responsibility across national supervisors.

Importantly, ESMA's performance in these roles has demonstrated that EU-level supervision is credible and effective. It is informed by a clear risk-based approach, grounded in strong technical expertise, and accountable under a clear governance framework. And it is through our ESMA governance that national authorities continue to play an important role, collectively, as some of the key supervisory decisions are being taken by the ESMA Board.

**Shifting the dial**

It is on this basis, and because of this growing supervisory experience, that we believe it is now time to ask whether the current balance between national and EU supervision remains appropriate for all parts of our capital markets. This question is all the more pressing in light of the ambitions underpinning the SIU.

We think the answer is: while for the vast majority of the market it is right that national authorities are and remain in charge, for some key segments, a dial shift is justified.

This is particularly the case for large, cross-border market infrastructures, such as CCPs, CSDs, and potentially other systemically relevant actors like Trading Venues, but also for crypto asset service providers (CASPs).

These are firms whose activities are fundamentally cross-border in nature. They enable core market functions such as trading, clearing and settlement, often in multiple jurisdictions simultaneously, operating integrated platforms across Member States. The risks they assume are not just domestic in nature but shared across European borders.

Fragmented supervision in such cases can be inefficient – for firms themselves and the market overall. It can also introduce unnecessary risks. These are not theoretical concerns. Market infrastructure is the backbone of our capital markets, and ensuring its oversight is joined-up and focused on cross EU risks and objectives is not just a question of efficiency, but also of resilience and competitiveness.

To my mind, the benefits of EU-level supervision here in these specific areas are tangible.

For firms, it means fewer supervisory interfaces, clearer expectations, and less duplication or contradiction.

For our capital markets, it supports consistency, simplifies cross-border operations, and improves the functioning of the internal market. It allows us to have a more singular perspective on the systemic interlinkages in our European financial markets.

For the Savings and Investments Union, moving forward with some targeted EU supervision can reinforce cohesion and show our determination. It reduces the scope for diverging practices and helps build trust that the rules, and their application, supervision, and enforcement are the same for everyone. This trust in turn can help build confidence amongst investors and companies in our EU capital market.

And lastly, for the EU as a whole, I believe it strengthens our global competitiveness. Other jurisdictions, such as the US, already offer large, unified supervisory environments. If we want to match their scale and efficiency, we need to reduce friction and complexity in our own system.

**A joint effort**

Let me be clear: this is not a call for sweeping change across the whole capital markets segment. This is about specific targeted enhancements to the EU supervisory architecture – where the cross-border nature of activity and the importance of the function for the EU market clearly justify a more centralised approach.

This is not about taking away from national supervision. On the contrary, NCAs remain critical partners in supervision. ESMA represents the coming together of collective thinking, analysis and decision making of all European supervisors – and this will remain a core characteristic in how we work.

We all recognise the need to make sure the right level of supervision is applied to the right market realities. As such, the ideas on supervisory reform in our 2024 Position Paper represent the shared views of the members of ESMA's Board of Supervisors.

## Conclusion

To conclude, the supervision of EU capital markets is a complex, sensitive, but ultimately crucial part of the integration story. If we want capital to flow more freely, and if we want the EU to finance its future, then our supervisory setup must match our strategic aims.

Thank you very much.