

Opening statement

ECON hearing on the MISP

Verena Ross

Chair

Dear Chair,

Dear Members of the Economic and Monetary Affairs Committee,

Thank you for the invitation to appear before you to discuss the Market Integration and Supervision Package (MISP). This is an important public hearing, and I welcome the attention this Committee is giving to what is, in my view, one of the most important legislative dossiers for European capital markets in recent years.

The MISP – a central component of the SIU

The MISP is one component of the wider Savings and Investments Union (SIU). Progress on other fronts – from reforming EU pension systems to strengthening financial literacy – will also be essential to better channel Europe's savings towards productive investment.

That said, the MISP represents an important step forward in enabling our financial system to support growth, competitiveness and strategic autonomy. Attractive and efficient EU capital markets are essential if we are to finance key priorities, notably the digital and green transitions, as well as security and defence.

The core challenge – fragmentation

Today, EU capital markets remain too fragmented. This affects their attractiveness for our companies and for EU and foreign investors.

One fact illustrates this fragmentation well: the number of market infrastructures in the EU, compared to the United States, where capital market activity has consistently been stronger.

Replicating the US model would neither be possible nor desirable. However, more dynamic and more integrated capital markets clearly bring real advantages.

As both Mario Draghi and Enrico Letta have highlighted, financial markets are, by nature, a scale business. In other words, a truly integrated single market for capital would deliver benefits to the EU, and to each of the 27 Member States, that go well beyond the sum of its national parts.

This is precisely the objective of the MISP. By removing obstacles that create frictions, complexity and costs, the package ultimately aims to better serve both EU citizens – by offering them improved investment opportunities – and EU firms, by providing them access to financing options.

Integration and innovation – impactful measures

Among the improvements put forward, let me highlight three that can be particularly impactful.

First, the new Pan-European Market Operator (PEMO) status – introducing a single licence allowing trading venue groups to operate across multiple Member States at once. The logic behind it is straightforward: aligning authorisation and corporate structure with the increasingly cross-border nature of trading venue groups.

Second, the push towards greater connectivity – enabling trading and post-trading infrastructures to link more easily and support deeper, more integrated liquidity pools – is a direction we strongly endorse. It aligns with ESMA's vision of an environment where links are easier to establish, procedural barriers are reduced, and market participants can choose services based on value rather than geography.

Third, the commitment to harness innovation – backed by an upgraded DLT pilot regime and modernised post-trade rules – is a welcome and timely step. Our regulatory framework must keep pace with market developments, and create the conditions for new technologies, such as tokenisation, to take root and scale, within a genuine Single Market – avoiding the fragmentation that the MISP seeks to address.

EU supervision – targeted, proportionate and effective

Let me now turn to the supervisory dimension, which you would certainly expect me to address.

The changes proposed under MISP are ambitious, but they are also targeted. Under the Commission's proposal, the vast majority of entities will continue to be supervised at national level, supported by strengthened convergence tools.

The package foresees EU-level supervision only for specific market infrastructures and crypto-asset providers, where a more centralised model can enhance efficiency and ensure greater consistency. To my mind, this is a sound and proportionate approach.

When rules are enforced the same way across the bloc, interpretation divergences disappear, regulatory forum shopping loses its appeal, and competition takes place on equal terms. This is the foundation for investor confidence, a level playing field for firms, and more competitive EU capital markets.

EU-level supervision also reduces unnecessary duplication and complexity. Clear, common expectations for such significant cross EU players, faster time to market, and pooling of scarce supervisory expertise. All of this means more efficient and effective supervision.

And perhaps most importantly, EU-level supervision will provide a genuinely holistic perspective on risks. Access to centralised EU-wide data will enable earlier detection of emerging threats – whether related to potential contagion, market abuse, or liquidity stress – and deliver consistent supervisory outcomes across the EU.

ESMA – an experienced supervisor

ESMA comes to this debate with nearly fifteen years of building direct supervisory experience. Since its creation, ESMA has taken on successive mandates and delivered on each of them: from credit rating agencies and trade repositories to critical benchmarks, third-country CCPs and, more recently, consolidated tape providers and external reviewers under the European Green Bond Regulation.

These direct supervision mandates cover diverse business models that operate across multiple Member States and/or provide services to the EU from major third countries. They have been tested during periods of acute market stress, including the pandemic and recent geopolitical shocks.

This experience has allowed ESMA to develop a supervisory model that is risk-based, data-driven and outcome-focused, built on close cooperation with National Competent Authorities (NCAs). Our commitment to working with NCAs, leveraging their expertise and local market knowledge, will be instrumental in delivering on the MISP ambition to bring targeted additional EU entities under ESMA supervision.

The way ahead – integrity, clarity and simplicity

Dear Chair,

Dear Members,

I very much welcome the ambition of the MISP and the sense of urgency to act. Please let me however make one important point: the package has been designed as a coherent whole. If we unpick it, we risk weakening its capacity to deliver.

I would also caution against middle-ground solutions that might appear attractive to find compromises in the short term but would, in reality, endanger the desired outcomes. Overlapping competences and complex decision making would blur accountability, introduce inefficiency and make the new framework harder to implement.

The proposal foresees new cooperation arrangements to leverage on the good relationship between NCAs and ESMA in building supervisory capacity. I believe these should remain sufficiently flexible to evolve over time and cater for sector specificities.

Likewise, the proposed reform of our current governance arrangements is sensible, but should reflect the final agreement on supervisory responsibilities and ensure efficient supervisory decision making.

As you advance your work, ESMA stands ready to support you with technical input, facts and impact analysis as well as supervisory experience. Our shared objective should be a regulatory and supervisory landscape that is simpler rather than more complex, that enables scale rather than fragmentation, and that gives Europe's citizens and companies the capital markets they deserve.

Thank you for your attention.