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Eurofi speech

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Chair

Good afternoon, ladies and gentlemen,

It is a pleasure to be with you in Dublin today, reconnecting in person on the occasion of the Eurofi conference, and it is an honour to contribute to the important discussion on the future of EU capital markets.

Over the past decade and a half, we have witnessed profound changes in the financial system. Business models have become more cross-border. Technology has transformed the way markets operate. Data flows and risks emerge and propagate across multiple jurisdictions simultaneously and at high speed.

At the same time, the European Union's ambitions for its capital markets have grown.

We want and need deeper and more liquid markets. We want and need more investment opportunities for citizens. We want and need companies to have better access to market-based finance. And we want and need Europe to be more competitive, more resilient and more capable of funding its own future.

All of this points in the same direction: towards markets that operate increasingly at a European scale. And if we want capital markets that operate at European scale, we need to be honest that supervision also needs to be capable of operating at European scale.

That is one of the core drivers underpinning the Market Integration and Supervision Package.

It is not, in my view, a debate about institutional design. It is not simply a discussion about whether a responsibility sits with one authority or another. And it is certainly not about centralisation for its own sake.

It is about whether the European Union is willing to equip itself with a supervisory framework that matches the markets it says it wants to build.

The proposal to strengthen EU-level supervision for certain significant, cross-border entities reflects this logic and the reality of today.

These entities conduct different activities. But they all share an important European dimension. Their business models, risks, technologies and client bases are increasingly European in nature, extending well beyond the boundaries of any single Member State. As markets become more integrated, there is a strong rationale for ensuring that supervision can operate with an equally European perspective.

Of course, supervisory convergence remains core to ESMA's duties. But for these entities with activities that are highly cross-border and interconnected, integrated supervision may simply be a more efficient way to deliver consistent outcomes.

And consistency matters beyond supervision itself. Markets integrate more easily when firms can operate across borders with greater predictability and confidence.

Supervision certainly does not create market integration on its own. But it can help create the right conditions for it to succeed.

Supervision creates expectations. It shapes incentives. It influences how firms view their future, how they organise themselves, how risks are managed and how confidently participants operate across borders in a single EU capital market.

If firms face different supervisory expectations when they scale across the EU, they will adapt to that fragmentation. If similar activities are assessed through multiple processes, complexity becomes embedded. If risks are European in nature but responses remain too dispersed, consistency becomes harder to achieve.

So yes, supervision must evolve as markets are evolving. But supervision can also play a role to shape how markets evolve.

More integrated markets require more integrated supervision. And more integrated supervision can help create the confidence, consistency and predictability that allow markets to integrate and scale.

This is also where simplification and burden reduction become part of the same discussion.

If we want more efficient European capital markets, we need to look seriously at the sources of complexity. Some complexity comes from regulation itself, and we need to tackle that. But some also comes from fragmented supervisory application, duplicative requests, lengthy coordination processes and (despite such coordination efforts) still divergent expectations and outcomes.

For genuinely cross-border activities, a more integrated supervisory approach can help address these frictions directly. It can reduce duplication and coordination efforts [and thus speed up 'time to market'], support clearer common expectations, make better and more efficient use of data and allow scarce supervisory expertise to focus on the risks that matter most.

This aligns closely with ESMA's already existing broader efforts to simplify reporting, improve the use of data and make supervision more risk-based and proportionate.

But simplification should not be misunderstood.

It is not about weakening supervision, nor assuming that the challenges facing financial markets are becoming easier. The world we supervise is becoming more complex, shaped by technological change, cyber risk and geopolitical uncertainty.

The challenge is not to do less. The challenge is to organise ourselves better and focus on what counts.

A simpler framework does not mean a simpler job. It means removing complexity that adds little value, reducing duplication and ensuring that supervisory effort is directed towards the risks that matter most.

This is why the way the MISP reforms will finally be designed matters so much.

If the objective is to strengthen EU-level supervision for certain significant cross-border entities, the final framework must be capable of delivering on that objective.

Responsibilities must be clear. Governance must be straightforward and efficient. Resources must match the ambition.

And as co-legislators consider the package, they should resist the temptation to dilute its logic. The focus must remain on what delivers the best outcome for the EU as a whole, rather than on defending the status quo.

A framework that is sliced into too many exceptions, carve-outs or partial transfers of responsibility may preserve institutional comfort and satisfy certain national interests, but it will struggle to deliver the consistency, efficiency and simplification that the reforms are intended to achieve.

If European supervision is layered on top of existing arrangements rather than replacing or streamlining them where appropriate, we should not pretend that simplification has been delivered. Likewise, drawing supervisory boundaries in complex or arbitrary ways, especially just to protect certain national champions, may simply preserve fragmentation in a different form.

The goal should not be to create the appearance of European supervision. The goal should be to create a framework that can actually deliver more consistent, efficient and effective outcomes for the EU capital market as a whole.

As I reflect on ESMA's development over recent years, I see an authority that has grown alongside the markets it serves. ESMA was created after a crisis that exposed regulatory weaknesses and the limits of fragmented oversight. Since then, ESMA has grown up: our role has expanded, our supervisory experience has matured and our cooperation with national authorities has deepened.

That evolution has been necessary. And it is not finished.

The next phase of European capital markets will require supervision that is more agile, more risk-based, more data-driven and more integrated.

I am very pleased to see the positive signals coming from both the Council and European Parliament so far on this proposal, as they both seek to agree on their negotiating positions by year-end. I hope that this level of ambition and drive can be preserved into the further negotiations ahead. It will then be for ESMA to do what ESMA does best: implement the agreed reforms with determination, professionalism and purpose.

If we get this right, stronger European supervision can help deliver both sides of the agenda: more effective oversight and a simpler, more coherent experience for those operating across our capital markets.

That is the opportunity before us.

As our capital markets continue to evolve, supervision must evolve with them. It is for us to make it happen!

Thank you.