



Mr. Pier Carlo Padoan
President ECOFIN
Minister of Finance Italy

cc. Mr. Uwe Corsepius, Secretary General of the
Council of the European Union

5 November 2014

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ESA's budget 2015 – ensuring safe financial markets

Dear Mr Padoan,

We are writing to you to share with you our concerns regarding the budget negotiations for the EU budget 2015 and the budgetary constraints of the European Supervisory Authorities (ESAs).

We note that the Council of the European Union in its position agreed on 02 September 2014 on the EU draft Budget for 2015 has supported the European Commission and adjusted considerably our initial budget requests downwards. The budget requests of each ESA were adopted and backed by our respective Members (the national supervisory authorities) and are based on realistic forecasts and on extensive reallocation of tasks and reprioritisation of resources.

The ESAs were set up in 2011 with the full support from the Council, in response to the financial crisis which exposed significant failures in financial supervision. Since then we have steadily been entrusted, within the remits of our mandates, with more tasks in order to contribute to:

- (i) improving the functioning of the internal market in the field of financial services, including in particular a sound, effective and consistent level of regulation and supervision,
- (ii) protecting depositors, investors, policyholders, consumers and other beneficiaries,
- (iii) ensuring the integrity, efficiency and orderly functioning of financial markets,
- (iv) safeguarding the stability of the financial system,
- (v) strengthening international supervisory coordination.

Such tasks include:

- for the European Banking Authority (EBA) inter alia contributing to the single rulebook by the preparation of technical standards, guidelines, reports and advice on banking legislation (CRDIV/CRR) and recovery and resolution framework (BRRD), and their respective delegated acts, and enhancing supervisory convergence in the context of the new supervisory setting in the;

- for the European Pensions and Occupational Pensions Authority (EIOPA) these tasks include inter alia the finalisation of the standards and guidelines necessary for the implementation of Solvency II, contributing to strengthening the EU regulatory framework on occupational pensions (IORP II) and developing a framework for the creation of an internal market for personal pensions, implementation of IMD2 and PRIIPS Directives;
- for the European Securities and Market Authority (ESMA) inter alia the direct supervision of Credit Rating Agencies and Trade Repositories, new tasks attributed to ESMA under EMIR, on-going consumer protection work stemming particularly from MiFID II/MiFIR and the implementation and maintenance of IT systems and databases to improve our understanding and identification of risks.

The budget cut and the freezing of the staff numbers, as proposed by the European Commission and supported by the Council in its above decision, would severely undermine our capacity to continue to deliver on the objectives set out in the ESAs' regulations and the tasks we were given by the legislators. Also these cuts do not reflect the fact that in 2015, the ESAs will still be in a "growing" phase (*"new tasks" agencies*) which – as acknowledged by the Commission in its overall approach to European Agencies – should be reflected by additional resources. The reform in response to the crisis is now moving from legislation to implementation and the ESAs play an essential role in this phase which requires adequate resources.

Furthermore, we welcome the Council conclusions on the ESFS Review "that the ESAs' resources, in particular experienced staff, should be adequate to their tasks and responsibilities", and fully support your intention to address this issue and come with an appropriate solution to it.

Going forward there is also an urgent need to identify a more robust, long term solution to the financing of the ESAs. The ESFS review should be used to discuss possible solutions be it funding through an independent budget line in the General Budget of the European Union, financing by industry or a combination of the aforementioned.

Therefore, within the framework of the current negotiations on the 2015 budget, we ask you to support the ESAs' budget and staff requests allowing us to deliver the tasks entrusted to us by the co-legislators.

We remain at your disposal for further questions.

Yours sincerely

Andrea Enria
Chairperson of EBA

Gabriel Bernardino
Chairperson of EIOPA

Steven Maijor
Chairperson of ESMA