



EUROPEAN CENTRAL BANK

EUROSYSTEM

The role of regulators in further integrating capital markets

In the context of the SIU
Communication

EESC public hearing

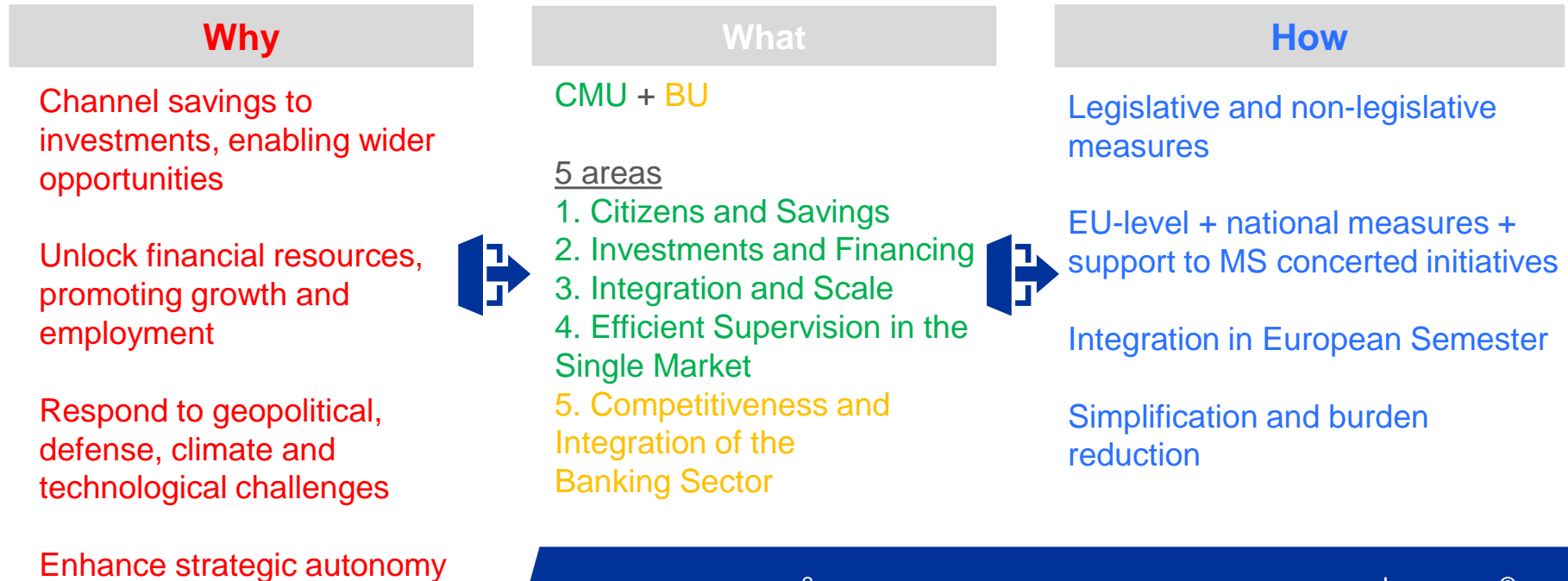
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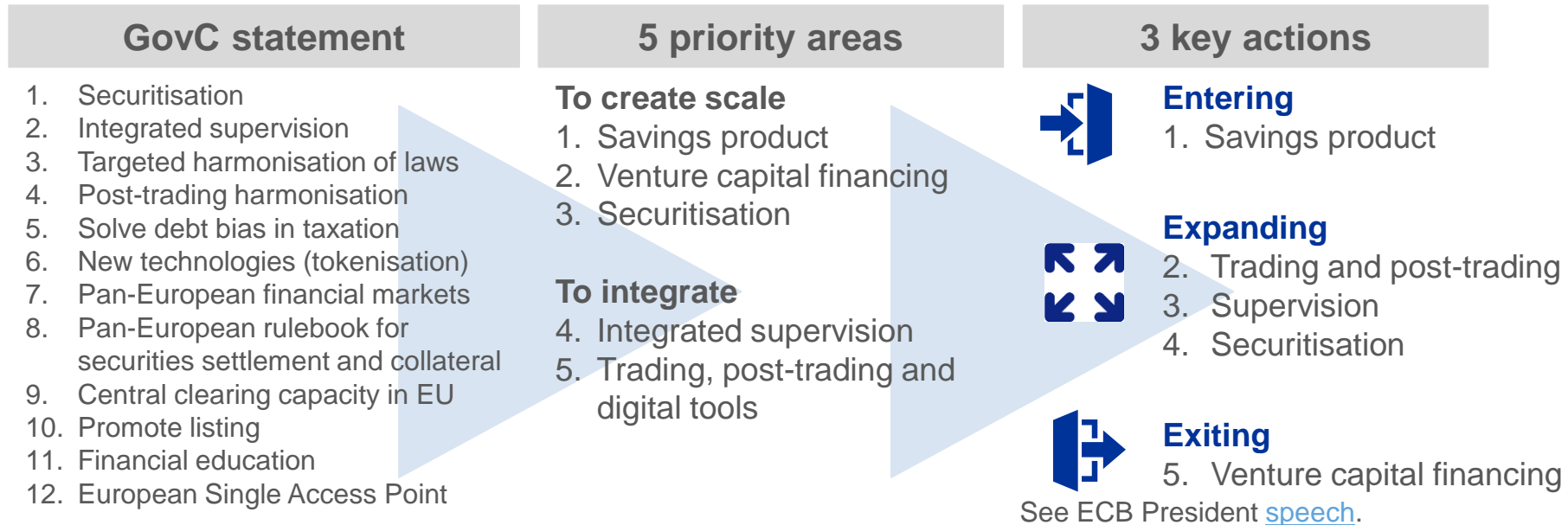
Savings and Investments Union – why, what and how

Commission's Communication outlines rationale, objectives and instruments



5 priority areas for the ECB, including regulation and supervision

Starting from **2024 GovC statement**, focus on a subset of priorities to achieve **impact** while proposing **implementable** solutions



Current regulation/supervision framework still has flaws

ESAs and Single Rulebook have brought substantial benefits

- promoting **level playing field** and **supervisory convergence**

But, further progress is necessary, in light of several important shortcomings:

- **Cross-border risks** potentially overlooked
- **High number of authorities**, both national and EU, for cross-border firms
- Increasing **costs of supervisory compliance** for cross-border players

Heterogeneous and complex supervisory ecosystem

Recent changes based only on incremental steps

- No **comprehensive/organic** reform
- Not completely **level playing field**
- No comprehensive **market integration**

Different rules and practices by national supervisors

- Different **national** rules (incl. post-trading)
- Different **implementation** of EU rules
- Considerable **discretion** for national authorities
- Also seeking to **protect domestic players**

Current supervisory architecture is complex

Supervisory architectures are heterogenous across the EU

- In 13 Member States there is a single financial sector supervisor
- In 8 Member States there are two financial sector supervisors (e.g. by objective)
- In 6 Member States there are three financial sector supervisors (e.g. sectoral approach)
- At European level: ECB + 3 ESAs

Number of MS with 1 supervisor



Number of MS with 2 supervisors



Number of MS with 3 supervisors



Way forward: harmonised rules and integrated supervision to integrate EU capital markets

Supervisory ecosystem should facilitate **market integration and development**; it impacts ECB's role in **FMI oversight**.

Targeted improvements in the short term (Step 1)



Deepen the rulebook (more Regulations, less options).



Reform ESAs governance (foster European outcomes) and resources.



Improve consistency in sectorial legislation.



Reinforce powers, including direct supervision where relevant.

Setting conditions for integration in the medium term (Step 2)

Integrated supervisory architecture in the long term

1

Harmonising rules and removing national divergences key to:

- foster market integration/Single Market
- achieve fully level playing field
- tackle barriers in post-trading
- simplify framework

2

Integrated supervision crucial to:

- promote uniform rules implementation
- facilitate cross-border supervision
- support market integration (incl. post-trading)
- better catch cross-border risks
- simplify supervisory ecosystem