



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

Why

Channel savings to investments, enabling wider opportunities

Unlock financial resources, promoting growth and employment

Respond to geopolitical, defense, climate and technological challenges

Enhance strategic autonomy

What

CMU + BU

5 areas

1. Citizens and Savings
2. Investments and Financing
3. Integration and Scale
4. Efficient Supervision in the Single Market
5. Competitiveness and Integration of the Banking Sector



How

Legislative and non-legislative measures

EU-level + national measures + support to MS concerted initiatives

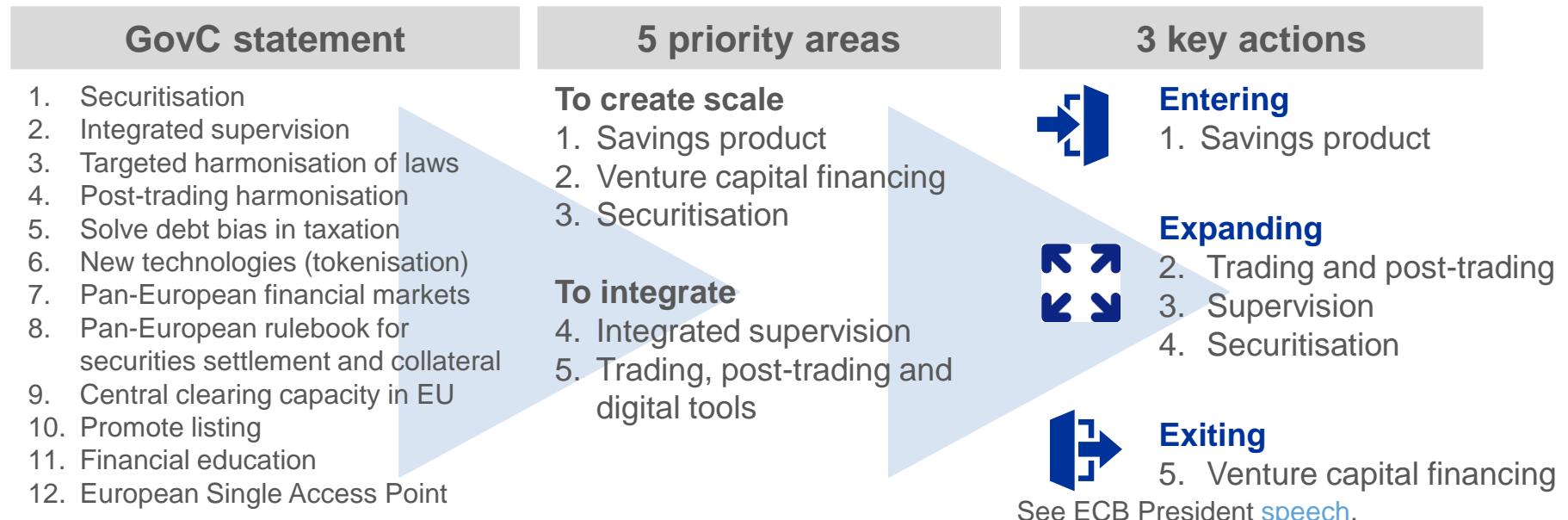


Integration in European Semester

Simplification and burden reduction

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



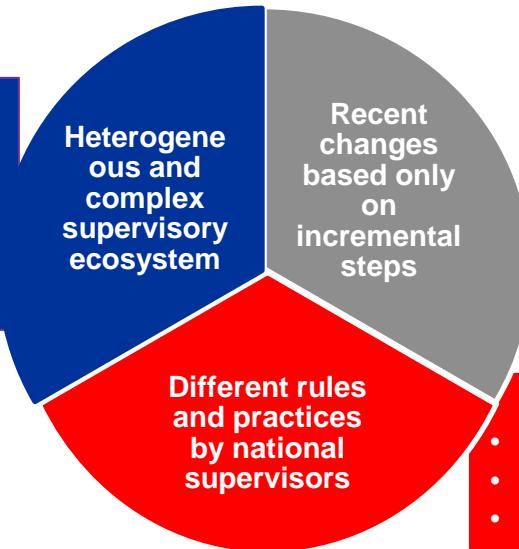
Current regulation/supervision framework still has flaws

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



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

- 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)



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