Proposal for an Omnibus Directive. November 2010.

As a response to the financial crisis, on 23 September 2009, the European Commission approved the creation of a new supervisory structure. The new model involves the creation of the European System of Financial Supervisors (ESFS), consisting of a network that will integrate national supervisors as well as the three new European Supervisory Authorities or ESAs. These three new Authorities (ESMA, EBA and EIOPA) are created by transforming the existing European Supervisory Committees. The objectives of the new structure include the uniform implementation of the financial regulation, creating a harmonised set of rules, for which the ESAs assume the role of developing technical standards that, after receiving the support of the Commission, will have to be complied with.The ESAs shall have the power to propose to the European Commission specific rules for national authorities and financial institutions; develop directives and recommendations; mediate and settle disputes between national supervisors; contribute to ensure the consistent implementation of Community legislation, and take action in emergencies, including the banning of certain activities or products. In addition, the European Securities and Markets Authority (ESMA) shall have direct supervisory powers over credit rating agencies.
As a condition for the new authorities to work effectively, it is necessary to impose changes on the whole financial services regulation, which will make it possible to integrate the powers of the ESAs into the EU legislation, as well as its effective operation within the ESFS. The amendments to the regulations are laid down in a Directive known as Omnibus Directive, which includes all the amendments to the corresponding Directives that were considered necessary for this purpose.

The proposed amendments of the Omnibus Directive include:

– Definition of the scope of technical standards. This is probably the most significant point: standards proposed by the ESAs shall, after approval by the Commission, become mandatory for the Member States. Before the ESAs are able to propose standards, the regulation must first define the areas where they can develop them. The ultimate goal is to achieve regulatory harmonization via a single rule book.

– Incorporating in an appropriate way the possibility for the ESAs to settle disagreements between national supervisory authorities where necessary.

– General amendments: – Transferring the tasks of current level 3 committees to the ESAs; – Establishing cooperation obligations and information sharing between national authorities and ESAs; – International and advisory role of the ESAs; – Other amendments.

After approval by the Commission on 26 October 2009, the Omnibus Directive is being discussed in the Council and the European Parliament. To complement this proposal, the Commission is considering the possibility of forming a second Omnibus, with further powers for the development of technical standards in other areas, in particular related to securities covered by level 2 rules, and to the insurance sector.

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http://ec.europa.eu/internal_market/finances/committees/index_en.htm

If you want to read the press release, click on
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1582&format=HTML&aged=0&language=EN&guiLanguage=en

The proposal of Directive can be consulted on
http://ec.europa.eu/internal_market/finances/docs/committees/supervision/20091026_576_en.pdf

Documents relating European financial reforms can be found on:
http://ec.europa.eu/internal_market/finances/committees/index_en.htm#overview