

## Delphi Banking & Finance

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### ESMA – A new European Supervisory Authority

As of 1 January 2011, a new system for the supervision of the European financial market is in place. The financial crisis exposed important shortcomings in the European supervisory framework, both in particular cases and in relation to the financial system as a whole. In this context, the European Parliament called for a move towards a more integrated European supervision in order to ensure a true level playing field for all market participants and to reflect the increasing integration of financial markets in the Union. The new bodies under the regulatory regime have been provided with more far-reaching powers than their predecessors. The Executive Director of ESMA is Ms. Verena Ross and the agency holds office in Paris.

The new system for financial supervision is based on a set of supervisory agencies forming the European Systemic Risk Board (ESRB) which will monitor potential threats to and risks within the European market. As a part of ESRB and the new supervisory system, the European Securities and Markets Authority (ESMA) was established. The agency works alongside the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) to provide ESRB with information in order for it to identify potential risks to the financial system.

It has been the objective of the European Union to develop a single rule book for the operators on the European financial market. ESMA contributes to this by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection. In order to carry out these tasks, ESMA has been empowered to suggest technical standards for the Commission. Furthermore, ESMA has the competence to investigate cases of non-compliance with EU law and address a recommendation to the competent authority concerned setting out the actions necessary to comply EU law. These investigations may even be initiated on the initiative of ESMA itself.

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