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Towards an SEC in the European Union: unified supervision or a single supervisor?

AEFR Seminar - Tuesday 21 January 2025 – Ministry of the Economy, Finance, Industrial and Digital Sovereignty

Conclusion by Pervenche Berès, President of AEFR

Presidents, chairs, directors, dear speakers, ladies and gentlemen,

Thank you to Minister Eric Lombard for his strong commitment and support.
Thank you to the Ministry of the Economy, Finance, Industrial and Digital Sovereignty, not only for hosting this seminar and for your commitment to this subject - and I think we had another fine demonstration of this this morning - but also for the constancy of this support.
I see this seminar and its raison d'être - the discussion paper produced under the responsibility of AEFR - as a step towards the commitment we made here together 14 months ago at a seminar on CMU, before it was renamed a Savings and Investments Union, in the presence of Christian Noyer.

Thanks to you Robert Ophèle, the AEFR owes you a great deal, not only because you invented it, but also because you took on the responsibility of leading the drafting of this discussion paper. It takes us both back to the previous battle when we tried to build, based on the Commission's proposal, a reform of the ESAs in 2017. Thanks to those who have said this morning that this reform has not been a complete fiasco but is also a step in the right direction.

Thanks to you Fabrice Demarigny, you're always on board when we come to discuss serious subjects, from the moment we first met, when you were trying to put these subjects at the top of the CESR agenda as Secretary General.

Thank you to each of you, dear speakers, for your presence, your commitment and your inspiring words. But also, to all those who have contributed to the debate paper.

I would like to apologize those who were unable to join us this morning due to the ECOFIN meeting, the European Parliament plenary session in Strasbourg or Davos.

I understand that this morning we discussed the what, the why and the how.

As regards the how, I remember a discussion with David Wright, in which we concluded that, after efforts based on improving a product-oriented legislative approach, the time could come to adopt an institutional approach. I believe this is the raison d'être of Christine Lagarde's strong call for a Kantian shift, or of the French President's request in his Sorbonne 2 speech: "either within 12 months, we manage to build a system with a single supervision (...) to build a system comparable to what we have done in banking supervision. Or, as some people are proposing, perhaps we should design a system like we did for competition".

Regarding the why, I listened carefully to Enrico Letta's arguments. After the Draghi report, the new buzzword in Brussels is simplification, and the best way to achieve this for financial markets may well be a single supervisory system and many of you have raised this point this morning. I also heard what Robert Ophèle told us this morning: "To enable national supervisors to exercise their responsibilities properly, you will further complicate the current supervisory landscape and make it unworkable; the added value of exercising this responsibility at EU level will become obvious". We have seen the limitations of the recently adopted MiCA legislation, which covers a new field but does not adopt the right level of supervision. I am also convinced that this issue should not be examined solely by us, the financial market experts, because then we could end up with self-blocking factors due to the debate between the home-host Member States, the producers and consumers of the financial markets, for reasons of sovereignty, and I remember a discussion with someone who is now Finance Minister of a large Member State and who said to me at the end of the negotiation of the ESA 2019 revision: "I agree with European authorities, but they need to be nationally driven".

That's why we need to start the discussion from the other side of the hill. The EU needs major investment, but the EU's savings are going outside. I'd like to take a stand here against the so-called good idea, even if it has not been mentioned here, that more pension fund is THE solution, for many reasons I think it's a false good idea, this is why at AEFR we're currently working on a future discussion paper on long-term investments in employee savings.
Let's also try to stop being naïve when we see who the big beneficiaries of this fragmentation are, those they can build their offensive on a truly integrated market, and we all know that this is not an issue that arose with the election of a new president on the other side of the Atlantic.

As for the how, I understand that we need to learn from what was successful with the SSM, - even though we heard this morning that the banking sector and capital market are not identical in terms of their interaction with public opinion, the degree of concentration in the sector or the independence of national supervisors -, what is possible with AMLA.

So maybe it's time to get to the “when”. I understand that the Commission may publish something in a near future, and I hope that our work this morning will be helpful in this direction. But beyond that, I think the method should be:

- First to make a granular analysis of needs, which is the purpose of the AEFR debate paper insofar as it concerns issuers, market infrastructures and asset managers, it could well be the starting point for the efficiency test proposed this morning.
- Second, to ensure the right political ownership and for that I'm counting on all of you to convince the non-experts, all those who ordered and understand Mario Draghi's alarm diagnosis. This is the political dimension of the field, as many of you clearly mentioned this morning.
- Third to make sure we don't lose the right target during the execution channel. Please Martin Merlin, we are counting on you to overcome the weight of the legacy of the 2019 ESA reform and convince the Commission President that this topic must be at the heart of her second mandate.

I want to see in the new name of the Commissioner's portfolio: a Savings and Investments Union, a sign of optimism even if after words we need proof. I hope you will leave this seminar with a basket full of good arguments in favor of a single supervision.