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| Annex V –Case study – Text for a leaflet |

The European Banking Authority (EBA) is an independent EU Authority which works to ensure an effective and consistent level of prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to ensure the integrity, efficiency and orderly functioning of the banking sector.

The EBA is part of the European System of Financial Supervision (ESFA) made up of three supervisory authorities: the European Securities and Markets Authorities (ESMA), the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA). The system also comprises the European Systemic Risk Board (ESRB) as well as the Joint Committee of the European Supervisory Authorities and the national supervisory authorities.

The EBA is independent, but accountable to the European Parliament, the European Council of the European Union and the European Commission.

**Missions and Tasks**

Whilst the national supervisory authorities (and in the near future the European Central Bank for those countries participating in the new Single Supervisory Mechanism, a key pillar of the the so-called ‘Banking Union’) remain in charge of supervising individual financial institutions, the role of the EBA is to improve the functioning of the internal market by ensuring appropriate, efficient and harmonised European supervision and regulation.

The main task of the EBA is to contribute, through the adoption of Binding Technical Standards and Guidelines, to the creation of the European Single Rulebook in banking. The Single Rulebook aims at providing a single set of harmonised prudential rules for financial institutions throughout the EU, helping create a level playing field and providing high protection to depositors, investors and consumers.

The Authority also plays an important role in promoting convergence of supervisory practices to ensure a harmonised application of prudential rules. The EBA is also mandated to assess risk and vulnerabilities in the EU banking sector through, in particular, regular risk assessment reports and pan-European Stress Tests.

Other tasks set out in the EBA’s mandate include investigating insufficient application of EU law by national authorities, decision-making in emergency situations, mediating disagreements between competent authorities in cross-border situations, and acting as an independent advisory body to the European Parliament, the Council or the Commission.

**Organisation**

The EBA is represented externally by its **Chairperson** whose role is also to prepare the work and to lead discussions at meetings of the Board of Supervisors. An Executive Director prepares the Management Board meetings and ensures the day-to-day operational work of the Authority.

The two governing bodies of the EBA are:

* The **Board of Supervisors** which is the main decision-making body of the Authority. It takes all policy decisions of the EBA, such as adopting draft Technical Standards, Guidelines, Opinions and Reports.
* The **Management Board** whose role is to ensure the Authority carries out its mission and performs the tasks assigned to it. In this respect, it is entrusted with the power to propose, among other things, the annual work programme, the annual budget, the staff policy plan and the annual report.

The EBA works closely with the other European Supervisory Authorities (ESAs) in the framework of the Joint Committee on issues of cross-sectoral relevance. Finally, in order to effectively protect the rights of parties affected by decisions adopted by the EBA, a Board of Appeal has been set up.

**Working process**

As part of ensuring that the EBA carries out its tasks and mandates in an effective and transparent way, all deliverables drafted by the Authority are discussed in technical working groups and standing committees where national authorities can provide inputs. The EBA also regularly cooperates with other bodies and institutions in the execution of its Mandate.

Open public consultations are conducted, where appropriate, on regulatory products (Technical Standards, Guidelines, etc.) to ensure stakeholders and all interested parties can provide inputs on future banking standards and Guidelines.

The Authority also seeks comments and advice from the Banking Stakeholders Group, a body established by the EBA Regulation to facilitate consultations with stakeholders. Finally, where appropriate, the EBA conducts a costs and benefits analysis on all proposals. Final products are adopted, after a vote, by the Board of Supervisors.

**The European System of Financial Supervision (this part should be included in a separate box)**

In November 2008, while the world financial crisis was still evolving, the European Commission tasked a High Level Group chaired by Mr. Jacques de Larosière with the challenging task of providing recommendations on the future of European financial regulation and supervision. This led to the presentation, on 25 February 2009, of a [comprehensive report](http://ec.europa.eu/internal_market/finances/docs/de_larosiere_report_en.pdf) in which the de Larosière Group analysed the causes of the crisis, and identified serious shortcomings in the existing financial supervision system of the EU, before acknowledging that crisis management by Member States and the EU regulatory and supervision system had not been satisfactory. The de Larosière Group made 31 recommendations, in particular in connection with setting up a stronger European system of supervision and better crisis management to ensure that all the relevant actors and all types of financial instruments were subject to appropriate regulation and oversight. At the core of this report were proposals to strengthen cooperation and coordination between national supervisors in order to improve financial market regulation and to remove national exemptions. The new European System of Financial Supervision (ESFS) was therefore called upon to foster harmonised rules as well as coherent supervisory practice and enforcement with the ultimate goal of ensuring financial stability at the level of individual financial companies and of protecting the customers of the financial services industry.