



**MINISTRY OF INDUSTRY, BUSINESS  
AND FINANCIAL AFFAIRS**

European Commission  
DG Internal Market and Services (DG MARKT)  
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**MINISTER FOR INDUSTRY,  
BUSINESS AND FINANCIAL  
AFFAIRS**

Dear Commissioner,

Thank you for the opportunity to respond to the Commission's public consultation on the operations of the European Supervisory Authorities (ESAs). Since the establishment of the ESAs in the aftermath of the financial crisis, the ESAs have played a significant role in making the European financial system more resilient.

In general, we fully support the ESAs and believe they have been very effective in developing the Single Rulebook and working towards more consistency in regulatory and supervisory matters across the European Union. Therefore, we do not see a need for a major reform of the ESAs.

First, we believe that the ESAs already have the sufficient tools and resources to ensure financial integration and market integrity.

Secondly, we believe that the current structure of the ESAs allows for the needed understanding of the specificities of every sector and business model. In our view, the set-up with three individual ESAs with their own expertise, competences and tasks works well. Therefore, no fundamental adjustment of the structure of the ESAs, or the division of tasks between them, seems warranted.

Also, after having spent a great deal of resources on legislative matters caused by the major regulatory initiatives taken as a follow-up to the financial crisis in the first years of existence, the ESAs are now turning their attention towards supervisory convergence. This very important process should not be slowed down by changes to the structures of the ESA's which are not urgently needed. This includes any further steps towards increased centralization or direct supervision by the ESAs which we do not support.

Thirdly, as for the funding of the ESAs, we believe that the current funding model is generally well-functioning. If alternative solutions reducing EU and national budgetary contributions are considered we would stress that it should be taken into account that the financial institutions in many

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Member States already provide funding to their national competent authorities. A new financing model should thus not be unreasonably burdensome. It should also be a transparent and simple set-up subject to strict control of the ESA expenses and based on the EU framework for budgetary principles.

Finally, it is vital for Denmark to ensure equal treatment of Member States whether they participate in the Banking Union or not. Therefore, the balance between participating and non-participating Member States in the ESAs should continue to be respected as is case with the voting rules in EBA.

Taking into account the positive results and developments of the ESA framework, we believe that the future work of the ESAs should be guided by the following principles:

- **The ESAs should provide technical guidance.** The division of tasks between the legislators in the EU and the ESAs should be respected. Legislators make policy decisions in the form of level 1-legislation, while the ESAs conduct work on technical matters in level 2 and 3 in respect of the political balances achieved during negotiations between the co-legislators. In recent years we have seen a practice of reverting unsolved political issues in the hands of the ESAs often due to a desire for rapid finalisation of negotiations. In our view, this practice is highly unfortunate. In continuation hereof, there is a need for appropriate timetables to complete level 1-legislation. It is important that the ESAs are allowed enough time to prepare technical standards and guidelines of a high quality and at the same time allow authorities and financial institutions sufficient time for implementation.
- **The ESAs should consist of representatives of national competent authorities.** National supervisors should continue to be an integral part of the ESA setup. National supervisors contribute with specific knowledge of national markets. The important task of the ESAs in ensuring further supervisory convergence can only be achieved through strong national representation.
- **The ESAs should focus on outcomes of supervisory practices, not procedures.** Diversity of business models, markets and supervisory structures across the EU result in a high degree of variations in national monitoring practices and implementation of EU legislation. Therefore, useful comparative analysis and measurement of the degree of supervisory convergence should not be based on a rigid procedural reading of national rules and practices but focus on whether

the rules and practices are successful in delivering the desired outcome.

- **The ESAs should be vigilant in reducing the administrative burden.** The Single Rulebook has expanded significantly over the years. A key task for the future work of the ESAs should be to further reduce the administrative burden where possible, especially concerning reporting requirements, while ensuring a high level of investor protection.
- **The ESAs should be open and transparent.** Openness, transparency and stakeholder consultation will ensure the necessary legitimacy to the work of the ESAs and strengthen the technical work in level 2 and 3. This should be further strengthened.

My services and I are at your disposal for any questions or comments that you might have. I look forward to a fruitful dialogue on these issues.

Yours sincerely,



Brian Mikkelsen