

Finance Watch response to the European Commission’s Consultative Document “Review of the EU Macro-Prudential Policy Framework”

Brussels, 24 October 2016

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Its 70+ civil society members from around Europe include consumer groups, trade unions, housing associations, financial experts, foundations, think tanks, environmental and other NGOs. To see a full list of members, please visit www.finance-watch.org.

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Question 1:

Do you consider the degree of coordination between the different authorities in the current framework (i.e. ESRB, national macro-prudential authorities, Commission, Council, etc.) appropriate?

Please rank your answer from 1 (fully appropriate) to 5 (not appropriate at all).

	1 (fully appropriate)
	2
	3
X	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please explain your scoring:

It is our perception that the macroprudential framework in the EU is still fairly rudimentary and lacks a robust institutional backbone. The ESRB, in particular, should be given a stronger role within the EU macroprudential regime. In particular, additional competencies should be considered for the ESRB to a) review regulatory measures and b) ensure the consistency of systemic risk assessment and macroprudential frameworks across Member States and between EU institutions. At the national level, designated authorities should be mandated to set macroprudential policy and provide regular, specific and authoritative guidance to both policymakers and other regulatory authorities.

Question 2:

(a) Would you consider appropriate to expand the macro-prudential framework beyond banking?

Please rank your answer from 1 (fully appropriate) to 5 (not appropriate at all).

X	1 (fully appropriate)
	2
	3
	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please explain your scoring:

There is strong evidence of spillover of risks from the banking sector into other sectors, notably insurance and asset management, some areas of which are perceived to be less strictly regulated. Preventing – or at least containing – regulatory arbitrage should be one of the prime concerns of macro-prudential supervision. A comprehensive regulatory approach is therefore indispensable.

(b) If deemed appropriate, what kind of systemic risks should be targeted and how?

Systemic risk expands to the “shadow banking” sector through a number of channels:

- a) The “bail-in” tool for systemically important banks (SIBs) seeks to shift banking-sector risks away from governments and taxpayers and distribute them among equity and bond investors instead. Most of the securities issued by SIBs and eligible for “bail-in” are held by institutional investors. Both sides of this market, sell-side and buy-side, are highly concentrated and the risk of cross-sectoral contagion is, in our view, substantial.
- b) Recent initiatives to encourage direct lending by insurers, asset managers and pension funds are channelling credit risk into sectors of the financial markets that are not designed for, and equipped to evaluate and manage credit risk. Micro-prudential regulation of banks is targeted, specifically, at rendering them resilient to credit and liquidity risks, which they are designed to handle. By-passing the banking sector transfers risk to sectors which are, by design, geared towards coping with entirely different categories of risk, e.g. market and liquidity risks, with potentially detrimental effects on the overall stability of the system.

Question 3:

Do you see a need to strengthen the coordination between designated and competent authorities when using stricter Pillar 1 measures for real estate exposures to address systemic risks?

Please rank your answer from 1 (strong need) to 5 (no need).

X 1 (fully appropriate)

2

3

4

5 (not appropriate at all)

Don't know / no opinion / not relevant

Please explain your scoring:

We understand the need for a more formal framework to ensure that designated and competent authorities' use of macroprudential tools is supported by a sound, comprehensive assessment of systemic risk and applied consistently at all levels.

If you see a need, how should their coordination be strengthened?

In the interest of providing a consistent and transparent basis for all authorities implementing macroprudential policies designated national authorities could be mandated to issue, on a regular basis (e.g. quarterly) a formal assessment of systemic risk in their jurisdiction, including a review, supported by appropriate indicators, of systemic risk conditions in the property and intra-financial sectors. This could be done, for instance, as a regulatory annex to the existing, semi-annual Financial Stability Reports already being issued by Member States or by evolving these report towards a quarterly publication with a more regulatory character. This communication could be used to publish the current rate of CCB of SRB, including supporting data, and macroprudential guidance for the competent authority, notably for its application of Art. 124/164 CRR and Pillar 2.

Question 4:

Do activity-based instruments in the current framework allow to effectively tackle risks stemming from specific risk exposures?

Please rank your answer from 1 (fully agree) to 5 (fully disagree).

	1 (fully appropriate)
	2
X	3
	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please explain your scoring:

The present toolset, comprising micro- and macroprudential measures, is quite complex. Overlaps between tools and a lack of transparency in their practical use, in particular at the microprudential level, are likely to reduce their effectiveness. Simplification of the toolset and more formal co-ordination in its application, e.g. by way of the designated authority issuing regular macroprudential guidance (see Q3 above), may be needed to improve its effectiveness and transparency.

Question 5:

Do you consider a CCB for sectoral imbalances (e.g. in the real estate sector) a useful complementary instrument?

Please rank your answer from 1 (necessary complement) to 5 (useless complement).

	1 (fully appropriate)
X	2
	3
	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please explain your scoring:

A sectoral counter-cyclical buffer could be useful as long as it provides a more streamlined and simplified tool than existing sectoral measures and does not reduce the competent authorities' scope. Being sector-specific it should be additive to any CCB already in place.

If yes, how would you see the interaction of this sectoral CCB with the CCB already in place?

A sectoral CCB could be designed as an effective replacement of/complement to the present measures under Art. 458/2/d/vi-vii CRR, i.e. covering property and intra-financial exposures, and be activated essentially in the same way as the main CCB, i.e. in accordance with the process set out in Art. 136 ff. CRD IV. In order for the CCB procedure to be applicable suitable indicators would need to be developed, analogous to the main CCB “buffer guide”.

Question 6:

Do you see a need for adjusting measures targeting risks associated with banks’ real estate exposures?

Yes
 No

If so, please explain your answer:

There is generally a need for a more comprehensive approach to systemic risk at the national and EU level, which should not be limited to the property sector. We support a simplification of existing tools, notably Art. 458/2/d/vi-vii CRR, in respect of the property sector but note that intra-financial exposures, in particular, need to be given at least equal attention.

Question 7:

Do you see a need for disentangling different responsibilities between competent and designated authorities?

Yes
 No

If so, please explain your answer:

Financial stability is a matter of overarching importance and should be applied as a guiding principle of supervisory practice, both at the micro-and macro-prudential level.

Designated authorities should be given the lead role in providing guidance and setting boundary conditions with regard to the assessment of systemic risks, both in the EU and at the national level. This would involve, in particular, periodic regulatory assessments of systemic risk for their respective jurisdiction and the setting, if appropriate, of rates or ranges for system-wide macroprudential measures, such as (general and, potentially, sectoral) CCB and providing formal guidance for competent authorities on financial stability considerations and the application of macroprudential tools.

Competent authorities should remain free to impose measures on individual institutions based on financial stability considerations (e.g. measures under Art. 124/164 CRR or Pillar 2 requirements). In doing so, they would, of course, need to take into account the designated authority’s macroprudential guidance and any system-wide measures taken.

Question 8:

Do you see merit in better distinguishing the activity-based from the institution-based instruments under Article 458 CRR, also in view of applicable activation procedure(s)?

Please rank your answer from 1 (a better distinction is necessary) to 5 (a better distinction is not necessary).

1 (fully appropriate)

2

3

4

5 (not appropriate at all)

Don't know / no opinion / not relevant

Question 9:

Do you see the need to better frame either the focus (targeted risks) or the scope of the SRB (i.e. applicability to the entire stock only or also to subsets of exposures)?

Yes

No

Question 10:

Should the SRB be explicitly defined as either an activity based or an institution specific tool?

Yes

No

Please explain your answer:

The SRB has been designed explicitly to address a wide range of potential systemic risks, both known and emerging. It is also subsidiary to most other macroprudential tools, i.e. serves as a systemic backstop against developments and risks which have not been adequately captured elsewhere. We believe that there is no need for placing additional constraints on authorities' use of the SRB. In its current form it provides a valuable tool precisely for capturing risks that authorities have identified as being of potential systemic concern, regardless of whether they may be ascribed specifically to a particular activity or institution. It would be unwise, in our view, to constrain the authorities' flexibility - excessive granularity is likely to blunt the effectiveness of the tool.

Question 11:

How do you assess the interactions of institution-specific instruments in the current framework?

The institution-specific regime is largely determined by the applicable BCBS standards. Again, we consider the SRB acting as a general-purpose backstop which, because of the fairly strict conditions attached to its application, should not usually interfere with the application of the G-SII/O-SII regime, in particular.

Question 12:

How do you assess the main weaknesses of institution-specific instruments in the current framework?

The current regime for O-SIIs is unsatisfactory. At present there appear to be significant divergences in the application of the O-SII framework among Member States, notably in terms of designation of institutions and calibration of buffers. We believe that there is a strong case for regulatory action at the EU level: we have seen ample proof that the collapse of an O-SII poses a high risk of cross-border contagion, both through the institution's interconnectedness and through sovereign contagion. Given the level of cross-border connectedness within the EU, O-SIIs domiciled in the EU should be subject to a harmonised, tiered buffer regime administered by the EBA (see Q24 below). Also, in order to ensure the uniform application of the EBA's criteria the designation of O SIIs by national competent authorities should be subject to a formal review by the EBA.

Question 13:

Do you consider that the capital buffers for systemically important institutions are appropriately calibrated in the current framework?

Please rank your answer from 1 (fully agree) to 5 (fully disagree).

1	(fully appropriate)
2	
3	
4	
X	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please, explain your scoring:

As mentioned in our answer to Q12 above, we believe that current national practice in respect of O SII buffers is very uneven. In addition to the resulting systemic risk this is detrimental to banks' cross-border competitiveness and in conflict with the principles of the internal market and the objectives of the Banking and Capital Markets Union. In order to achieve a uniform, high level of financial stability, the calibration of O-SII buffer needs to be harmonised at the EU level.

Question 14:

Do you assess the caps of the G-SII and the O-SII buffers as appropriate?

Please rank your answer from 1 (fully appropriate) to 5 (not appropriate at all).

	1 (fully appropriate)
	2
	3
	4
X	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please, explain your scoring:

We disagree with the O-SII cap, which largely ignores the fact that European O-SIIs are very diverse. Some of these institutions are potentially capable of posing similar risks for financial stability as G-SIIs (see Q15 below).

Question 15:

Do you think that the 2 percent cap for the O-SII buffer should be revised?

X	Yes
	No

If so, please explain your answer:

We believe that calibration of the O-SII buffer should be revised and aligned more closely with the actual systemic risk posed by the institution. Some European O-SIIs are nearly as large, if not larger, than the 30 groups currently designated as G-SIIs by the FSB. Some of them were, in fact, G-SIIs themselves in the past and there may be reasons to doubt that they have become significantly less risky in the meantime. On the other hand, some Member States are home to financial institutions which, if not exceedingly large in absolute terms, are very large compared to the size of the domestic economy. In any of these cases, cross-border contagion would be almost inevitable. We would propose, therefore, to remove the O-SII cap altogether and replace it with a tiered system similar to that in force for G-SIIs.

Question 16:

Do you consider that the current cumulation rules applicable to institution-specific buffers need to be revised?

	Yes
X	No

Question 17:

Do you see a need for developing additional harmonized macro-prudential instruments?

Yes
 No

If yes, what type of new instrument would you deem necessary and why?

We agree that an expansion of the macroprudential toolset should be considered. Demand-side constraints, such as Loan-to-Value (LTV) and Loan-to-Income (LTI), could be useful to complement existing capital-based measures, which focus on the supply-side. It is important, however, to balance the incremental benefit of these additional tools against the resulting increase in complexity.

We would like to reiterate our position that a leverage ratio should be implemented as a primary capital measure, on a par with the RWA-based metrics, and construed as a binding constraint. We strongly supports demands, supported by significant body of institutional research, to set the leverage ratio at a level well above the 3.0% minimum currently being discussed.

Other tools should be considered to reduce pro-cyclical leverage and contain systemic risk in the derivatives and repo markets, such as caps on the re-use of collateral and minimum haircut rates for securities-financing transactions.

Another important instrument to prevent systemic contagion, in our view, is the introduction of restrictions on cross-holdings of TLAC/MREL instruments by G-SIIs and O-SIIs. It is important to ensure that instruments eligible for bail-in are held by long-term institutional investors outside of the banking sector.

Finally, we would welcome the introduction of structural measures, as proposed by the Liikanen report. A separation of banking units based on activities, supported by dedicated, ring-fenced regulatory capital, would, in our view, significantly improve the systemic resilience – and resolvability – of large banking groups and therefore contribute substantially to macroprudential stability.

Question 18:

How do you assess the possibility for the ESRB to develop technical guidance on the use of non-harmonised instruments, for example via issuing recommendations? Would you see a specific type of instrument for which such an approach could be warranted and suitable?

We support a more prominent role of the ESRB in providing guidance to Member States on matters related to macroprudential stability. We doubt, however, that regulatory measures at the national level will be sufficient to achieve a significant improvement in financial stability overall. Financial institutions, notably those of systemic importance, are inherently very international and have a proven ability to sidestep regulatory measures at the national level. Effective macroprudential regulation needs to be embedded, in our view, in an international context and implemented using internationally recognised, and enforceable tools.

Question 19:

Do you consider the current hierarchy of instruments ('pecking order') as appropriate?

Please rank your answer from 1 (fully appropriate) to 5 (not appropriate at all).

	1 (fully appropriate)
X	2
	3
	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please, explain your scoring:

The current hierarchy reflects both the appropriate granularity of the measure and the complexity of its activation and is, in our view, generally appropriate. We believe, however, that it would be more consistent to move the sectoral elements of Art. 458/2/d/vi-vii CRR further down the "pecking order", i.e. make them more easily actionable. This could be done, for instance, by converting them into a "sectoral CCR" (see Q5 above).

Question 20:

Can overlaps in the tools' scope facilitate the circumvention of control elements embedded in the activation mechanism?

X	Yes
	No

If you answer yes, please explain how:

We recognise that there are overlaps which may permit national authorities in individual instances to achieve similar outcomes in different ways and hence offer opportunities to circumvent the activation procedures. This could be addressed, in our view, by simplifying the tools and standardising activation procedures. We believe, however, that this issue should not be taken out of proportion: scope, characteristics and impact of each tool are quite distinct already now and it would appear unlikely that NCAs would resort to replication as a standard tool to avoid EU-level scrutiny.

Question 21:

What adjustments, if any, would you suggest for the notification and activation requirements for the SRB?

To ensure procedural and regulatory consistency any proposal by a Member State to introduce an SRB should be subject to mandatory ex-ante review and clearance ("no objection") by the ESRB. This ex-ante review could replace the current ex-post recognition procedure under Art. 134 CRR. If cleared by the ESRB would become applicable immediately in all relevant Member States.

Question 22:

What adjustments, if any, would you suggest for the notification and activation requirements for the measures under Article 458 CRR?

The procedure under Art. 458 CRR is very onerous and time-consuming. Whereas we understand that this may be justified, to some extent, by the nature of the instrument as a “fallback” option, and the significant level of discretion it accords to the national authorities triggering it, some aspects of the notification and activation process still appear excessive. In particular, the benefit of requiring notification of Parliament, Commission and Council, in addition to the ESRB and EBA, is not obvious. It would appear sufficient, similar to the SRB procedure, to have the measure notified to the Commission, the ESRB and the EBA. The participation of the Council should instead be limited to the approval/rejection of an implementing act proposed by the Commission to reject the measure. The implementing act should, arguably, also be subject to scrutiny by the Parliament. We see potential benefits in removing the activity-based elements of Art. 458 CRR in favour of a sectoral CCB (see Q5).

Question 23:

What adjustments, if any, would you suggest for the notification and activation requirements for the CCB?

The CCB procedure is largely aligned with international practice under the BCBS standards. We do not see any obvious need to modify this process at present.

Question 24:

Do you see the risk that especially the O-SII buffer and the SRB could be used for ring-fencing purposes?

Yes
 No

If yes, what do you suggest to address this risk?

We acknowledge that this risk exists in principle. It is more relevant, in our view, for the O-SII buffer, which is not subject to multiple levels of review, as is the SRB. We believe that the risk of “ring fencing” could be addressed by putting the EBA in charge of implementing a tiered approach, analogous to that applicable to G-SIIs. In this scenario, the EBA would be entrusted with a) reviewing the classification of O-SIIs by NCAs and b) allocating these O-SIIs into tiers with minimum buffer levels attached to each tier. The NCAs would then determine the actual buffer level within the given range.

Question 25:

How do you assess the shared responsibilities of the ECB/SSM and national authorities for macro-prudential policy within the Banking Union? In particular, do you think that the current asymmetry of powers conferred upon the ECB/SSM is appropriate?

Please rank your answer from 1 (fully appropriate) to 5 (not appropriate at all).

	1 (fully appropriate)
X	2
	3
	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please, explain your scoring:

We recognise that it is important to strike an appropriate balance between the national and EU levels, based on the principle of subsidiarity. In the Banking Union, participating Member States have agreed to join a risk-sharing structure and to surrender some of their sovereign powers to the ECB/SSM to supervise it. The primary responsibility of the ECB/SSM is therefore to moderate risk transfers and it is consistent with this role that its powers should be biased towards risk-aversion. It is also well known that national authorities are susceptible not only to inaction but also to home bias, which can result in a less stringent assessment of risks and hence a more hesitant use of macroprudential measures. It appears sensible, therefore to design the role of the designated EU authority to compensate for these biases.

Question 26:

How do you assess the coordination need between the different authorities involved?

Please rank your answer from 1 (strong need for more coordination) to 5 (no need for further coordination).

	1 (fully appropriate)
	2
	3
X	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please, explain your scoring:

We appreciate that there is a need for close and regular co-ordination and exchanges of information between national and EU authorities. To the extent that these necessary processes are hindered by impractical procedures and/or unrealistic timelines these obstacles need to be removed.

Question 27:

Do you see need for amending the time periods of the notification process between national authorities and the ECB/SSM?

Please rank your answer from 1 (strong need for amending) to 5 (no need for amending).

	1 (fully appropriate)
	2
	3
X	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

What time limitations would you suggest?

Given the complexity of the decisions being considered it would appear appropriate to give the responding authority ten working days to raise objections.

Question 28:

Do you see need to broaden the scope for mandatory reciprocity in the CRR/CRDIV?

X	Yes
	No

If yes, for which instrument(s) do you see such a need?

We support the case for expanding mandatory reciprocity to include all instances of CCB, the SRB and exposure-related measures under Art. 458 CRR. It is critical for the effectiveness and the credibility of the macroprudential regime to ensure that measures are applied and enforced consistently across Member States and a level playing field is maintained among market participants.

We believe that the role of the ESRB could be strengthened in this context by requiring authorities to obtain ESRB clearance for macroprudential measures (see Q21 above), which, once given, could be considered binding upon all relevant Member States (unless challenged successfully by a Member State or EU authority).

II.3 Institutional setting

Please refer to section II.3. of the Consultation document to read context information before answering the questions.

Question 29:

Do you think that the ESRB's mandate and tasks are appropriately formulated to ensure efficient coordination of macro-prudential policies in the EU?

Please rank your answer from 1 (fully appropriate) to 5 (not appropriate at all).

	1 (fully appropriate)
	2
	3
X	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

If not deemed fully appropriate, what changes would you suggest to ensure such efficient coordination?

As set out above the ESRB should be given a stronger role within the EU macroprudential regime. Additional competencies should be considered, e.g. for the ESRB to a) review regulatory measures and b) ensure the consistency of systemic risk assessment and macroprudential frameworks across Member States and between EU institutions. The ESRB could, in particular, be called upon to review and opine on all proposed (Level 1 and 2) regulatory measures at the EU level that concern systemic risk in a material way. It could also be called upon to provide formal opinions where disagreements arise between national authorities, ESAs and the Commission regarding matters that concern systemic risk. The interaction between the ESRB and other authorities should become more formalised and integrated into the relevant legal and regulatory procedures.

In the existing procedural framework the role of the ESRB could be strengthened by requiring authorities to obtain ESRB clearance for macroprudential measures (see Q21 above), which, once given, could be considered binding upon all relevant Member States (unless challenged successfully by a Member State or EU authority).

Question 30:

How do you assess the current capacities of the ESRB to deliver on its mandate for conducting system-wide risk analysis, including its access to relevant data?

Please rank your answer from 1 (fully adequate) to 5 (not adequate).

	1 (fully appropriate)
	2
	3
	4
	5 (not appropriate at all)
X	Don't know / no opinion / not relevant

Please, explain your scoring:

We are not in a position to comment on the capacities of the ESRB at this stage. We are aware of the issues raised in the Commission report, notably on the availability of data. To the extent that they have not remedied we would strongly support appropriate steps to be taken.

Question 31:

In particular, do you consider that the resources of the ESRB Secretariat are adequate in this context?

Please rank your answer from 1 (fully adequate) to 5 (not adequate).

1 (fully appropriate)

2

3

4

5 (not appropriate at all)

Don't know / no opinion / not relevant

Please, explain your scoring:

Whereas we are not in a position to comment on the current resourcing of the ESRB we would be supportive of increasing its capacity and capabilities in line with an enhanced range of competencies and responsibilities (see Q32 below).

Question 32:

What do you consider to be the best ways to ensure that the macro-prudential perspective is sufficiently reflected in EU policy making where systemic risk considerations are involved?

The ESRB should be given a more prominent role within the EU macroprudential regime. It should be granted additional competencies to a) review regulatory measures and b) ensure the consistency of systemic risk assessment and macroprudential frameworks across Member States and between EU institutions. The ESRB should, in particular, review and opine on all proposed (Level 1 and 2) regulatory measures at the EU level that concern systemic risk in a material way. It should also be called upon to provide formal opinions where disagreements arise between national authorities, ESAs and the Commission regarding matters that concern systemic risk. The interaction between the ESRB and other authorities should become more formalised and integrated into the relevant legal and regulatory procedures.

We believe that the role of the ESRB could be strengthened in this context by requiring authorities to obtain ESRB clearance for macroprudential measures (see Q21 above), which, once given, could be considered binding upon all relevant Member States (unless challenged successfully by a Member State or EU authority). We are aware, of course, that this may require significant modifications to the capacity and institutional setup of the ESRB.

Question 33:

How do you assess the instruments and powers of the ESRB? In particular, do you see the need for the ESRB's powers to explicitly include 'soft power' tools with a view to fulfil its mandate?

Acting as a central “hub” for the co-ordination of macroprudential policy in the EU, as we would envisage it, the ESRB would require an expanded toolset including, in particular, the possibility to issue ex-ante opinions as part of the implementation processes for CRR/CRD IV macroprudential measures, which would have binding effect, and to provide formal opinions on relevant proposals as part of the legislative process at the EU level.

Question 34:

Do you consider the transparency related to the act or explain mechanism (e.g. in following up recommendations, etc.) as satisfactory?

Please rank your answer from 1 (fully adequate) to 5 (not adequate).

	1 (fully appropriate)
	2
	3
X	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

If not deemed fully satisfactory, what improvement would be necessary?

We agree that the effectiveness of the ESRB's interventions has not been particularly visible to date. We understand the limitations of the ESRB's current toolset, which are the primary cause for the institution's lack of visibility. We believe that a stronger, more regular involvement in the regulatory and legislative process could improve the perception of the institution's role and effectiveness materially.

Question 35:

Would you consider the two-tier managerial structure along the lines proposed above an appropriate way to improve the governance structure of the ESRB?

Please rank your answer from 1 (fully agree) to 5 (fully disagree).

	1 (fully appropriate)
X	2
	3
	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please, explain your scoring:

In view of the enhanced role we would envisage for the ESRB in the longer term we are supportive of a strengthening of its institutional set-up. The creation of a permanent senior management structure would be, in our view, a constructive step in this direction.

Question 36:

How does the current size of the General Board affect the exchange of confidential and sensitive information and smooth decision making? Do you see merit in reducing its size and/or shifting some of its tasks to the Steering Committee?

Please rank your answer from 1 (fully agree) to 5 (fully disagree).

	1 (fully appropriate)
X	2
	3
	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please, explain your scoring:

In the interest of a broader representation of Member States and to facilitate a potential broadening of the ESRB's responsibilities in the future, as proposed, a redistribution of tasks towards the Steering Committee may, in due course, be necessary.

Question 37:

(a) How do you suggest accommodating the establishment of macro-prudential authorities at the national level, and the SSM and SRB, in the General Board's membership?

Please rank your answer from 1 (fully agree) to 5 (fully disagree).

X	1 (fully appropriate)
	2
	3
	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please, explain your scoring:

The creation of macroprudential authorities at the national level should be reflected in the General Board. For the ESRB to be representative and to have direct access to the corresponding authorities at national level throughout the EU the General Board should be enlarged accordingly to comprise representatives from all Member States. This would require, of course, a strengthening of the support organisation and preparatory bodies.

(b) Do you consider it warranted to require Member States to designate a single national representative, with representation possibly varying in accordance with the concrete issues for discussion and decision?

Please rank your answer from 1 (fully agree) to 5 (fully disagree).

	1 (fully appropriate)
X	2
	3
	4
	5 (not appropriate at all)
	Don't know / no opinion / not relevant

Please, explain your scoring:

Permanent participation of all Member states would be a requisite, in our view, for enhancing the ESRB's legitimacy and improving the intensity and quality of its interaction with national authorities. It would be preferable, arguably, for Member States to delegate a permanent representative in order to establish trusted, long-term working relationships and ensure continuity.

Question 38:

How do you assess the work of the two ESRB advisory committees (ATC and ASC)? In particular, would you suggest any changes in their role and/or composition?

N/A