EUROPEAN CENTRAL BANK

EUROSYSTEM

RECENT DEVELOPMENTS IN SUPERVISORY STRUCTURES IN EU AND ACCEDING COUNTRIES

INTRODUCTION

The institutional structure for the supervision of financial sectors has been the object of much attention in a number of EU Member States. Changes in national supervisory systems may have been triggered by important developments in the field of regulation and supervision, such as the completion of the Financial Services Action Plan and implementation of the new Capital Requirements Directive[1], both of which have led to enhanced responsibilities for national authorities, or to a need for a better organisation of the supervisory frameworks. Also, the increased pressure for more efficiency in conducting supervisory activities may have prompted a consolidation of supervisory structures in several Member States, which in some cases has resulted in a complete overhaul of the institutional framework. Occasionally, these changes were the object of intense debate, as they potentially affected the operational independence of the supervisory authorities.

The institutional structure for supervision in place in the Member States is of interest to the ECB in view of its obligation under Article 105(5) of the Treaty establishing the European Community to contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system. Moreover, the ECB must be consulted by national authorities regarding draft legislative provisions in its field of competence: legislative changes that affect the supervisory structure must thus be submitted to the ECB for an opinion (Article 105(4) of the Treaty). Against this background, it should be mentioned that on various occasions the ECB has conducted analyses of the supervisory structures in the EU,[2] assessing the main changes occurring in national supervisory frameworks for the financial sector in the EU and the (then) acceding countries.

This note describes the current situation as regards the supervisory structures in the 25 Member States, taking into account recent developments since the last review in 2003, and draws some conclusions on the main features characterising the current structures. A detailed description of the main changes to the Member States' supervisory frameworks, as well as a brief description of the supervisory arrangements in the two acceding countries (Bulgaria and Romania), is presented in the Annex to this note.

1 MAIN FINDINGS

The 2003 review highlighted some common features of the reforms concerning national supervisory structures: a trend towards consolidation of supervisory authorities; a close involvement of central banks in prudential supervision even where they are not entrusted with direct supervisory responsibilities; an increased tendency to formalise cooperation among supervisory authorities and between

1 The Capital Requirements Directive, comprising Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions (recast) and Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions (recast), was published in the Official Journal, L 177/201, 30 June 2006.

2 Monthly Bulletin, April 2000, article entitled "EMU and Financial Supervision", http://www.ecb.int/pub/pdf/other/mb200004_50-64en.pdf; ECB publications, "The role of central banks in prudential supervision", March 2001, http://www.ecb.int/pub/pdf/other/prudentialsupcbrole_en.pdf, and "Developments in national supervisory structures" June 2003, http://www.ecb.int/pub/pdf/other/supervisorystructureen.pdf.

them and other authorities, thus contributing to financial stability (this tendency was less obvious in the then acceding countries).

At EU level, the period 2003-06 was characterised by an intensified effort to strengthen cooperation among supervisory authorities. More specifically, the Lamfalussy framework has been extended to all financial sectors: the framework includes three sectoral committees, composed of national supervisors, entrusted with the tasks of fostering supervisory and regulatory convergence within the EU. In addition, Level 3 committees have an advisory role vis-à-vis the Commission as regards rule-making (the so-called Level 2). It is noted that all central banks (regardless of whether or not they have supervisory responsibilities) participate in the Level 3 committee for the banking sector, namely the Committee of European Banking Supervisors (CEBS).

At national level, it appears that the institutional arrangements for supervision depend on national specificities as regards historical evolution, political structures and traditions. More specifically, in view of the analysis of the reform processes underway in the Member States, the following conclusions can be drawn.

First, the consolidation of national supervisory systems is still ongoing. There is a *common trend towards reducing the number of supervisory authorities*, which in some Member States is connected to a rationalisation of the distribution of tasks among authorities (like in FR), while in others is the result of a process to concentrate the supervisory functions (BE, CZ, SK).[3]

However, *it is not possible to identify a common tendency* towards one particular type of supervisory system. National choices differ and may be the consequence of history, constitutional specificities or other considerations concerning the national financial sector.

In general, *three main models of supervisory systems* can be identified. The first is the sectoral model, according to which each sector (banking, securities and insurance) is supervised by one authority. The common tendency, identified in the 2003 review, to depart from this model seems to persist: in the last few years, thirteen countries have moved away from this model (four since the 2003 review – see Table 1). However, the sectoral model is still relatively widespread, being present in six Member States (GR, ES, CY, LT, PL and SI) and with some variations in FR, PT, FI and LU. One of these countries (PL) is in the process of moving towards a single authority. As a variant of this model, in two countries (FI, LU), supervision of both the banking and securities sectors is allocated to the same authority. The sectoral model is also present in the two acceding countries.

According to the second model, responsibilities are allocated on the basis of the supervisory objectives, with prudential supervision and conduct of business regulation attributed to two different authorities (the "twin peaks" model). This model is fully adopted in one country (NL), while in another Member State (IT) some supervisory responsibilities are assigned according to the sectoral model (as described in the Annex). Elements of this model are also present in the French and Portuguese supervisory structures.

According to the third model, all the supervisory functions are allocated to a single authority, which covers both prudential supervision and investor protection. This model has been extensively adopted by the new EU Member

3 In accordance with Community practice, the countries are listed here using the alphabetical order of the country names in the national languages: Belgium – BE; Czech Republic – CZ; Denmark – DK; Germany – DE; Estonia – EE; Greece – GR; Spain – ES; France – FR; Ireland – IE; Italy – IT; Cyprus – CY; Latvia – LV; Lithuania – LT; Luxembourg – LU; Hungary – HU; Malta – MT; Netherlands – NL; Austria – AT; Poland – PL; Portugal – PT; Slovenia – SI; Slovakia – SK; Finland – FI; Sweden – SE; United Kingdom – UK.

States: some of them have created a new single supervisory authority separate from the national central bank (EE, LV, HU, MT), whereas others have transferred all the financial supervisory functions to the national central bank (CZ, SK). In some cases, the existence of a relatively small financial market seems to have motivated the decision to make a single authority responsible for financial market supervision.

Second, the analysis *confirms that central banks are, in general, extensively involved in supervisory activities*. In fact, since the 2003 review, the number of countries where central banks have supervisory powers has increased. More specifically, two new EU Member States (CZ, SK) have now transformed their central bank into a single financial authority. The main reasons for allocating all the supervisory responsibilities to the central bank are linked to its independence, safeguarded by the Treaty, its credibility and the experience of its staff[4].

In nearly all Member States *where the central bank is not the authority responsible for taking final decisions in the field of banking supervision, arrangements are in place through which the central bank's involvement is nevertheless ensured*. First, two central banks (DE, AT) are entrusted by law to conduct important supervisory tasks concerning credit institutions (see Table 1). Second, as shown by Table 2, there is a wide spectrum of institutional arrangements, with a range of options that include: sharing of staff (four countries: BE, FR, IE, LV), financial budget resources (three countries: BE, FR, LV) or other resources such as IT and databases (seven countries: BE, EE, FR, IE, LV, FI, UK).Three central banks are or can be mandated to carry out certain supervisory tasks (IE, LV, HU). Finally, in nine countries (BE, EE, FR, LV, AT, PL, FI, SE, UK), the central bank is involved in the management of the banking supervisor through different means, which include: the power to nominate some of the members of the management board of the banking supervisory authority (AT[5]), or to make a proposal regarding such appointments to the political authorities (FI, LV); and central bank representatives' ex officio membership of the banking supervisor's managing bodies (BE, EE, FR, UK, SE). In the case of LU, there is no central bank involvement in prudential supervision.

Third, it is worth noting that formal arrangements to ensure cooperation and the sharing of information between central banks and banking supervisors are now in place in nearly all the Member States. In general, national central banks play a pertinent role in assuring financial stability, even if they are not in charge of prudential supervision. Nevertheless, different methods have been chosen by each Member State to formalise cooperation: memoranda of understanding, cooperation committees, or cooperation agreements, for example (Table 2).

2 CONCLUSIONS

In general, the overall picture emerging since the 2003 analysis of supervisory structures in the EU can be broadly confirmed. First, there is a clear trend towards consolidation among supervisory authorities at national level, with the ultimate purpose of enhancing their efficiency and effectiveness. The reasons for the unification of supervisory responsibilities may include the blurring of demarcation lines among financial sectors (the creation of conglomerates, for example) or the existence of a relatively small financial market. However, there is not a clear common trend towards one model of supervision; each country chooses the

4 See ECB Opinion of 22 September 2004 at the request of Národná banka Slovenska on a draft law on supervision of the financial market and on amendments to certain laws (CON/2004/31), and ECB Opinion of 28 October 2005 at the request of Česká národní banka on a comprehensive proposal to amend the draft law on the amendment of laws in connection with the integration of financial market supervision (CON/2005/39), available on the ECB's website.

5 In AT, the central bank nominates one of the members of the banking supervisor's management board, the Vice-Chair and two of the six members of the supervisory board.

appropriate institutional structure depending on the specific national situation.

The responsibility for establishing the national institutional supervisory system lies exclusively with each government. However, there is a *firm agreement at political level about the need for the enhancement of cooperation and convergence among European supervisors* through the framework based on the Lamfalussy committees. It is noted, in this context, that on 5 May 2006, ECOFIN endorsed a Report on Financial Supervision prepared by the Financial Services Committee (FSC) and approved by the Economic and Financial Committee (EFC), requesting the FSC to monitor the convergence of supervisory powers. In the Report, the FSC stressed the need "to ensure that all supervisors have adequate powers to pursue their supervisory missions on an equal footing and converge".[6] Therefore, the evolution of the debate at European level about supervisory convergence might require further analysis as regards the potential interdependence between the improvement of supervisory cooperation at European level and the configuration of the institutional supervisory framework within Member States.

Second, the review confirms that central banks play a role, albeit varying in terms of significance, in nearly all national supervisory systems, either because they have direct supervisory responsibilities, or via cooperation arrangements with the national supervisors according to which they undertake certain supervisory tasks. In a number of Member States, the search for increased efficiency has led to arrangements whereby budget, staff or other resources are shared between central banks and supervisory authorities.

Finally, following the increased focus at European level on enhancing cooperation among supervisors, nearly all Member States are moving towards establishing formal arrangements to ensure cooperation and the sharing of information between central banks and banking supervisors. Arrangements involving main policy issues or crisis management often also include government finance ministries.

6 Financial Service Committee, Report on Financial Supervision, FSC 4159/06, 23 February 2006, endorsed by ECOFIN on 5 May 2006.

Table 1[1] Supervisory structures in the EU Member States and acceding countries

EU Member States/Acceding countries	Sectoral model	Model by objectives	Single supervisor model	Number of authorities responsible for supervision[2]	The national central bank has supervisory tasks or responsibilities[3]
BE	X →		→ X	1	
CZ	X →		→ X	1	X
DK			X	1	
DE	X →		→ X	1	X[4]
EE	X →		→ X	1	
GR	X			3	X
ES	X			3	X
FR	X	X		4	
IE	X →		→ X	1	
IT	X	X		4	X
CY	X			4	X
LV	X →		→ X	1	
LT	X			3	X
LU	X			2	
HU	X →		→ X	1	
MT	X →		→ X	1	
NL	X →	→ X		2	X
AT	X →		→ X	1	X[5]
PL	X →		→ X	1	
PT	X	X		3	X
SI	X			3	X
SK	X →		→ X	1	X
FI	X			2	
SE			X	1	
UK	X →		→ X	1	
Total	**10**	**4**	**14**		**12**
BG	X			2	X
RO	X			4	X

1) Bulgaria (BG) and Romania (RO), the acceding countries, appear in separate rows. In order to show the evolution of the supervisory structure in each country, different graphic symbols have been used:
- ——→ This arrow indicates changes occurring after June 2003.
- ——→ This arrow indicates changes occurring after 2000.

In PL, the reforms leading to the single supervisor model will be fully completed by 2008.
FR, IT and PT appear in both the column "Sectoral model" and in the column "Model by objectives" since they have implemented a combination of the two models.
BG appears in the column "Sectoral model" although the Financial Supervision Commission is in charge of supervising the entire financial market and industry, with the exception of banking activities. The banking supervisory function is entrusted to the Bulgarian National Bank.
2) Supervisory authorities with overall responsibility for taking final decisions in their field of competence.
3) The column includes central banks which have the responsibility for taking final decisions in the field of banking supervision and central banks (DE, AT) entrusted by law to conduct specific supervisory tasks. In EE, IE and FI, banking supervision is carried out by an independent body which however constitutes part of the legal personality of the central bank.
4) In DE, the Deutsche Bundesbank and the supervisory authority (the Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) are entrusted by law to cooperate closely in the area of banking supervision. In this context, the Deutsche Bundesbank is entrusted by law with ongoing monitoring of institutions.
5) The Oesterreichische Nationalbank carries out on-site inspections of banks when commissioned to do so by the FMA (mandatory in the area of credit and market risk), gives expert opinions, and is in charge of processing supervisory reporting data on the basis of which it regularly assesses banks' risks.

Table 2 Domestic cooperation arrangements between non-supervisory national central banks and supervisory authorities in the EU Member States

Countries[1)]	Formal mechanism for cooperation and sharing information[2)]	Central bank is involved in the management of the banking supervisor[3)]	Staff Sharing[4)]	Financial budget resources sharing[5)]	Other resources sharing[6)]	Central bank carries out certain operational tasks[7)]
BE	MoU, C	X[9)]	X	X	X	
DK	MoU, C					
EE	X	X[9)]			X	
FR	X	X[9)]	X	X	X	
IE	X		X		X	X
LV	A	X[8)]	X	X	X	X
LU						
HU	MoU, C, A					X
MT	MoU, C					
PL		X[9)]	X	X		
FI	MoU, A	X[8)]			X	
SE	MoU, A	X[9)]				
UK	MoU	X[9)]			X	

1) In EE, IE and FI, the task of banking supervision is carried out by an independent body which however does not have legal personality distinct from the central bank. The central bank may therefore be involved in certain budgetary and funding matters concerning the banking supervisor (e.g. IE).
2) The following formal mechanisms for cooperation and sharing information among central bank and supervisory authorities are indicated: memoranda of understanding (MoU), committees for cooperation (C), and cooperation agreements (A).
3) The central bank is involved in the management of the banking supervisor when it appoints or proposes the appointment of members of the banking supervisor's management board, and when its representatives may participate in the banking supervisor's management bodies in an ex officio capacity.
4) As regards staff sharing, it should be noted that: (i) In BE, the law requires Nationale Bank van België/Banque Nationale de Belgique (NBB) and the Finance and Insurance Commission (CBFA) to pool certain activities and staff under the conditions determined by Royal Decree and a MoU between the CBFA and the NBB. (ii) In LV, the Financial and Capital Market Commission (FCMC) and Latvijas Banka share a representative in Brussels (working with Latvia's permanent representation in Brussels). According to the cooperation agreement, the representative allocates 30% of his/her working time to issues of interest to the FCMC. The agreement also provides that the FCMC compensates Latvijas Banka for 30% of all expenses related to the representative's presence in Brussels. (iii) In PL the executive body of the Banking Supervision Commission – the General Inspectorate of Banking Supervision – is financed and staffed by the national central bank.
5) As regards sharing financial budget resources, it is pointed out that: (i) In BE, the law requires some resources to be pooled in order to obtain synergies. (ii) In LV, from 1 January 2007 onwards, the FCMC will be exclusively financed by the market participants subject to its supervision in the proportions established by the Law on the Financial and Capital Market Commission.
6) This refers to information technology and database sharing.
7) The central bank has the power to carry out on-site inspections and/or review the capital adequacy and risk management systems of supervised institutions.
8) The central bank proposes the appointment of some of the members of the banking supervisor's management board in the following Member States: BE, FI, LV.
9) The central bank is involved ex officio in the management of the banking supervisor in the following Member States: BE, EE, FR, PL, SE, UK.

ANNEX

1 DEVELOPMENT OF SUPERVISORY STRUCTURES IN THE EU MEMBER STATES (FROM JUNE 2003 TO AUGUST 2006)

This section provides a snapshot of the current supervisory structures in the EU Member States and specifically highlights the main changes occurring since the similar analysis carried out by the ECB in June 2003.

AUSTRIA

There has been a single integrated supervisory authority in Austria since 2002: the Finanzmarktaufsichtsbehörde (Financial Market Authority, or FMA), which is an independent institution established under public law with its own legal personality. The FMA supervises banks, investment funds, investment services providers, insurance companies, staff provision funds, pension funds, and companies listed on the stock exchange as well as stock exchanges themselves. The Oesterreichische Nationalbank (OeNB) is fully involved in prudential supervision. More specifically, the OeNB carries out on-site inspections of banks when commissioned to do so by the FMA (mandatory in the area of credit and market risk), gives expert opinions, and is in charge of processing supervisory reporting data on the basis of which it regularly assesses banks' risks.

The institutions subject to supervision are required to provide, on a regular basis, business, profitability and risk figures (supervisory statistics) to the OeNB, where the data is then processed, reviewed and also provided to the FMA. Furthermore, the OeNB must be consulted on certain supervisory issues (and has the right to submit comments and opinions), for example in cases where banking supervision regulations are introduced. In addition, both the FMA and the OeNB must report to each other, and to the Federal Minister of Finance, observations and findings of a fundamental nature or of particular importance in the area of banking.

As far as interinstitutional cooperation is concerned, the Financial Market Committee – an independent institution – provides a platform for cooperation for all the institutions responsible for the stability of the financial market.

BELGIUM

After the merger of the Office de Contrôle des Assurances/Controledienst voor de Verzekeringen (Insurance Control Office) with the Commission Bancaire et Financière/ Commissie voor het Bank - en Financiewezen (Banking and Finance Commission), which was completed in January 2004, there is now a single supervisory authority in Belgium. The new body is called the Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie - en Assurantiewezen (CBFA).

The CBFA has the power to regulate and supervise credit institutions, investment firms, securities markets, securities settlement institutions (and assimilated entities) and clearing institutions, undertakings for collective investment, insurance companies, insurance brokers and pension funds. The CBFA is in charge of micro-prudential supervision, whereas the Nationale Bank van België/Banque Nationale de Belgique (NBB) is entrusted with macro-prudential supervision. Cooperation between the two bodies is however ensured since three members of the NBB's management committee are at the same time members of the CBFA's management committee. Moreover, as required by Belgian law, a framework for cooperation between the CBFA and the NBB has been established, namely the Financial Services Authority Supervisory Board, which combines the supervisory boards and the Council of Regency of the CBFA and the NBB, and the Financial Stability Committee (FSC), which combines the Boards of Directors of the two institutions.

CYPRUS

Supervisory functions have been assigned on the basis of the sectoral model. The Central Bank of Cyprus (CBC) is the competent authority responsible for banking supervision: it supervises banks and electronic money institutions, ensures the stability of the banking system, monitors systemic risk and ensures the protection of depositors. Cooperative credit institutions are supervised and regulated by the Cooperative Societies Supervision and Development Authority (CSSDA), which has succeeded the Department of Cooperative Development operating under the Ministry of Commerce, Industry and Tourism. The Cyprus Securities and Exchange Commission (CySEC) is responsible for the supervision of investment firms, domestic collective investment schemes, and the oversight of the Cyprus Stock Exchange and the issuers of listed securities. It must be noted that a representative of the Governor of the CBC may attend any meeting of the Board of Directors of CySEC, without a voting right, but with the right to propose issues for the agenda, to participate in discussions and express opinions. The above arrangement allows better coordination and an enhanced exchange of views between the CBC and CySEC. Finally, the Insurance Companies Control Service, under the responsibility of the Ministry of Finance, supervises the insurance sector. Conscious of the need for a better coordination of their supervisory actions, the different national supervisors concluded a Memorandum of Understanding, which entered into force on 1 January 2003 between three of the four supervisory authorities. The fourth supervisory authority, the CSSDA, signed the text on 10 November 2003. The purpose of the Memorandum is to promote cross-sectoral cooperation, through the regular holding of "high level" group meetings, and to enhance the exchange of information among the supervisory bodies.

THE CZECH REPUBLIC

On 1 April 2006, a new legal framework for integrated financial market supervision entered into force, implementing the single supervisor model. The previously existing supervisors, i.e. the Securities Commission (SEC), the Office for the Supervision of Insurance and Pension Funds (OSIPF), and the Office for Supervision of Cooperative Banks (OSCB) were dissolved and their responsibilities and staff transferred to the central bank, Česká národní banka (CNB). CNB is therefore responsible for the supervision of the banking sector, the capital market, the insurance industry, pension funds, credit unions and electronic money institutions. As part of the reform, the Committee for the financial market (CFM) was established as a consultative body reporting to the CNB's Board as regards financial market supervision. The CFM is entitled to submit opinions and recommendations concerning, inter alia, the strategies and approaches to financial market supervision and systemic issues regarding financial markets.

DENMARK

In Denmark, there is a single supervisory authority, Finanstilsynet (Danish Financial Supervisory Authority – DFSA), which is under the responsibility of the Minister of Economic and Business Affairs. The DFSA acts both as regulator and supervisor, since it drafts financial legislation and issues executive orders. The supervisory tasks encompass both the supervision of all financial enterprises (credit institutions, mortgage credit institutions, insurance companies, pension funds, insurance brokers, the Danish Labour Market Supplementary Pension, the Danish Employees' Capital Pension Fund, the Danish Labour Market Occupational Diseases Fund, investment companies and investment funds), as well as the supervision of securities markets, including undertakings permitted to operate stock exchanges (securities exchanges), authorised markets, securities brokers, money market brokers, clearing institutions and registration undertakings (securities centres).

Cooperation between the DFSA and Danmarks Nationalbank (DNB) is ensured through the Financial Business Council, which decides on general supervisory matters as well as more specific matters having significant consequences for individual financial undertakings and financial holding companies. In addition, it advises the DFSA in connection with issuing regulations. The Council has eight members, appointed by the central bank, the Ministry of Economic Affairs, consumers, and the various relevant economic and financial sectors. The Secretariat for the Financial Business Council, as well for two parallel institutions, the Danish Securities Council and the Danish Pension Market Council, is provided by the DFSA.

In 2005, the DFSA signed two Memoranda of Understanding in order to improve cooperation, with the DNB in particular. The first Memorandum was signed with the DNB and the Ministry of Finance with the objective of maintaining financial stability through information sharing, consultations, and cooperation through a coordination committee. The second Memorandum was concluded with the DNB with the aim of improving and extending the ongoing cooperation. It has been supplemented by further memoranda in the field of financial stability, clearing and settlement systems and statistics.

ESTONIA

Financial supervision is carried out by the Finantsinspektsioon (Estonian Financial Supervision Authority – EFSA) according to the single supervisor model. The EFSA has operational independence even if it is an agency of the central bank, Eesti Pank; in fact, it has both autonomous competence and a separate budget. Cooperation is ensured by participation of the Governor and two representatives of Eesti Pank in the six-member EFSA Supervisory Council. The EFSA performs its tasks with the aim of ensuring the soundness and transparency of the financial sector. Besides these two main goals, the EFSA also seeks to reduce systemic risk and to promote the prevention of abuse of the financial sector for criminal purposes.

FINLAND

In Finland, a variant of the sectoral model is in place, as there are two supervisors: the Rahoitustarkastus (Finnish Financial Supervision Authority – FFSA) for the banking and securities sectors, and the Vakuutusvalvontavirasto (Insurance Supervision Authority – ISA) for the insurance sector. According to the Act on the Financial Supervisory Authority which entered into force in 2003, one of the six members (the Vice-President or the President) of the FFSA Board is appointed on the basis of a proposal made by the central bank, Suomen Pankki. The FFSA is an independent decision-making authority. However, it does not have its own legal personality, but operates in connection with Suomen Pankki, meaning that it is administrated in accordance with the relevant laws applicable to Suomen Pankki. The ISA is an institution under the responsibility of the Ministry of Social Affairs and Health, but with independent decision-making powers. The ISA is responsible for the supervision of insurance companies and pension institutions; it aims both to protect the interests of the insured and to promote security and efficiency in the insurance markets. Two of the six members of the ISA Board are appointed on the basis of a proposal made by Suomen Pankki and the Ministry of Finance.

FRANCE

In France, the framework for financial supervision was reformed in 2003 in order to improve the efficiency of the national financial regulatory system. The framework for financial supervision has thus been re-organised and significantly simplified. The Financial Security Act of 1 August 2003 established the Autorité des marchés financiers (AMF), the result of the merger of the Commission des opérations de bourse (COB), the Conseil des marchés financiers (CMF) and the Conseil de discipline de la gestion financière (CDGF). The AMF, which is an independent public body with legal personality and financial autonomy, is responsible for the protection of savings and the smooth functioning of financial markets. In particular, the AMF monitors securities transactions and collective investment products in order to ensure compliance with the obligation of information disclosure to investors. A Banque de France representative appointed by the Governor of the Banque de France is a member of the AMF's Board.

The framework for prudential supervision of banks and investment firms has not been amended. It remains a task of the Commission Bancaire, a collegial body consisting of seven members and chaired by the Governor of the Banque de France. Its day-to-day activity is carried out by the General Secretariat, whose staff and budget is provided by the Banque de France. The Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI), also chaired by the Governor of the Banque de France, is responsible for the authorisation of credit institutions and investment firms, while the AMF is in charge of the authorisation of unit trusts and investment funds.

Insurance activities are supervised by the Autorité de Contrôle des Assurances et des Mutuelles (ACAM)[7], which is an independent authority. The Ministry of the Economy remains responsible for authorising insurance companies. However, the composition of the Commission Bancaire and of ACAM has been modified and harmonised by the Financial Security Act of 1 August 2003: the chairman of ACAM is now a member of the Commission Bancaire, and the Governor of the Banque de France, as chairman of the Commission Bancaire, is a member of ACAM. This institutionalises the cooperation between the Commission Bancaire and ACAM. The same Act also provides for regular joint meetings of these bodies. Cooperation is also reinforced by cooperation arrangements, or coordination agreements, between the supervisory authorities.

In addition, the 2003 reform also reorganised the distribution of regulatory powers in the banking and financial field, envisaging the creation of the advisory Committee for financial legislation and regulation (Comité consultatif de la législation et de la réglementation financierès – CCLRF)[8]. Although the CCLRF is only an advisory body, its role is important as it must be consulted on draft regulatory provisions as well as draft legislative provisions in the fields of insurance, banking and investment firms (subject to the competence of the AMF).

GERMANY

After the reform which took place in 2002, there is an integrated supervisory authority in Germany, the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). The BaFin supervises banks, investment companies and insurance companies, assuring, on one hand, the stability and the proper functioning of the German financial market and, on the other hand, consumer and investor protection. The Deutsche Bundesbank (BBk) however is by law substantially involved in banking supervision. It carries out the ongoing monitoring of institutions, which includes on-site inspections as well as the evaluation of documents, auditors' reports and annual financial statements. It also performs audits and evaluates banking operations to check compliance with the regulatory capital requirements and the adequacy of risk management. To facilitate the cooperation between the BBk and the BaFin, the Forum for Financial Market Supervision ("Forum für Finanzmarktaufsicht") has been

7 ACAM stands for Commission de contrôle des assurances, des mutuelles et des institutions de prévoyance, under the Law of 15 December 2005 N° 2005-1564.
8 The CCLRF replaces the Banking and Financial Regulation Committee (Comité de la réglementation bancaire et financières – CRBF) and the Regulatory Commission of the Insurance National Council (Commission de la Réglementation of the Conseil National des Assurances).

created. In particular, the Forum coordinates the actions of the BBk and of the BaFin, and it can also provide advice on issues concerning integrated financial services supervision which are considered to be important for the stability of the financial system. In 2002, a cooperation agreement on supervision of credit and financial institutions was concluded. The BaFin carries out surveillance of banks or investment companies in cooperation with the BBk, and insurance companies, assuring, on one hand, the stability and proper functioning of the whole German financial market and, on the other hand, consumer and investor protection. Regarding the supervision of the insurance sector, it has to be noted that the BaFin carries on surveillance of insurance companies operating across the borders of the federal states, whereas the regional authorities are competent for the supervision either of insurance companies operating within the borders of each federal state (Land) or of those that are economically less important.

GREECE

In Greece, the sectoral supervision model is in place. Three different authorities are responsible for supervising the financial sector. The Bank of Greece is responsible for the supervision of credit and financial institutions, namely banks, factoring and leasing companies, as well money transfer intermediaries and exchanges. The Bank of Greece supervises these entities having regard to their soundness, their liquidity, the adequacy of their internal audit system, and the concentration of risks. The Hellenic Capital Market Commission (HCMC) is the supervisor of the securities markets as a whole: brokerage firms, investment firms, mutual fund management firms, portfolio investment companies and stock and derivatives exchanges. The HCMC is an independent decision-making body, a public law legal entity operating under the supervision of the Ministry of Economy and Finance. The HCMC aims to ensure the proper functioning of the markets and, at the same time, to both enhance and retain public confidence. The Bank of Greece proposes one of the seven members of the Board to be appointed by the Ministry of Economy and Finance. Finally, as regards supervision of the insurance sector, a new public law legal person, the Committee for Private Insurance Supervision (CPIS), has been established under the supervision of the Ministry of Economy and Finance.

HUNGARY

There has been a single supervisor in Hungary since 2000: the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority – HFSA), which is the result of the merger between the three previous authorities (the Hungarian Banking and Capital Market Supervision, the State Insurance Supervision and the State Pension Supervision). The HFSA oversees credit institutions, investment companies, insurance companies, and pension funds. The structure of the HFSA has changed as of December 2003. Previously, the Head of the HFSA was responsible for both management and supervision, while now the supervisory tasks are delegated to a five-member Board of Supervision and the managerial tasks are the responsibility of the Director General.

The HFSA cooperates with the national central bank (Magyar Nemzeti Bank – MNB) and with the Ministry of Finance on the basis of a trilateral agreement signed on September 2004. The agreement also provides for the establishment of a Financial Stability Committee in order to better coordinate actions for the promotion of financial stability. The Committee meets quarterly to discuss and review relevant issues related to financial stability, including: the experiences of the HFSA and the MNB regarding supervision and inspection; payment and settlement systems issues; matters related to deposit insurance and consumer protection; issues related to market competition among financial intermediaries; and evaluation of the circumstances of, and lessons drawn from, crisis situations potentially jeopardising the financial intermediary system. The Committee may issue press releases and statements regarding the financial intermediary system.

Furthermore, two other bilateral arrangements are in place between the HFSA and the central bank. In particular, a cooperation agreement entered into force on August 2006 with the aim of improving and extending ongoing cooperation in the event of financial crisis.

IRELAND

In Ireland, a new supervisory regime was implemented in 2003, when the central bank, now known as the Central Bank and Financial Services Authority of Ireland (CBFSAI), was restructured. The Irish Financial Services Regulatory Authority (IFSRA) was established as an autonomous authority within the CBFSAI[9]. As of May 2003, the IFSRA is responsible for the prudential supervision of the whole financial services sector in Ireland with the exception of pension funds. It also plays an important role in consumer protection. It should be noted that the IFSRA cooperates closely with the CBFSAI in relation to the task of maintaining overall financial stability. For this reason, the Governor of the CBFSAI has a number of specific powers: (i) he/she must be consulted by the Financial Regulator and his/her agreement is required as regards any matter relating to the financial stability of the Irish State's financial system; (ii) he/she has the power to authorise a CBFSAI employee to investigate (including carrying out on-site inspections) licensed credit institutions, building societies, trustee savings banks, approved stock exchanges, authorised investment business firms and authorised collective investment schemes; (iii) he/she may, with respect to his/her functions, issue guidelines to the IFRSA as regards the policies and principles that the IFRSA is required to implement in performing the CBFSAI's functions.

ITALY

In Italy, responsibility for the supervision and regulation of the financial sector lies with four different authorities: Banca d'Italia; Commissione Nazionale per le Società e la Borsa (Securities Commission – CONSOB), Istituto per la vigilanza sulle assicurazioni private e di interesse collettivo (Insurance Supervisory Institute – ISVAP) and Commissione di vigilanza sui fondi pensione (Pension Fund Supervisory Commission – COVIP). The supervisory model in place is inspired by the division of tasks in relation to the banking and securities sector: the Banca d'Italia is entrusted with prudential supervision over credit institutions, investment firms and all other financial intermediaries, and CONSOB is competent as regards transparency and the conduct of business investment services. Moreover, CONSOB has supervisory tasks as regards the securities markets, the disclosure and completeness of information made available by issuers, market abuse and insider trading. However, Banca d'Italia is responsible for supervising those markets which are relevant from a monetary point of view as the wholesale market for government securities and the interbank deposit market, with the aim of ensuring the overall efficiency of the market and the orderly conduct of trading. In addition, Banca d'Italia, in agreement with CONSOB, both regulates and supervises the post-trading infrastructure. Insurance companies are under the supervision of the ISVAP, with the objective of guaranteeing both the stability and transparency of insurance companies; whereas pension funds are monitored by the COVIP and the Ufficio Italiano Cambi (Italian Foreign Exchange Office – UIC) is competent to check financial intermediaries' compliance with anti-money laundering legislation. In the interests of having a complete overview of the Italian supervisory framework, the Comitato interministeriale per il credito e il risparmio

9 This autonomy of action is formally provided for by Section 33C (11) of the Central Bank and Financial Services Authority of Ireland Act, 2003.

(Inter-ministerial Committee for Credit and Savings – CICR) should also be mentioned. The CICR is a collective body, composed of the different ministers competent in economic and financial issues, and chaired by the Minister of the Economy and Finance; the Governor of Banca d'Italia attends its meetings. The CICR is responsible for issuing broad guidelines on prudential supervision in the area of credit activities and the protection of savings; it can take decisions on certain specific matters within its scope of competence. The law on the protection of savings and financial market regulation, approved at the end of 2005, made some adjustments to the supervisory framework: notably, the competition law enforcement functions as regards the banking sector were transferred from the Banca d'Italia to the Autorità garante della concorrenza e del mercato (AGCM); investment products offered by banks were subject to the same discipline applied to other intermediaries and to the same controls (by Consob instead of Banca d'Italia); the collaboration between the supervisory authorities was further strengthened by requiring them to envisage appropriate means for coordination and exchanges of information.

LATVIA

In Latvia, supervision of the entire financial market is performed by a single independent public authority, the Finanšu un kapitala tirgus komisija (FKTK – Finance and Capital Market Commission), as of 1 July 2001. The FKTK supervises credit institutions, insurance companies and insurance brokerage companies, issuers, investment firms, organisers of regulated markets (the Riga Stock Exchange), the Latvian Central Depositary, investment management companies and investment funds, as well as private pension funds and the state-funded pension scheme. Its main goals are twofold: 1) the protection of investors, depositors and the insured; 2) the promotion of development and stability of the market. The FKTK also manages the Deposit Guarantee Fund and the Fund for the Protection of the Insured. The FKTK cooperates with the Bank of Latvia and with the Ministry of Finance; furthermore it assists the Office for the Prevention of Laundering of Proceeds Derived from Criminal Activity. In December 2003, the Bank of Latvia and the FKTK concluded a cooperation agreement in order to improve information sharing, joint inspections and the sharing of IT support.

LITHUANIA

In Lithuania, financial supervisory tasks have been assigned according to the sectoral model. There are three supervisors: Lietuvos bankas (the national central bank); Vertybinių popierių komisija (Lithuanian Securities Commission) and Draudimo priežiūros komisija (Insurance Supervisory Commission – ISC). Lietuvos bankas supervises the banking sector, issues and revokes the licences of credit institutions, and establishes the principles and procedures for financial accounting and reporting. The Lithuanian Securities Commission supervises the securities market as a whole, having regard to the effective functioning of the securities market; to the protection of investors' interests and to fair trading and competition. Finally, the insurance sector is supervised by the Insurance Supervisory Commission, re-named following the 2004 reform. The Insurance Supervisory Commission aims to guarantee the reliability, efficiency, safety, and stability of the insurance system and at the same time to protect the interests of the parties involved.

In 2000, the Bank of Lithuania, the Lithuanian Securities Commission and the Insurance Supervisory Commission signed a Memorandum of Understanding (MoU) with the aim of improving cooperation and exchanging information on supervised institutions.

Furthermore, the Commission for the Regulation of the Business of Financial Institutions and Coordination of Supervision was established in 2003 in order to ensure more efficient cooperation among the supervisors. The Commission includes representatives of all the three supervisory authorities as well as representatives from the Parliamentary Committee on Budget and Finance and the Ministry of Finance.

LUXEMBOURG

In Luxembourg, there are two supervisors: the Commission de Surveillance du Secteur Financier (Financial Sector Supervisory Commission – CSSF) and the Commissariat aux Assurances (Insurance Commission – CoA). The CSSF, which was operational on 1 January 1999, is an authority distinct from the Banque centrale du Luxembourg. It carries out the prudential supervision of the entire financial sector, overseeing a wide range of operators such as banks, investments firms, undertakings for collective investment (UCITS), electronic money institutions, securitisation vehicles, pension funds, investment companies in risk capital (SICARs), management companies, and stock exchanges. As regards supervision of the insurance sector and reinsurance companies, the competent authority is the Commissariat aux Assurances (Insurance Commission – CoA). It is a public body with separate legal personality under the responsibility of the Ministry of Finance. While the central bank is not involved in supervision, it has a role to play in financial stability through its membership of the ESCB.

MALTA

In Malta, the single supervisor model has been in place since 2002. The Malta Financial Services Authority (MFSA), while performing the functions formerly carried out by the Malta Financial Services Centre, has also assumed the regulatory functions previously carried out by the Central Bank of Malta (CBM) and the Malta Stock Exchange. The MFSA regulates and supervises all banking, securities and insurance activities, and also houses and administers the national Registry of Companies. The MFSA is also the Listing Authority and authorises and supervises stock exchanges. The MFSA's main statutory objectives broadly refer to the protection of investors, fair competition and consumer choice, as well as the encouragement of the highest possible standards of conduct within the financial services industry. In 2003, the MFSA and the CBM signed a Memorandum of Understanding, which provides for both the exchange of information and the establishment of a Standing Committee meeting on a regular basis, or urgently in exceptional circumstances, to exchange views.

THE NETHERLANDS

In the Netherlands, the institutional reform, based on a distinction between prudential supervision and conduct of business issues, is now fully implemented. De Nederlandsche Bank (DNB), which in 2004 merged with the Pensions and Insurance Supervisory Authority Foundation (Pensioen- & Verzekeringskamer – PVK), is in charge of the prudential supervision of financial institutions, while the Autoriteit Financiële Markten (Authority for the Financial Markets – AFM) is responsible for monitoring the proper conduct of business and the transparency and accuracy of the information available on the market.

POLAND

In Poland, reform introducing a new institutional framework for financial supervision is ongoing and will be completed in 2008. When the reform is fully implemented, the supervision of banks, capital markets, insurance and pension funds will be carried out by a single integrated supervisor, the Commission for Financial Supervision (CFS). It will be distinct from the national central bank although the central bank's Governor (or his/her Deputy) is a member of the CFS. Cooperation arrangements are envisaged, especially with regard to exchange of information. Prior to the reform, financial supervision was conducted by three separate collegiate bodies: 1) for the banking sector, the Banking Supervision Commission (Komisja Nadzoru Bankowego), with its executive body – the General Inspectorate of Banking Supervision - financed and staffed by the national central bank; 2) for capital markets, the Securities and Exchange Commission (Komisja Papierów Wartościowych i Giełd); 3) for insurance and pension funds, the Insurance and Pension Funds Supervisory Commission (Komisja Nadzoru Ubezpieczeń i Funduszy Emerytalnych). The newly created CFS, which will be financed by contributions from the supervised entities, started its activity on 19 September 2006 consolidating capital markets and insurance/pension funds supervision, and will take over the banking supervision responsibilities in 2008. It is chaired by a President appointed from among qualified persons by the President of the Council of Ministers for a five-year term of office. Moreover, according to the law the CFS is composed by two Deputy Chairpersons appointed by the President of the Council of Ministers and four members: the minister competent for social security or his/her representative; the President or the Deputy President of the National Bank of Poland; a representative of the President of the Republic of Poland. Their positions will not be tenured.

PORTUGAL

In Portugal, there are three different supervisory authorities: the central bank (Banco de Portugal – BdP); the Comissão do Mercado de Valores Mobiliários (Securities Commission, CMVM) and the Instituto de Seguros de Portugal (Insurance Institute – ISP). The Portuguese supervisory structure is organised as a combination of the sectoral model (as regards insurance/pension funds and credit institutions), with a partially integrated model by objectives (in relation to entities operating in the securities markets).

Supervision of the banking and insurance sectors (including pension funds) is entrusted to the BdP and the ISP respectively. Cross-sectoral supervision of the conduct of financial intermediaries in the securities market rests in the hands of the securities regulator (CNMV), while prudential supervision is entrusted to the central bank (including investment firms and other financial companies).

All three Portuguese supervisors cooperate on a regular basis within the Conselho Nacional de Supervisores Financeiros (Financial Supervisors National Council). This overarching high-level committee was created in 2000 to coordinate national strategies and enhance the efficiency of supervision in the fields of banking, capital markets and insurance, but has no direct powers over the financial institutions. Bilateral memoranda of understanding between supervisory authorities provide the framework for day-to-day coordination.

SLOVAKIA

In Slovakia, in accordance with the reform effective on 1 January 2006, the central bank (Národná banka Slovenska – NBS) supervises the entire financial market in the Slovak Republic. The NBS now has extensive supervisory responsibilities, since it performs the functions which in the past were split between two different authorities: the NBS itself for the banking sector and the Úrad pre finančný trh (Slovakian Financial Market Authority – SFMA), which supervised the insurance and capital market sectors. The NBS aims to maintain the stability of the financial system as a whole, as well as to ensure the secure and sound functioning of the financial market and thereby its credibility, the protection of clients and respect of the competition law rules. To allow the NBS to better exercise its powers, its Board has been enlarged to include experts in the capital market, insurance and pension fields.

SLOVENIA

In Slovenia, financial supervisory functions are performed by three authorities, according to the sectoral model. The national central bank, Banka Slovenije, is responsible for the supervision of banks and savings banks (including e-money institutions) and other persons pursuant to the Law on banking. The Securities Market Agency (Agencija za trg vrednostnih papirjev – SMA) is responsible for the supervision of the securities sector (e.g.

stockbroking companies, investment funds, pension funds). Finally, the Insurance Supervision Agency (Agencija za zavarovalni nadzor – ISA) is responsible for supervising the insurance market (insurance and reinsurance undertakings, insurance agencies, insurance brokerage companies, and insurance agents and brokers) and pension companies. The three authorities are legally and organisationally separate, but required by law to cooperate in performing their tasks and to exchange information in accordance with the Rules on mutual cooperation between the supervisory authorities (Pravilnik o medsebojnem sodelovanju nadzornih organov), issued by the Minister of Finance. As regards financial conglomerates, the supervisory authorities may appoint a coordinator to perform the supplementary supervisory tasks in accordance with the Law on financial conglomerates.

SPAIN

In Spain, three different bodies perform supervisory tasks, according to the sectoral model. The national central bank (Banco de España – BE) is responsible for the prudential supervision of all credit institutions, with the objective of safeguarding the stability of the system; the Comisión Nacional del Mercado de Valores (National Securities Market Commission – CNMV) is responsible for supervising the Spanish stock markets and the intermediaries operating in them; it aims to ensure market transparency and investor protection. The Directorate General Insurance and Pension Funds, within the Ministry of Finance, is responsible for supervising private insurance and reinsurance, insurance intermediation, capitalisation and pension funds.

Legislation provides for cooperation agreements between the supervisors. In 2004, the BE entered into cooperation agreements with the CNMV and with the Directorate General Insurance and Pension Funds, in order to define the respective powers and set up frameworks to exchange information and deal with any common issues.

A cooperation agrement on financial stability and for the prevention and management of crises with potentially systemic effects was signed by the Ministry of Economy and the three supervisory authorities in 2006. This agreement establishes the Financial Stability Committee (Comité de Estabilidad Financiera) composed of high level members from the Ministry and each authority that will discuss financial stability, regulation and implementation of the cooperation agreements.

SWEDEN

In Sweden, since 1991, Finansinspektionen (the Swedish Financial Supervisory Authority – SFSA), is, as a single integrated regulator, the competent authority responsible for supervising the banking, securities and insurance sectors. The main aims of the SFSA are promoting stability and efficiency in the financial system and, at the same time, ensuring effective consumer protection. In June 2005, the Ministry of Finance (Regeringskansliet – Finansdepartementet), Finansinspektionen and Sveriges Riksbank signed an agreement on cooperation concerning financial stability and crisis management. The agreement provides for the issuance of guidelines for consultation and the exchange of information between the parties to promote financial stability and improve crisis management. The objective of the agreement is to formalise contacts between the parties (which had previously only existed on an informal basis) and to share information to avoid duplicating work. According to the new Regulation (2006:1022) which contains instructions for Finansinspektionen, a new task for Finansinspektionen is to fulfil its obligations in accordance with Regulation (2006:942) on crisis management and enhanced readiness, which includes consulting with Sveriges Riksbank on matters regarding crisis planning (in addition to the consultation that must take place with Sveriges Riksbank on important matters regarding the stability of payment systems).

UNITED KINGDOM

In the United Kingdom, the Financial Services Authority (FSA) is, since 1 December 2001, the sole supervisor of the whole financial sector, as provided for in the Financial Services and Markets Act (FSMA) of 2000. The FSA is an independent non-governmental body taking the form of a company limited by guarantee. It is entirely financed by the financial services industry, but is accountable to the Chancellor of the Exchequer (HM Treasury) and, through him/her, to Parliament. The FSA recently expanded its tasks, taking on responsibility for mortgage regulation in October 2004, and for regulation of general insurance in January 2005. The Bank of England (BofE) is responsible for ensuring monetary and financial stability. It oversees the financial infrastructure, in particular payment systems, with the aim of reducing systemic risk. The FSA cooperates with HM Treasury and the BofE in the field of financial stability. For this reason, the three authorities have signed a Memorandum of Understanding (last updated in March 2006) which, inter alia, provides for the establishment of a Standing Committee. The Standing Committee meets monthly to discuss individual cases of significance and other developments relevant to financial stability. In addition, the BofE's Deputy Governor (responsible for financial stability issues) is a non-executive director on the FSA's Board, while the FSA's Chairman is a member of the BofE's Court of Directors.

2 SUPERVISORY STRUCTURES IN THE ACCEDING COUNTRIES

This section provides a brief description of the supervisory structures in place in the acceding countries Bulgaria and Romania, which were not considered in the June 2003 report.

BULGARIA

In Bulgaria, the supervisory function is shared between the Bulgarian National Bank (BNB), which is responsible for banking supervision, and the Financial Supervision Commission (FSC), which is responsible for the supervision of securities and investment activities, insurance business and pension funds.

One of BNB's three main departments, the Banking supervision department, deals exclusively with banking supervision. This department is headed by a Deputy Governor who is elected by the National Assembly. Although the Banking supervision department forms part of the central bank, the Deputy Governor in charge enjoys a large degree of independence and has discretion to apply remedies, take actions and impose sanctions. However, authorisation of the Governor of the BNB is required to grant and revoke banking licences.

The FSC, established on 1 March 2003, is a specialised independent body which regulates and controls the financial system. Its main objectives are (i) to protect the interests of investors and policy holders; and (ii) to ensure the stability, transparency and credibility of the financial markets.

In October 2003, the FSC and the BNB signed a Memorandum for partnership and cooperation. The purpose of this Memorandum is to improve coordination between the two institutions with regard to issues of mutual interest in the field of financial markets, through coordination of certain actions related to implementation of the statutory supervisory powers assigned to both institutions; improvement of enforcement of legislation; cooperation for improvement of the regulatory framework applying to the supervised entities, and mutual assistance in implementing their respective supervisory functions.

Apart from the MoU, and on the basis of the Law on the FSC, the Consultative council on financial stability was created for the purpose of ensuring the security and integrity of the development of financial markets, which would thereby exercise a positive effect on macroeconomic development in Bulgaria. The head of the FSC, the Governor of the BNB and the Minister of Finance are all members of this council.

ROMANIA

Financial supervision in Romania is organised in accordance with the sectoral model. The national central bank (Banca Națională a României – BNR), an independent public institution, is the banking supervisor. BNR has amongst its main tasks the authorisation, regulation and prudential supervision of credit institutions and the oversight of the smooth operation of payment systems with a view to ensuring financial stability. In 2006, BNR was also ascribed the role of monitoring and supervising non-banking financial institutions performing credit activities.

The Romanian National Securities Commission (Comisia Națională a Valorilor Mobiliare – CNVM), an autonomous administrative authority, is responsible for regulating and supervising the capital market (financial instruments markets and collective investment undertakings), the regulated commodity and financial derivative instruments markets, as well as their specific institutions and operations.

The role of the Romanian Insurance Supervisory Commission (Comisia de Supraveghere a Asigurărilor – CSA) with regard to the insurance sector was streamlined in 2005 and 2006. The CSA, an autonomous specialised administrative authority is responsible for the authorisation and supervision of insurance companies, reinsurance companies, insurance and/or reinsurance brokers, as well as other intermediaries acting in the insurance and reinsurance business.

The Supervisory Commission of the Private Pensions System (Comisia de Supraveghere a Sistemului de Pensii Private – CSSPP) was set up in 2005 as an autonomous administrative authority entrusted with the regulation, coordination, supervision and control of the activities of the private pensions system. CSSPP is responsible for the prudential supervision of pension funds. On 10 March 2006, BNR, CNVM and CSA signed a new Memorandum of Understanding on cooperation with a view to promoting the stability of the financial system as a whole, and its components. The Memorandum provides for quarterly tripartite meetings to be held at the level of the heads of the three authorities, the secretariat being hosted by the Financial Stability Department of BNR. The 2006 Memorandum establishes five permanent specialised technical committees (the Financial Stability Committee, the Supervision and Control Committee, the Regulatory Committee, the Payment Systems Committee, and the Financial Statistics Committee). The CSSPP also cooperates with the other financial supervisory authorities, yet outside a framework agreement.

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ISBN 92-899-0020-2