



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

Mairead McGuinness  
Commissioner of Financial Stability, Financial Services and  
Capital Markets Union  
European Commission

**MINISTER FOR INDUSTRY,  
BUSINESS AND FINANCIAL  
AFFAIRS**

**Response from the Danish Government to the Commission's targeted  
consultation on the supervisory convergence and the single rulebook**

Dear Commissioner McGuinness,

Thank you for the opportunity to respond to the Commission's public consultation on the supervisory convergence and the single rulebook.

Since the establishment of the ESAs in the aftermath of the financial crisis, the ESAs have played a significant role in making the European financial system more resilient.

The Danish Government fully supports the ESAs and believes they have a proper framework and structure, allowing them to effectively develop the Single Rulebook and work towards more consistency in regulatory and supervisory matters across the European Union.

We appreciate the Commission's inclusive approach reflected by this consultation and recognize the legal obligation for the Commission to conduct and present a status report on the most recent changes from the 2019 ESA-review by the end of 2021. However, the recent revision only came into effect in 2020 and experiences with the changes introduced are therefore limited. Moreover, the changes setting out direct supervisory competencies at ESMA still have to enter into force at the beginning of 2022. Therefore, it is premature to fully assess the effectiveness of all the changes.

It is also premature to contemplate broad or far-reaching changes to the framework. The European Parliament and Council only recently agreed on the ESA's competencies, including a limited transfer of powers from the national level to the community level. We should not expect a very different outcome from any new revision already at this point. Therefore, we currently see no need for further major reforms of the ESAs.

In light of the many initiatives already undertaken and yet to come, in particular the coming new supervisory competencies with ESMA, consideration of further allocation of direct supervisory competencies with the ESAs should be based on a clear, evidence-based rationale. Consideration of further initiatives should be based on a thorough analysis including i) evidence of significant cross-border activity that cannot be adequately ad-

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dressed by National Competent Authorities, ii) existence of significant divergent approaches among NCAs and iii) consideration of the ESAs resources to undertake the task.

The future work of the ESAs should be guided by the following principles:

- **The ESAs should be open and transparent.** Openness, transparency and proper stakeholder consultation will bring necessary legitimacy to the work of the ESAs and strengthen the technical work in level 2 and 3. This should be a focus point going forward.
- **The ESAs should focus on improving supervisory practices and sound regulatory contributions.** The ESAs should continue to contribute to high quality supervision, common practices, cooperation and improving the EU legislation leveraging on the broad experience of the national authorities and stakeholders reached through inclusive and open dialogue.
- **The ESAs should be technical experts.** The ESAs work should reflect the division of tasks between the legislators in the EU. Legislators make policy decisions in the form of level 1-legislation, while the ESAs conduct work on technical matters in level 2 and 3 in respect of the political priorities.
- **The ESAs should be vigilant in reducing the administrative burdens.** The Single Rulebook has expanded significantly over the years. A key task for the future work of the ESAs should be to further reduce the administrative burdens where possible, while ensuring financial stability and a high level of investor protection.
- **The ESAs should support harmonisation of practices allowing for the application of supervisory judgement.** The ESAs should continue to strive for a level of harmonisation that is adequate to ensure the desired outcomes and provides the necessary discretion to NCAs to take into account their expertise, market specificities and the principles of proportionality and risk based approaches according to the relevant situations. The Single Rule book should be less extensive and more principle based.

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

Yours sincerely,

Simon Kollerup