

16 May 2017

European Commission
DG-FISMA
Financial services policy and international affairs
1049 Brussels
Belgium

Dear Sir or Madam

We are pleased to respond on behalf of the European Economic Area member firms of Deloitte Touche Tohmatsu Limited to the European Commission's consultation on "The Operations of the European Supervisory Authorities" ("the Consultation").

The Consultation touches upon important matters relating to the role, responsibilities, governance and organisation of existing structures in Europe and their possible evolution with respect to regulatory supervision and enforcement.

We believe that high quality, transparent and comparable information from capital market participants is fundamental to the efficiency of the capital markets. Such objective can only be met if there are sound laws and regulations aimed towards achieving that goal, as well as efficient and consistent enforcement of those laws and regulations.

In that respect, as a member of the accounting and audit profession, we participate in the debates that led to the establishment of the relevant laws and regulations on local, EU and international levels. In the EU, those laws and regulations are decided through the relevant structures and processes with which the EU is equipped.

With respect to financial information and also in some cases prudential information, we are also the first players in the chain to ensure that market participants ultimately comply with the laws and regulations applicable in the EU. As a result, we interact with the EU National Competent Authorities (NCAs) regularly and also with the European Supervisory Authorities (ESAs) to some extent, since we share some common goals. Their effectiveness is key to us, to enable us to fulfil our mission.

We are supportive of the fact that supervisory and regulatory convergence are key to promoting and achieving financial integration and market integrity while safeguarding financial stability. Since their respective creation, the ESAs have played an essential role in this aspect by fostering consistency and a level-playing field across Member States and their respective NCAs.

Based on our knowledge and experience, there are a few core principles for standard-setting and enforcement activities that we believe are particularly relevant for the EU environment. In particular, we believe that:

- (a) a separation of powers between the activities of standard-setting, enforcement and final decisions on sanctions favours independent decision-making and mitigates the risks of conflicts of interests;
- (b) at this stage, there is still a role to be played by NCAs as the market participants' enforcers. We would support a reinforcement of the ESAs' powers towards supervisory convergence and NCA supervision, where needed. As the EU further implements harmonised capital markets frameworks across jurisdictions the balance of powers between NCAs/ESAs would need to be revisited;
- (c) it is important that the ESAs both seek and ensure adequate stakeholder involvement in their thought processes and have a regular dialogue with them. This is particularly true for members of the accounting and auditing profession as we have shared objectives. ESAs will benefit from an increased dialogue in terms of competence, resources, legitimacy and ultimate buy-in for the projects and activities conducted.

Our comments reflect our beliefs in developing and maintaining trusted capital markets and are focused on enforcement of regulations applicable to market participants only.

If you have any questions concerning our comments, please contact Laurence Rivat (lrivat@deloitte.fr) or me (djbarnes@deloitte.co.uk).

Yours faithfully,



David Barnes
Managing Director
Global Public Policy