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One market, one supervision

Rethinking the supervisory landscape for a truly
integrated capital market in Europe

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Abstract

This paper provides an evidence-based assessment of the EU supervisory landscape by combining a comprehensive mapping of supervisory models and authorities with an analysis of capital market players across key sectors, including market infrastructures, asset management, and crypto-asset service providers. It documents a highly complex and fragmented supervisory architecture, characterised by a wide variety of national supervisory models and multiple authorities operating across the Union. While regulatory harmonisation through the Single Rulebook has progressed, supervisory responsibilities for capital market players remain largely national, with limited and uneven EU-level powers. This institutional fragmentation is increasingly misaligned with market realities, as capital markets have become more cross-border and integrated, albeit with important differences across sectors.

The paper develops an analytical framework to assess options for a review of the EU capital markets supervisory architecture. Based on the sectoral mapping, it distils a few guiding principles for supervisory integration: a consistent approach based on common criteria (such as size and cross-border relevance) while accounting for sectoral specificities, and close cooperation between EU and national authorities. Finally, it conducts a sensitivity analysis around alternative degrees of supervisory integration and calibration criteria, and discusses the governance arrangements needed to make integrated supervision effective in practice. The analysis shows that a more integrated supervisory framework could deliver four key benefits: enhanced supervisory effectiveness, improved supervisory efficiency, reduced complexity and compliance burdens for firms operating across jurisdictions, and the removal of supervisory barriers that currently hinder the cross-border integration of EU capital markets.

JEL codes: E61, F36, G18, G20, G23

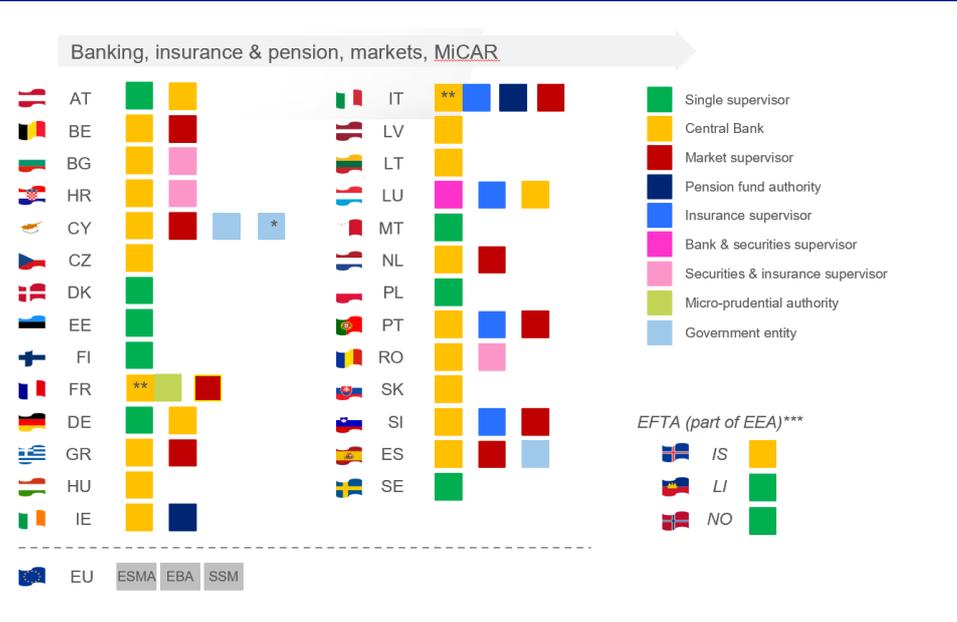
Keywords: capital markets union; savings and investments union; financial supervision; financial integration; ESMA; market infrastructures.

Non-technical summary

The European Commission’s 2025 savings and investment union (SIU) strategy marks a renewed push to deepen and integrate EU capital markets to mobilise savings, support investments and strengthen Europe’s economic resilience. As part of this agenda the Commission published a legislative proposal in December 2025 aimed at strengthening market integration and reforming the supervision of capital markets, including direct EU-level supervision for large cross-border market participants. This paper contributes to the policy debate around capital market supervision by providing an evidence-based assessment of the current supervisory ecosystem, mapping the structure of EU non-bank financial intermediation and analysing whether existing supervisory arrangements are aligned with today’s market realities and needs.

First, the EU supervisory landscape for capital markets is highly fragmented, reflecting historical choices and national arrangements that no longer match the integrated nature of today’s financial markets. The paper shows that financial supervision in the EU is organised according to a wide variety of models, and results in 52 national authorities (Chart 1) and 16 different organisational set-ups. In contrast to banking supervision, capital markets oversight remains predominantly national, with ESMA playing mainly a regulatory and supervisory convergence role and exercising direct supervision only over a limited set of entities. The EU architecture stands out for its complexity when compared with other major economies – including the United States – with implications for its effectiveness and efficiency.

Chart 1
Supervisory authorities for capital markets in Europe



Source: ECB.

Notes: the count of supervisory authorities includes banking, insurance and pension fund, central securities depositories (CSDs), central counterparties (CCPs), asset managers, funds, investment firms and trading venues, as well as activities regulated by MiCAR (electronic money tokens, asset-referenced tokens, other crypto-assets and crypto-asset service providers). Supervision of auditors is not covered (see Véron, 2025 for auditor supervision). *In Cyprus there are two government agencies with supervisory responsibilities: one in charge of insurance supervision, another in charge of pension supervision. ** In France and Italy the microprudential supervisor for banks and insurance, and insurance respectively, comes under the central bank. *** The three non-EU countries of the European Economic Area – Iceland, Lichtenstein and Norway – may be also considered, as their capital market entities fall under ESMA.

Second, EU capital markets have grown in size, complexity and cross-border relevance – although important differences exist across and within sectors. A small number of CCPs, CSDs and asset management groups account for the largest share of cross-border activity and systemic relevance, while many smaller entities remain largely domestic. Crypto-asset service providers (CASPs) are structurally cross-border, as they typically operate across multiple jurisdictions under passporting regimes. This mapping highlights the heterogeneity of capital market players, while supervision remains largely organised at the national level.

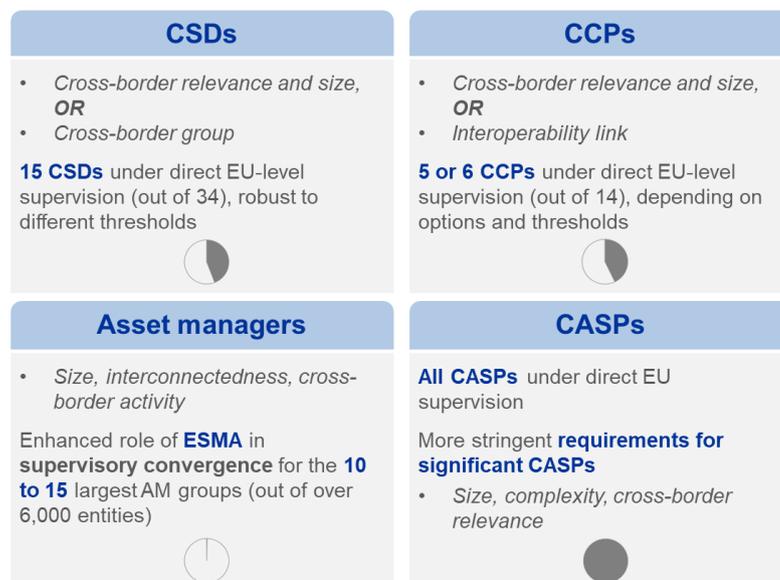
More centralised EU-level supervision would improve effectiveness, efficiency and consistency, while removing obstacles to the integration objectives of the SIU. National supervisors may lack a full overview of cross-border spillovers, while divergent supervisory practices and implementation of EU rules, as well as complex coordination mechanisms, increase compliance costs for cross-border firms and undermine the level playing field. Integrated EU-level supervision of capital markets would bring four main benefits. First, it would strengthen risk identification and mitigation by aligning supervisory mandates with the cross-border footprint of key market players. Second, it would enhance efficiency by improving coordination across authorities – including via data sharing and best practices. Third, it would contribute to simplification by harmonising supervisory practices and streamlining reporting duplication for firms operating across Member States. Fourth, an EU-level supervisor is necessary to enforce consistent application of the single rulebook across jurisdictions, removing unnecessary barriers to market integration.

While a more unified supervisory framework is not a silver bullet for capital market integration, it would enable long-standing fragmentation in key areas of the Single Market to be addressed. Given the urgency of making progress on SIU, policy efforts should focus on levers that are both impactful and feasible within the existing framework. Even within today’s legally fragmented European landscape, substantial improvements could be achieved by ensuring consistent and predictable application of the single rulebook across jurisdictions and uniform supervisory practices. EU supervision is therefore a critical enabling condition for market integration to take hold in practice. This should be supported by further harmonisation of company law, insolvency regimes, taxation and consumer protection frameworks, though these efforts are complex and will require time.

A proportionate and targeted approach to EU-level supervision can focus on the entities that matter most for capital market integration and stability. In market infrastructures, a small number of CCPs and CSDs combine large size with strong cross-border relevance. In asset management, a limited number of large groups accounts for a substantial share of cross-border activity, suggesting that enhanced EU-level supervisory coordination can deliver significant benefits. The cross-border and fast evolving nature of crypto-asset service providers – combined with their ability to offer multiple services – strengthens the case for a centralised EU

supervisory role from the outset. Overall, centralisation can be carefully calibrated by sector, size and systemic relevance, strengthening EU supervision where it matters most. Depending on the methodology adopted, around 40% of CSDs and CCPs could fall under EU-level supervision. For asset managers, an increased supervisory convergence role for ESMA could focus on the 10-15 largest groups covering a large share of assets in the sector. For CASPs, direct EU supervision would be beneficial for the whole sector, with a subset of significant firms subject to more stringent legal requirements in line with the proportionality principle (Chart 2). As this paper focuses on entities, it does not cover disclosure and consumer protection, despite them being a critical part of the discussion on EU capital markets supervision. The paper also includes a box on trading venues, given their relevance for the Commission’s integration and supervision package, but does not provide a systematic analysis.

Chart 2
Sensitivity analysis of the scope of EU-supervised entities



Source: ECB.

More integrated EU-level supervision would deliver broad-based benefits while remaining proportionate and grounded in national expertise. Supervised entities would benefit from simpler and harmonised supervision decisions, not least thanks to interactions with only one authority for the significant cross-border players. Additionally, supervisors would gain from better data, pooled expertise and enhanced risk monitoring tools. Markets and end users – especially cross-border ones – would also gain from a more level playing field and lower compliance costs, while domestic actors could continue benefitting from the local focus and expertise of national supervisors. Combining EU-level supervision for large cross-border players with a strong role for national authorities for smaller domestic actors strikes a pragmatic balance between centralisation and proximity, reinforcing financial stability and the objectives of the SIU. Finally, EU-level supervision could better identify and address cross-border negative externalities, strengthening financial stability and enhancing the attractiveness of EU capital markets.

1 Introduction

Over the past decade, developing a genuine capital markets union (CMU) has been a recurring priority in the European policy agenda, driven by the recognition that Europe’s financial system remains overly fragmented along national lines, and insufficiently capable of mobilising savings at scale for productive investments. Since the first CMU Action Plan in 2015, successive European Commission initiatives¹ – including three CMU Action Plans complemented by targeted legislative proposals – have sought to deepen and integrate EU capital markets and improve access to finance for firms. More recently, the policy debate has evolved into the broader concept of a savings and investments union (SIU), reflecting a renewed focus on mobilising Europe’s abundant savings to support competitiveness, innovation, the green and digital transitions, and the EU’s open strategic autonomy.

The Commission’s Communication on the SIU of March 2025 marks an important step in this evolution.² It acknowledges that, despite incremental progress, EU capital markets have significant scope to become more integrated if they are to fulfil their economic role effectively. The Communication places renewed emphasis on removing barriers to cross-border investment, simplifying regulatory and supervisory frameworks, and strengthening the institutional foundations of capital markets integration. Supervision is a central policy issue, increasingly recognised as a key enabler of – or, currently, constraint on – deeper market integration.

Capital market supervision has long been a sensitive and contested element of the CMU debate. While the EU has improved regulatory harmonisation through the Single Rulebook, supervisory responsibilities for most capital market players have remained predominantly national. The creation of the European Supervisory Authorities (ESAs) to promote supervisory convergence was a positive step forward, but it did not substantially introduce an EU-level supervisory perspective, not least given their limited direct supervisory powers. This fragmentation has limited the effectiveness of EU rules, contributed to uneven application across Member States, and created additional complexity for cross-border market participants. The tension between the increasing complexity of markets and nationally organised supervision has become more visible over time, bringing the question of more integrated supervision to the forefront of the CMU debate.

The ECB, the Eurosystem and the European System of Central Banks (ESCB) have consistently underlined the importance of deepening and better integrating capital markets across the Union. Functioning and integrated capital markets support monetary policy transmission and enhance private risk sharing across borders, helping to absorb asymmetric shocks. They are also closely linked to the ECB’s responsibility for the smooth functioning of payment systems and financial

¹ [European Commission \(2015\)](#); [European Commission \(2017\)](#); [European Commission \(2020\)](#).

² [European Commission \(2025\)](#).

market infrastructures, and support the ECB's tasks as banking supervisor, given the growing interlinkages between banks and non-banks.

The ECB Governing Council's 2024 statement on advancing CMU explicitly identified integrated supervision of capital markets as a key priority. This position was further reiterated in the [ESCB response](#) to the European Commission's targeted consultation on capital markets integration, to align supervisory arrangements with the reality of cross-border markets. The response outlined possible paths towards more integrated supervision, ranging from a two-tier model – where the most significant and cross-border entities are supervised at EU level in close cooperation with national authorities – to a gradual transfer of selected supervisory powers to the European level, based on a clear and predictable roadmap. The ECB has further emphasised that fragmented supervision remains a key impediment to market integration, efficiency and resilience.

This paper contributes to the ongoing policy debate by providing an evidence-based assessment of EU capital markets supervision in light of the legislative proposal by the European Commission. The Commission's package on market integration and supervision³ introduces three potentially transformative elements: direct EU-level supervision of large and highly cross-border market operators, stronger ESMA supervisory convergence tools, and a governance reform to enhance ESMA's decision-making and funding. The paper offers a sensitivity assessment of this direction of travel by mapping the size, cross-border footprint and systemic relevance of key capital market players to explore how different degrees of supervisory integration – including based on different indicators and thresholds – could address the shortcomings identified while preserving a strong complementary role for national authorities.

The paper is structured in five chapters, moving from diagnosis to evidence-based policy considerations. Chapter 2 charts Europe's supervisory architecture, combining a cross-country mapping of existing models with a historical perspective. Chapter 3 maps EU capital markets players, focusing on size and cross-border activity across market infrastructures, asset management and crypto-asset services. Chapter 4 sets out the rationale for a more integrated EU-level approach to supervision and distils common guiding principles. Chapter 5 assesses how integrated EU-level supervision could operate in practice, including governance considerations.

³ European Commission ([2025a](#), [2025b](#), [2025c](#)).

2 Charting Europe's supervisory architecture

Europe's supervisory landscape is highly heterogeneous, with multiple models of financial supervision and fragmented national arrangements. Six supervisory models can be identified, and EU Member States apply five of them – often in hybrid forms – resulting in 52 authorities and 16 distinct organisational set-ups. These differences also reflect historical evolutions in market structures as financial activities shifted from sectoral to increasingly integrated cross-sector markets, prompting waves of institutional reform both in Europe and internationally. Yet the EU's architecture remains fragmented, with banking supervision largely centralised for countries participating in the SSM, while non-bank supervision continues to rely on national authorities and limited EU-level mandates. A clear understanding of the different supervisory models is important to frame the discussion on EU capital markets supervision and assess which model, or combination of models, could underpin a future EU supervisory architecture.

2.1 Six models of financial supervision

Financial supervision spans four key objectives, and can be organised based on the sector or the supervisory objectives to which it is applied. The four objectives are: (a) micro-financial stability, focused on the safety and soundness of individual firms; (b) macro-financial stability, focused on the resilience of the financial system as a whole; (c) transparency and investor protection, to promote market discipline, tackle asymmetric information and ultimately ensure trust in the market; and (d) competition, to avoid excessive concentration and promote efficiency. In terms of organisation, some jurisdictions group responsibilities based on these four objectives, while others structure their institutional architectures along sectoral lines such as banking, insurance or securities markets. Several countries adopt mixed models that combine elements of both.

Overall, six organisational models for financial supervision can be identified, including hybrid structures, with varying degree of centralisation (Chart 3).⁴

Fragmented supervisory structures have the benefit of deep specialisation, but require stronger coordination arrangements across different authorities; integrated structures provide more comprehensive and cross-sectoral views of the market segments supervised, but can carry the risk of excessive concentration.

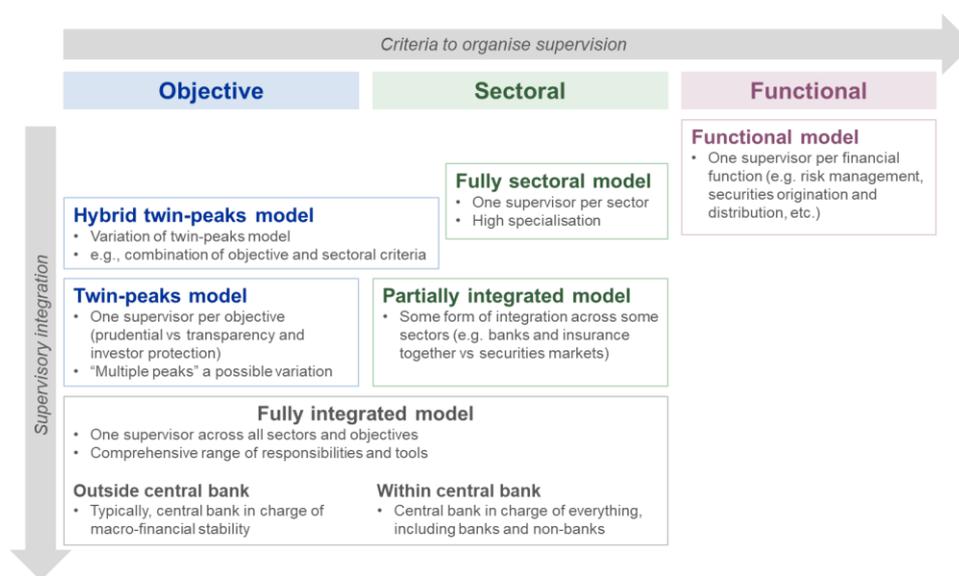
- **The fully sectoral model:** separate supervisors for each financial sector (e.g. banking, securities, insurance, pensions).

⁴ For an overview of supervisory models in the literature, see for example Di Giorgio and Di Noia (1999, 2003), Goodhart (2000), Herring and Carmassi (2008) and Taylor (1995).

- **The partially integrated sectoral model:** a single authority supervises more than one financial sector, but not all of them.
- **The twin-peaks model:** supervision is organised by objective, typically separating prudential objectives (financial stability) from those relating to transparency, conduct and investor protection.⁵
- **The hybrid twin-peaks model:** variations of the twin-peaks approach, including further splits (e.g. micro- vs macroprudential supervision), which may lead to more peaks.⁶
- **The fully integrated model:** all supervisory tasks are concentrated in one authority, inside or outside the central bank.
- **The functional model:** multiple authorities supervise specific functions across sectors⁷ (e.g. risk management, origination, distribution). Because of its complexity, this model has never been adopted in Europe.

Chart 3

Financial supervision models: a possible mapping



Source: ECB.

Supervisory architectures have evolved in response to increasing market integration and crises, moving from purely sectoral models towards more integrated – though still heterogeneous – supervisory arrangements. Until the 1980s financial markets were largely segmented along sectoral lines, with limited

⁵ This approach was originally labelled in the 1990s, following the seminal approach of Taylor (1995). In his framework, he separates financial supervision into two distinct pillars: prudential regulation and conduct of business regulation. The model argues that this functional split creates clearer mandates, reduces conflicts of interest, and enhances supervisory effectiveness across integrated financial markets.

⁶ See Di Giorgio and Di Noia (2003).

⁷ See Merton (1992).

cross-sector integration. Supervision mirrored this structure, following a traditional tripartition of the financial system into banking, insurance and securities – each overseen by a dedicated authority. As regulatory barriers were lifted and financial activities became cross-sectoral, many jurisdictions moved towards more integrated supervisory structures from the 1980s and 1990s onwards: this included single supervisory models (as in the UK with the Financial Services Authority)⁸ and twin-peaks models (as in the Netherlands).⁹ The 2008 global financial crisis triggered a further wave of reforms,¹⁰ generally strengthening the role of central banks,¹¹ and leading to new supervisory bodies. In the euro area, the establishment of the banking union assigned significant banking supervision responsibilities to the ECB, and led to the creation of three ESAs in 2011, in line with a sectoral approach: ESMA, EIOPA and the EBA.¹²

2.2 Mapping the financial supervision landscape in the EU

Europe’s supervisory landscape is highly complex, with Member States adopting diverse approaches that have resulted in 52 national authorities and 16 distinct organisational set-ups. Five of the six supervisory models identified above are represented (the functional model is the exception), but once hybrid configurations and different allocations of sectoral and objective functions are considered, the variety of structures expands markedly (**Chart 4**).

While most Member States have adopted a fully integrated model, the specific implementation of the same structure leads to important nuances and significant differences. 14 out of 27 EU countries have opted for a fully integrated model, while four have adopted a twin-peaks model or hybrid versions of this.¹³ Four have opted for a full sectoral model, and five have chosen a partially integrated

⁸ Single supervisors were generally housed outside the central bank, as in the case of the UK FSA. See [Masciandaro \(2007\)](#), who showed that the degree of supervisory integration was inversely proportional to the involvement of central bank in banking supervision (the “central bank fragmentation effect”). On the issue of separation or combination of monetary policy and banking supervision functions see for example [Goodhart and Schoenmaker \(1995\)](#).

⁹ Another reason was the potential to exploit economies of scale and reduce costs; see [Melecky and Podpiera \(2013\)](#).

¹⁰ See [Calvo et al. \(2018\)](#) for an overview of changes in financial supervision architectures after the global financial crisis.

¹¹ [Masciandaro and Romelli \(2018\)](#) found that systemic banking crises are important drivers of reforms to financial architectures and tend to lead to an increase in the role of the central bank in supervision. A clear example is the UK, where the Bank of England regained microprudential supervision of banks which it had lost with the creation of the FSA. In the United States the Federal Reserve was entrusted with supervisory powers over systemically important financial institutions, which include banks but may also include non-bank financial firms.

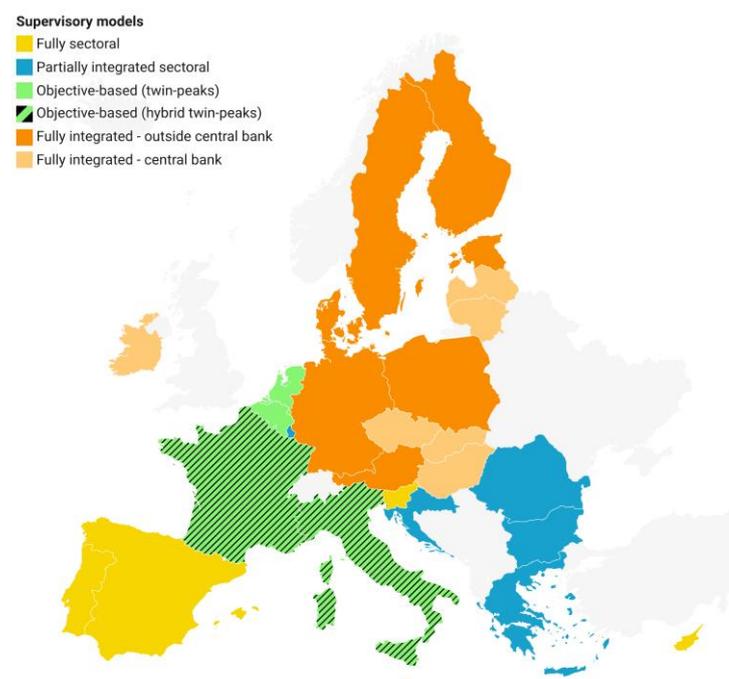
¹² See [de Larosière Group \(2009\)](#) for a detailed discussion of the design and implementation of the European System of Financial Supervision and the establishment of the ESAs. See [Committee of Wise Men \(2001\)](#) for an earlier blueprint for EU financial supervision which led to the establishment of CEBS, CESR and CEIOPS.

¹³ In Italy, Banca d’Italia is in charge of micro- and macro-financial stability of banks and insurance companies (through IVASS, which is housed within the central bank), while a different capital market supervisor, CONSOB, is responsible for transparency and conduct of business supervision. A separate entity, COVIP, is entrusted with the supervision of pension funds. Banca d’Italia and CONSOB supervise CSDs, CCPs, asset managers, investment firms, investment funds and trading venues. Similarly in France, the prudential and conduct of business supervision of entities is split between the central bank for banks and insurance firms, and AMF for other capital market players.

sectoral model with diverging set-ups.¹⁴ Despite these broad categories, supervisory architectures differ significantly in practice, notably in the allocation of responsibilities for CCPs, CSDs, CASPs and securities – including the role played by the central bank.

Chart 4

Fragmentation in the landscape of financial supervisors



Source: ECB elaboration of information available on websites of supervisory authorities. See Chart 5 for additional details.

This institutional fragmentation is mirrored in the sheer number of national supervisors, totalling 52 across the EU, with the addition of direct EU-level supervision for some specific activities.¹⁵ Chart 5 illustrates the allocation of supervisory responsibilities across national and EU authorities, and further highlights the wide variation in how Member States have implemented the supervisory models described above. The fragmented allocation of supervisory and regulatory powers between the national and EU levels adds a further layer of complexity. In banking, ECB banking supervision (the SSM) oversees significant institutions – though only in the euro area – while national competent authorities (NCAs) retain supervisory responsibility for less significant banks, and the European Banking Authority (EBA) provides EU-wide regulatory harmonisation through the technical and implementing

¹⁴ In Bulgaria, Croatia and Romania the central bank is responsible for banking supervision, while a separate authority supervises both securities and insurance/pension funds; in Greece the central bank supervises both banks and insurance/pension funds, while a different authority supervises securities markets; in Luxembourg an authority separate from the central bank is entrusted with the supervision of banks (for which, however, the central bank performs certain tasks) and insurance firms, while a separate supervisor is in charge of the securities sector.

¹⁵ This count includes supervisors of banking, insurance, pension funds, CSDs, CCPs, asset managers and funds, investment firms, trading venues, electronic money tokens (EMTs), asset-referenced tokens (ARTs), other crypto-assets and CASPs, but excludes anti-money laundering/combating the financing of terrorism (AML/CFT) and financial sanctions supervisors. For a more comprehensive and detailed overview of national supervisors, see Chart 5.

standards of the Single Rulebook.¹⁶ In capital markets, ESMA shares similar responsibilities to the EBA in terms of technical and implementing standards of the Single Rulebook, while also directly supervising a limited set of entities such as rating agencies, trade repositories and benchmark administrators; all other market participants remain under national supervision, with the additional involvement of the ECB¹⁷ in the oversight of CCPs (including certain third-country CCPs). In the crypto-asset sphere, the EBA will supervise significant e-money and ARTs issuers, whereas other entities regulated by MiCAR¹⁸ fall under national authorities.¹⁹ Finally, insurance and pension firms remain nationally supervised, with EIOPA only responsible for regulatory convergence.

¹⁶ The terms “regulation” and “supervision” refer to two different functions. However, typically a supervisory authority is also entrusted with some form of regulatory functions, for example via technical standards implementing primary legislation and supervisory practices. For simplicity, the term “supervisor” will be used in this paper in most cases.

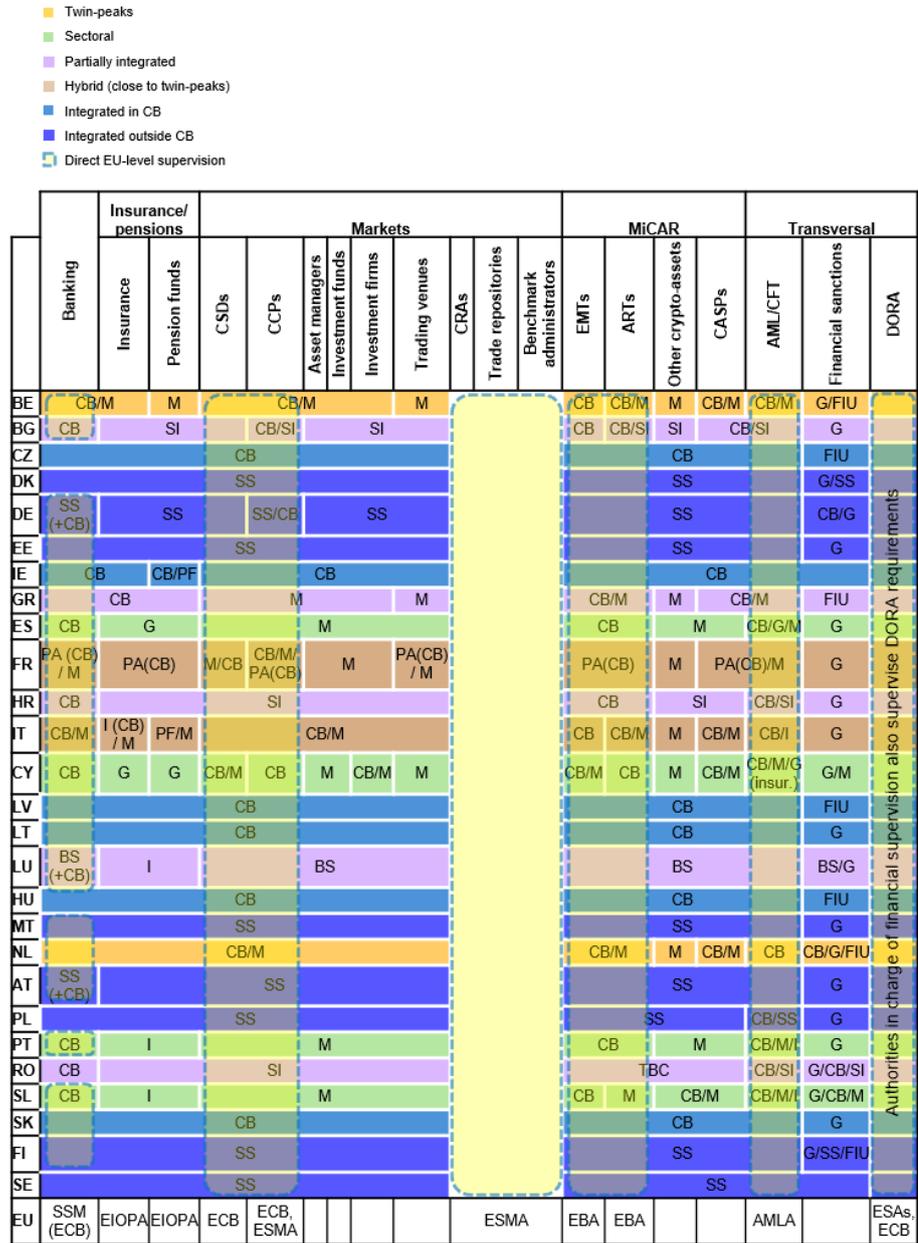
¹⁷ This involvement takes place via the ECB’s central bank of issue (CBI) mandate, as defined by the European Market Infrastructure Regulation (EMIR), notably Article 24b thereof, which lists the areas of competence of CBIs.

¹⁸ Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Text with EEA relevance) (OJ L 150, 9.6.2023, p. 40).

¹⁹ As per MiCAR, an EMT is a crypto-asset aiming to maintain a stable value by referring to one single official currency. An ART is a crypto-asset that aims to maintain a stable value by referencing multiple assets, which can include currencies, commodities, crypto-assets, or combinations thereof. “Other crypto-assets” are crypto-assets that are not EMTs, ARTs, tokenised financial instruments or exempt assets. Finally, CASPs are businesses providing one or more crypto-asset services (e.g. brokerage, custody, wallet provision, trading platform operator) to clients on a professional basis within the EU.

Chart 5

Charting the supervisory architecture in the EU



Notes: CSDs stands for central securities depositories; CCPs stands for central counterparties; CRA stands for credit rating agencies; EMTs stands for electronic money tokens; ARTs stands for asset-referenced tokens; CASPs stands for crypto-asset service providers; AML/CFT stands for anti-money laundering/combating the financing of terrorism; DORA stands for the Digital Operational Resilience Act; SS stands for single supervisor; CB stands for central bank; M stands for markets supervisor; I stands for insurance supervisor; BS stands for bank and securities supervisor; SI stands for securities and insurance supervisor; PA stands for microprudential authority; PF stands for pension funds supervisor; G stands for government entity; FIU stands for financial intelligence unit. TBC indicates authorities which still need to be formally designated by the Member States as required by MiCAR. Source: ECB elaboration of information available on websites of supervisory authorities.

Box 1. Past attempts to revise supervisory arrangements – the ESAs review

The 2019 ESAs review introduced targeted changes to the functioning of the EBA, ESMA and EIOPA, building on recognition of the need to strengthen EU-level supervision. The European

Supervisory Authorities established in 2011 were mandated with fostering the single rulebook and promoting supervisory convergence. ESMA was also entrusted with direct supervisory powers for a limited set of entities, notably credit rating agencies and trade repositories. Despite this progress, the Commission identified the need to further enhance consistency and convergence across Member States – and proposed a review of the supervisory arrangements.

The review introduced targeted and largely incremental measures to strengthen supervisory convergence and governance, but fell short of the more far-reaching proposals envisaged by the Commission. The key elements covered by the review include:

- **enhanced supervisory convergence**, including through the peer review process, strategic supervisory priorities and an EU supervisory handbook with additional explicit rules (like “no-action” letters and Q&A);
- **stronger ESA governance**, for example in cases of a breach of Union law, conflicts of interest or the role of the ESA chairs. However, these changes were only minor compared to the original proposal, which aimed at enhancing the independence of ESA decision-making from national supervisors by creating an Executive Board and reviewing the financing framework;
- **better monitoring of the independence of national supervisors**, through a dedicated task assigned to the ESAs;
- **wider scope for ESMA direct supervision**, which was expanded to include benchmark administrators, providers of data reporting services and systemic third-country CCPs;
- **stronger consumer protection**, including by coordinating mystery shopping, developing retail risk indicators, analysing consumer trends, and establishing the ability to conduct inquiries into threats to consumer and investor protection.

While the 2019 ESAs review confirmed the continued case for stronger EU-level supervision of capital market players, it showed that concerns about preserving national prerogatives ultimately constrained the scope of the reform.

International experience shows that supervisory architectures can remain relatively streamlined even in large and complex financial systems. In Japan, a single supervisor outside the central bank – the Financial Services Agency – oversees the entire financial sector, while the Bank of Japan conducts on-site inspections. In Australia, supervision follows a “three-peak” model, where the central bank is responsible for macro-financial stability, the Australian Prudential Regulation Authority (APRA) is in charge of microprudential supervision, and the Australian Securities and Investments Commission (ASIC) is responsible for consumer protection and market integrity.²⁰ Even the structure of supervision in the United States is relatively less complex than in Europe, despite also including the interactions between federal and state level (see Box 2).

²⁰ The Japanese FSA was established in 2000 by a merger of previous entities, while the APRA and ASIC started to operate in 1998, when Australia moved to a three-peak model.

Box 2. Capital market supervision in the United States and Europe

The supervisory architecture in the United States is fragmented and displays unique features that do not fit into any of the six supervisory models. Despite some targeted rationalisation after the 2008 global financial crisis (like the abolition of the Office of Thrift Supervision), oversight responsibilities are still shared across multiple federal and state authorities. They include the Federal Reserve (Fed), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Securities and Exchange Commission (SEC) and the Commodities and Futures Trading Commission (CFTC), alongside state regulators and industry self-regulatory organisations (like the Financial Industry Regulatory Authority, FINRA). Functions are assigned based on several factors, such as an institution's licence (state or federal), its legal form, and the nature of its activities. As a result, the supervisory framework does not neatly follow a sectoral, functional, or objective-based model: for instance, the Fed and FDIC hold prudential and conduct powers over banks, while the SEC focuses on transparency and investor protection for capital market entities yet also supervises all issuers, regardless of sector.

Despite this complexity, capital market supervision is much more centralised in the United States than in the EU. The SEC and the CFTC are the two key authorities: the SEC supervises securities markets, while the CFTC is in charge of derivatives and commodities. Despite the role played by other bodies (e.g. state regulators and industry self-regulatory organisations), the system has a strong degree of centralisation at the federal level. The complexity in Europe has no equivalent in the United States, due to the different roles of the supervisory authorities in each Member State and the regulatory and supervisory powers exercised by ESMA at the EU level.

The scope and powers of the SEC are substantially stronger than for ESMA. Table A compares the two authorities in four dimensions: scope of the supervised entities, powers, governance and decision-making, and coordination with other authorities.

- **In terms of scope, the SEC is responsible for supervision of all capital markets players**, including issuers, broker-dealers, exchanges, asset managers and clearing agencies. The SEC shares supervisory responsibilities with other authorities, depending on the type of entity and business (e.g. the Fed for banks and the CFDC for derivatives and commodities). In the EU supervisory powers are mostly in the hands of national authorities, with a very few exceptions for ESMA (including credit rating agencies, trade repositories, benchmark administrators and systemic third-country CCPs).
- **In terms of governance, the SEC's decision-making body is composed of five Commissioners, including the Chair, appointed by the President and confirmed by the Senate.** The SEC has 11 regional offices across the country but there is no shared governance with state regulators, and decision-making is therefore centralised. Conversely, ESMA's decision-making body is the Board of Supervisors, which is occupied by national supervisors. Therefore, not only do national authorities play the dominant role in capital markets supervision in the EU – they also have the lion's share of positions when it comes to taking supervisory decisions within the EU authority.

Table A

Comparison between ESMA (current and proposed) and the US SEC

	ESMA (current)	ESMA (proposed)	US SEC
Firms in scope	Direct supervision only of certain players, e.g. credit rating agencies, repositories, benchmark administrators, systemic third-country CCPs.	Additional direct supervisory powers over significant EU trading venues, CCPs, CSDs, and CASPs. NCAs still supervise most entities.	All capital markets players, including issuers, broker-dealers, exchanges, asset managers, clearing agencies, etc. (shared with other authorities, e.g. the Fed, the CFTC, FINRA and others)
Powers	(i) Over directly supervised entities: prudential powers, conduct of business, investigations, requests for information, inspections, sanctions. (ii) Over other non-directly supervised entities: supervisory convergence, e.g. standards/guidelines/opinions/peer reviews. No inspections/fines.	(i) Over directly supervised entities: prudential powers, conduct of business, investigations, requests for information, inspections, sanctions. (ii) Over other non-directly supervised entities: New supervisory convergence powers, e.g. opinions in cases of serious supervisory failure, suspension of cross-border services if serious law infringements. New supervisory convergence powers for the largest asset managers, incl. periodical reviews to address weak practices and remove barriers.	Investor protection, incl. conduct of business, transparency, market abuse, civil penalties. Prudential supervision on CCPs/CSDs and on other firms in scope. Can take action against both entities and individuals for violations of securities law, including fines, civil lawsuits, bans and other penalties. Can assist Department of Justice in criminal prosecutions.
Governance and decision-making	Board of Supervisors (with NCAs; COM/EBA/EIOPA/ESRB have no voting rights). Simple majority voting; qualified majority for standards and guidelines.	New Executive Board with five independent members + ESMA Chair: direct supervision tasks. Simple majority; BoS can object to EB decisions.	Five Commissioners, including the Chair, appointed by the President and confirmed by the Senate. No shared governance with state regulators. 11 regional offices across the country.
Collaboration between authorities	Multi-layered EU–national system: ESMA + 27 NCAs + EU institutions (incl. ECB and ESRB). Cooperation with Tier 2 CCP supervisors.	Cooperation arrangements between ESMA and relevant authorities, in various possible forms (e.g. JSTs, joint inspections, operational coordination, etc.). Relevant authorities include various national authorities as well as ECB and other (non-euro) central banks of issue. NCAs still members of BoS. Cooperation with Tier 2 CCP supervisors.	Collaboration with numerous other bodies, incl. the CFTC (incl. co-regulation), the Fed, the FDIC, the OCC (for banks with securities activities). Shared responsibilities at federal level: (i) Joint oversight of systemically important FMUs (i.e. significant CSDs/CCPs) with the Fed; (ii) derivatives products mostly supervised by the CFTC. Shared responsibilities with self-regulatory organisations, e.g. FINRA works under the SEC’s oversight to implement rules and standards for broker-dealer conduct. State regulators responsible for anti-fraud enforcement.

A lower level of complexity – closer to the US system – could be achieved if ESMA receives additional powers as envisaged in the December 2025 proposal tabled by the European Commission. They include the following (more details are available in Annex III):

- **Direct supervisory powers and scope.** ESMA would receive a wide range of direct supervisory powers (prudential, conduct of business, inspections, sanctions) over additional entities, namely significant trading venues, CCPs, CSDs, standalone CASPs and entities authorised under another licence whose main business is the provision of crypto-asset services (with a carveout for CASPs under banks);
- **Supervisory convergence.** ESMA would gain new supervisory convergence powers, including for large and cross-border asset managers (while their direct supervision remains national);

- **Governance:** ESMA's decision-making would become more centralised and independent, with a new Executive Board composed of five independent members plus the ESMA Chair, entrusted with direct supervision tasks and decisions. The Board of Supervisors would retain its regulatory powers and have the ability to object to decisions by the Executive Board.

Overall, the arrangements for capital markets supervision in the United States and the EU display important structural differences. Despite its complexity, the US supervisory framework is underpinned by a strong central, federal layer, which provides an effective and comprehensive oversight of capital markets, while co-existing with a multiplicity of bodies at state level. The current arrangements in Europe present a stratification of responsibilities that has no equivalent in the United States. The proposed reform of ESMA could promote higher EU-level integration of supervisory powers by strengthening the central layer, while continuing to rely on local authorities. However, this would not result in a system comparable to the United States due to structural differences in the institutional architecture and the role of national supervisors in EU Member States.

2.3 Pitfalls of the current supervisory architectures in Europe

The current supervisory framework could be improved in terms of efficiency and effectiveness, and is not conducive to deeper financial integration.

Fragmented mandates, divergent national practices and inconsistent implementation of EU rules undermine coherent oversight and create unnecessary complexity for cross-border activities.

First, the current supervisory framework may lead to risks being overlooked, especially those stemming from cross-border spillovers, as past experience in the banking sector has shown. NCAs' mandates focus primarily on domestic risks. ESMA monitors cross-border developments, but it currently lacks the supervisory mandate to act for most capital market players. The absence of an EU-level supervisor can lead to coordination failures, as seen in the banking sector prior to the creation of the SSM, and it is increasingly misaligned with the growing cross-border activities of financial firms. For instance, in the case of market infrastructures, supervisors can be overly concerned with preserving a market infrastructure's ability to protect itself, rather than the stability of its participants and the markets it serves. Moreover, diverging regulations, uneven implementation of common rules, regulatory arbitrage and differing enforcement practices further amplify financial stability risks during periods of stress.

Second, the European set-up undermines simplification and efficiency, as inconsistent application and enforcement of EU rules create unnecessary complexity and operational frictions for cross-border firms. Divergent supervisory approaches – such as in CCP model approvals or CSD outsourcing and passporting requirements – results in a *de facto* fragmented rulebook that raises compliance costs and regulatory uncertainty. For large cross-border groups operating under multiple licences, this fragmentation creates significant bureaucratic burdens and supervisory costs, while also generating competitive disadvantages

between EU-supervised banks and large, cross-border non-bank financial institutions that remain under national supervision, ultimately enabling regulatory arbitrage. Fragmentation also prevents firms from achieving scale efficiently in their home market, constraining their ability to compete internationally.

Third, the current supervisory architecture hampers financial integration, as national rules, practices and divergent implementations of EU legislation are not conducive to convergence and harmonisation. While national flexibilities can support subsidiarity and reflect local specificities, divergent supervisory approaches and the involvement of multiple national and EU authorities force cross-border groups to engage with numerous supervisors, discouraging cross-border expansion. This fragmentation is also evident in new market segments, as illustrated by MiCAR: despite the inherently cross-border nature of crypto-asset activities, supervisory responsibilities largely remain national, leading to widely differing mandates across Member States. Some jurisdictions rely on a single supervisor for all crypto-assets and related services, whereas others split responsibilities across central banks, securities regulators, insurance supervisors and market conduct authorities; the opportunity to harmonise supervision from the outset has been missed. Finally, even harmonised rules can only be applied uniformly across the Union through a single supervisor.

There is increasing openness to stronger EU-level supervision, but this progress will only be effective if pursued in a consistent and unified manner. Recent initiatives point in this direction: under MiCAR, the EBA directly supervises significant EMTs and ARTs; in the AML/CFT framework, AMLA has been created as a direct supervisor alongside national authorities; and the digital operational resilience rules assign important responsibilities to the EU level, including the ECB and the ESAs, while relying on existing sectoral supervisors for day-to-day supervision. Yet these steps will deliver their full benefits only if integration is systematic and coherent; otherwise, partial reforms risk adding to institutional complexity rather than reducing it.

3 EU capital market players: a mapping

Important differences persist across and within capital market sectors, underlying the need for a proportionate yet more unified supervisory framework. CSDs remain highly heterogeneous, with a few large, cross-border players alongside smaller ones operating mainly domestically. Likewise, CCPs can be broken down into multi-product, cross-border clearing houses which account for most systemic risk, and other entities that mostly clear national markets. The asset management sector is large, rapidly expanding and strongly cross-border – with activity concentrated in just a few EU hubs – yet also fragmented, with many small funds lacking economies of scale. CASPs, in turn, represent a fast-growing and inherently cross-border market segment, with many firms offering multiple crypto-services and/or operating crypto-business alongside traditional financial services, across numerous jurisdictions. Taken together, these developments highlight the mismatch between the increasingly integrated structure of EU capital markets and the predominantly national supervisory set-up.

Chart 6

Overview of capital market players in Europe

<p style="text-align: center;">CSDs</p> <ul style="list-style-type: none"> • 34 CSDs • Heterogeneity in cross-border importance and size across the sector • College of supervisors mandatory for CSD activities above 15% threshold in at least two host Member States • 7 CSDs of substantial importance (per ESMA) 	<p style="text-align: center;">CCPs</p> <ul style="list-style-type: none"> • 14 CCPs, active in different products. Only 4 with > EUR 10 billion initial margin • Large CCPs have significant cross-border participation; interoperability links (within and outside EU) are key
<p style="text-align: center;">Asset managers</p> <ul style="list-style-type: none"> • Ireland and Luxembourg are investment hubs: diversified investor base, invest across the EU and outside • Concentration: 15 asset managers represent half of euro area fund assets • Specificities: growing fast, role in financing economy, interconnectedness with banking sector, barriers in rulebook prevent scaling of funds 	<p style="text-align: center;">CASPs</p> <ul style="list-style-type: none"> • Fast growth: 94 licenses granted in 12 Member States, expected to reach 460-610 by mid 2026 • Inherently cross border: 62 authorized CASPs intend to operate in 7+ countries (passporting) • Risk of regulatory arbitrage and supervisory competition
<p style="text-align: center;">Trading venues</p> <ul style="list-style-type: none"> • 295 authorised trading venues + 180 systematic internalisers (end-2023) • Concentration: Germany, France and the Netherlands host 41% of venues • Specificities: trading venues display a high degree of fragmentation and national segmentation. Even for cross-border groups, each venue needs to be authorised locally and is subject to national supervision 	

Source: ECB.

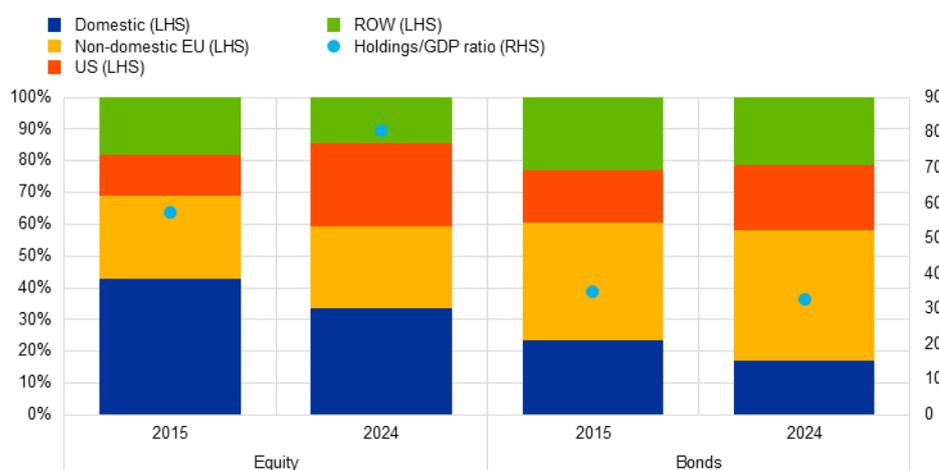
3.1 Mapping the EU non-bank financial sector

Non-bank financial intermediaries (NBFIs)²¹ have significantly expanded their activities over the past decade, deepening their role in Europe’s financial system and increasing their systemic relevance. The relative size of European NBF asset holdings rose from 92% of GDP in 2015 to 113% in 2024, reflecting sustained growth in non-bank activities (**Chart 7**). Most of this increase has been driven by the expansion of firms’ equity (rather than bond) portfolios.

This rise in NBF cross-border activity has been mainly driven by growing exposure to non-EU equity markets, with intra-EU positions remaining broadly unchanged. The share of NBFs’ cross-border equity holdings increased from 57% in 2015 to almost 70% in 2025. Looking at the geographical composition, most of this change is due to increased equity investments in US markets. Conversely, intra-EU cross-border positions have remained broadly stable, at around 30% of firms’ equity exposures. Bond exposures exhibit a rather different trend, as they have remained mostly unchanged over the past ten years in terms of total holdings, portfolio share and composition, with only a small increase in US and intra-EU holdings.

Chart 7
EU NBFs: equity and bond holdings

Left-hand scale: as percentage points of holdings; right-hand scale: as percentage of EU GDP



Source: ECB calculations based on SHSS, Eurostat

Note: The chart displays the equity and bond holdings of EU NBFs, broken down by asset class (equity vs bonds), location of the issuing entity (domestic, non-domestic within the EU, US, rest of the world). The chart also shows the overall holdings of EU NBFs as a percentage of EU GDP (right-hand scale). The NBF sector is defined as money-market funds, investment funds, insurance companies, pension funds and other financial intermediaries.

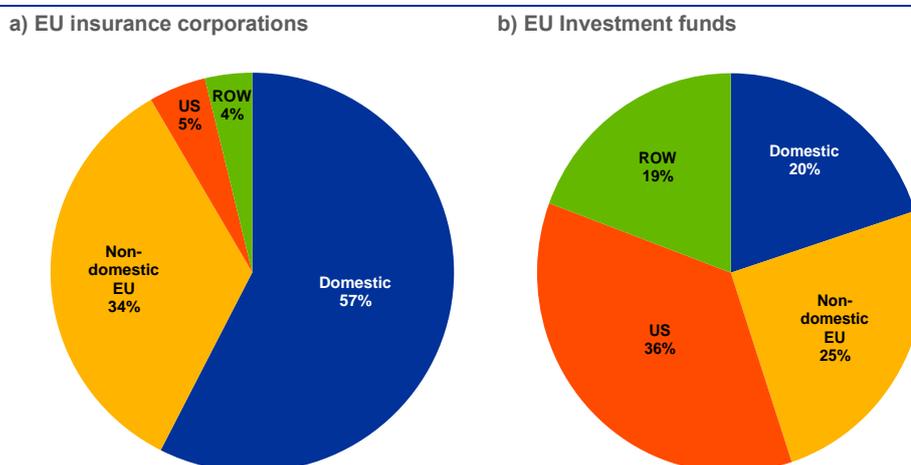
The aggregate trends in terms of cross-border exposures mask important sectoral differences. Investment funds exhibit the strongest cross-border orientation: 80% of their equity portfolios are invested abroad, and more than half of these exposures are directed to non-EU issuers. By contrast, insurance corporations

²¹ This section analyses the aggregate portfolio holdings of EU NBFs, defined as money-market funds, investment funds, insurance companies, pension funds and other financial intermediaries. Chapter 3.2 will focus on mapping EU non-bank actors, including market infrastructures, asset managers and CASPs, at entity level – where feasible.

maintain a strong domestic and EU investment focus, with 91% of their equity holdings issued within the EU and 57% domestically (**Chart 8**).

Chart 8

Equities held by insurance companies and investment funds, by geography (2024)



Source: ECB calculations, based on SHSS.
 Notes: the chart displays the equity holdings of EU entities, broken down by asset class (equity vs bonds), location of the issuing entity (domestic, non-domestic within the EU, US, rest of the world). The chart also shows the overall holdings of EU NBFIs over EU GDP (right axis). The NBFi sector is defined as money-market funds, investment funds, insurance companies, pension funds and other financial intermediaries.

These findings suggest there is significant scope to foster EU integration.

Despite a decade of policy efforts, intra-EU investment has not deepened meaningfully, whereas European institutional investors have increasingly channelled funds toward global markets.²² This divergence may be the result of different equity returns across the two sides of the Atlantic, but also points to the continued presence of barriers that limit the expansion of capital markets across borders within the Union. In addition, even within EU markets, substantial savings could be better mobilised by reducing cross-border frictions, supporting productive investments and market depth.²³

3.2 Mapping sectors at the entity level

A firm-level mapping of EU capital market players is essential to design an appropriate supervisory framework, as it reveals the wide variation in size, risk profiles and cross-border activity across institutions. Understanding whether cross-border operations are concentrated in a few large entities or widespread across an entire market segment is crucial: in the former case, targeted EU-level supervision may be sufficient, while in the latter, different types of supervisory frameworks, including centralised EU supervision at sectoral level, may be warranted. This granular perspective therefore helps ensure supervisory

²² See also [ECB \(2024b\)](#), Chapter 4.

²³ See [Arampatzi et al. \(2025\)](#).

arrangements are effective and aligned with the actual structure of EU non-bank capital markets.²⁴

3.2.1 Central securities depositories (CSDs)

Central securities depositories (CSDs) are financial market infrastructures responsible for the safekeeping, recording and settlement of securities. Under the CSD Regulation,²⁵ EU CSDs provide three core services: (i) a notary service, i.e. the initial recording of securities in book-entry form following issuance (often combined, when securities are issued in physical form, with safekeeping of the immobilised physical securities); (ii) provision and maintenance of securities accounts at the top level (“central maintenance service”), i.e. accounts are maintained for CSD participants, through which securities are typically held by end-investors, and (iii) operation of a securities settlement system (SSS), which allows for the transfer of securities between market participants. They can also provide ancillary services that support the functioning and efficiency of securities markets, such as processing corporate actions (e.g. dividend payments, stock splits, mergers), collateral management, or services to issuers. CSDs can also give participants access to securities issued in other CSDs via links, where one (“the investor CSD”) becomes a participant of the other (“the issuer CSD”).

The European CSD landscape is structured around a number of national firms and two international CSDs (iCSDs). Most Member States have a national CSD where most securities issued, especially shares, are recorded.²⁶ The persistence of this market structure despite the introduction of passporting and freedom of issuance is mainly due to legal barriers, as providing CSD services to a local market requires adapting legal documentation and operational processes to national corporate, securities and tax laws. Political and supervisory reasons also play a part, as national authorities see national CSDs as a key component of their financial sovereignty and autonomy. The two iCSDs (Euroclear Bank and Clearstream Banking Luxembourg) have fostered the development of an international bond market (the eurobond market) through which EU bond issuers can reach investors across the EU and beyond. Thanks to their banking licences, these CSDs can settle the cash leg of securities transactions in their own books in multiple currencies. Securities and corporate law barriers have not allowed for the development of a similar iCSD set-up for equity issues.

²⁴ The analysis covers CCPs, CSDs, CASPs, investment funds and asset managers. It does not include pension funds and insurance corporations, since these sectors were not in the scope of the Commission’s proposal on capital market integration and supervision. Trading venues are covered in Box 3 but not assessed in detail.

²⁵ Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1). According to Article 2(1)(1) CSDR, a CSD must operate a securities settlement system (i.e. provide the settlement service) and at least one other core service (notary service or central maintenance service). In practice, most CSDs offer all three core services.

²⁶ Exceptions include Ireland, which relies on Euroclear Bank for the issuance of Irish securities, and the Baltic countries, where a Latvian-based entity, Nasdaq CSD, provides services to the three national markets (Estonia, Latvia, Lithuania) and operates an SSS in each of them.

Despite the persistence of national silos, the CSD landscape has integrated to some extent through the emergence of pan-European groups and, as regards securities settlement, the launch of TARGET2-Securities (T2S). A large number of EU CSDs, including the two iCSDs and the largest national CSDs, are today part of one of three pan-European market infrastructure groups: Deutsche Börse, Euroclear and Euronext. This integration can allow CSDs to reap efficiency gains, depending on each group's strategy, through common IT platforms and shared services. Hurdles to such integration efforts can arise from supervisory expectations or national security legislation, e.g. to maintain a legal entity in each Member State and adequate resources and capabilities in each entity, or from national securities and tax laws requiring specific operational processes for each national market. Additionally, some CSDs belong to national public entities (including a few operated by central banks), consortia of local market participants, or third-country market infrastructure groups. Most EU CSDs are also connected to T2S, the settlement platform operated by the Eurosystem for securities settlement in euro and Danish krone. T2S has fostered the harmonisation of settlement processes across T2S CSDs, facilitated cross-border settlement (including through the establishment of CSD links in T2S) and allowed for liquidity savings. However, these benefits have been limited to settlement and have not extended to other CSD services, such as issuance and asset servicing.

The heterogeneity across CSDs can be captured by their economic significance, measured along two dimensions: size – proxied by the value of securities held – and cross-border relevance. The size metric employed in the analysis is the value of securities held in accounts by the CSD, which captures the volume and economic relevance of the securities under its custody.²⁷ This type of metric remains relatively stable over time and is a reliable basis for analysing the relative size of CSDs. Technical Annex III compares it with another size metric based on settlement activity, showing similar results.

The cross-border relevance of a CSD is determined by the number of host Member States in which the entity is of substantial importance. Draft regulatory technical standards developed by ESMA include criteria to determine which CSDs are of substantial importance for a host Member State. Under the CSDR Refit,²⁸ a supervisory college is mandatory for those CSDs that show activities above a 15% threshold in at least two host Member States (i.e. the “substantial importance” criterion). This threshold is applied across four different criteria reflecting various

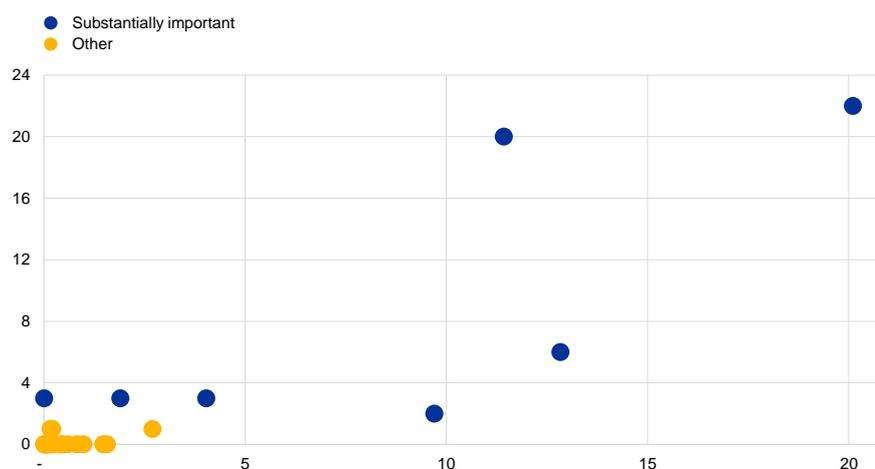
²⁷ Data obtained from the ECB's [Securities trading, clearing and settlement](#) statistics.

²⁸ See ESMA (2025a).

perspectives:²⁹ a CSD is of substantial importance in a Member State if it reaches the 15% threshold in at least one of these categories. The analysis considers the number of distinct countries in which a CSD is of substantial importance across the four different indicators (for example, if a CSD is above the 15% threshold for Member State A in settlement activity and for Member State B in value of securities held, then the CSD would be relevant for two Member States).

Chart 9

CSD entities by securities held by CSD and number of countries in which the CSD is of substantial importance



Source: ECB elaboration based on ESMA and ECB data.
Notes: Each dot represent a CSD, by value of securities held (x-axis, EUR trillions) and number of countries in which the CSD is of substantial importance (y-axis). Blue dots represent substantially important CSDs, which are cross-border relevant for two or more Member States other than their home country - i.e. entities with a value of two or above on the y-axis. Data relate to 2024.

Size and cross-border metrics highlight significant heterogeneity, with larger entities and iCSDs showing substantial cross-border importance and smaller CSDs primarily serving domestic markets. Chart 9 shows the relationship between the size of a CSD and its cross-border dimension, and highlights the heterogeneity in both metrics. First, a small number of CSDs are active in multiple EU countries other than their country of domicile, and these are generally also the largest in terms of size. Out of 34 EU CSDs, seven have been identified as of substantial importance by ESMA (blue-coloured markers): this cross-border relevance is not correlated with size and concerns both large and small CSDs. Furthermore, the two iCSDs are particularly active across borders and exhibit a high degree of pan-EU interconnectedness. Finally, a number of firms cluster close to the

²⁹ The four metrics employed under the CSDR Refit to determine whether cross-border CSDs qualify for a supervisory colleges are: 1) the share (in terms of market value) of financial instruments issued by issuers from a Member State centrally maintained in a CSD, relative to all instruments issued by issuers from the same Member State (reflecting the provision of notary services to issuers); 2) the share (in terms of market value) of financial instruments centrally maintained in a CSD for participants from a Member State, relative to all instruments held by participants from the same Member State (reflecting the provision of central maintenance services to CSD participants); 3) the share (in terms of value of settlement instructions) of financial instruments issued by issuers from a Member State centrally maintained in a CSD, relative to all instruments issued by issuers from the same Member State; 4) the share (in terms of value of settlement instructions) of financial instruments centrally maintained in a CSD for participants from a Member State, relative to all instruments held by participants from the same Member State (the latter two reflecting the provision of settlement services from the perspective of issuers and participants respectively).

intercept, displaying low overall activity and no or limited cross-border relevance. These CSDs typically serve small national markets, characterised by a primarily domestic business; in some instances, they are part of a larger cross-country CSD group.

3.2.2 Central counterparties (CCPs)

CCPs are financial market infrastructures that interpose themselves between buyers and sellers of financial contracts, effectively becoming the counterparty to both sides of a transaction. They play a pivotal role in financial markets as they mitigate counterparty risk, enable anonymous trading, and clear various financial transactions³⁰ through robust risk management and multilateral netting. CCPs mitigate counterparty credit risk by acting as a central hub that manages the counterparty risk inherent in financial transactions. By guaranteeing the performance of both sides of a trade, they ensure that even if one party defaults, the transaction will still be fulfilled, protecting market participants from cascading losses and systemic disruptions.

CCPs operate through a participation structure that distinguishes between direct clearing members and clients. Clearing members are typically large financial institutions like banks or brokers, who directly interact with the CCP, participate in the clearing process, exchange margins and contribute to the CCP default fund. Clearing members may also provide access to clients, such as smaller financial firms, institutional investors, or corporates, who trade but do not hold direct membership with the CCP.

CCPs are systemically important entities because they mitigate risk by collecting initial margins, and they clear high volumes of transactions, meaning their disruption could transmit losses and liquidity strains across the financial system. Initial margins are the upfront collateral that CCP members must post to cover potential losses if they default, and are a core component of CCPs' risk management frameworks (together with their capital and default funds). They are calibrated to cover the exposure of a CCP to its participants, based on an estimate of the potential losses it could face until it liquidates the defaulter's portfolio.³¹ However, while CCPs reduce bilateral counterparty credit risk, they increase systemic concentration risk, as a failure or operational outage would affect all participants in the markets they clear. Even without a default, CCPs can affect the system through procyclical increases in margin calls or by requiring additional resources from non-defaulting members when prefunded resources prove insufficient. Variation margins and the increase of margin requirements in the event of high volatility episodes can also amplify liquidity shocks market participants face.

³⁰ CCPs clear a range of financial transactions, including the securities (bonds and equities), exchange-traded and OTC derivatives, repos, commodities, energy products and related derivatives.

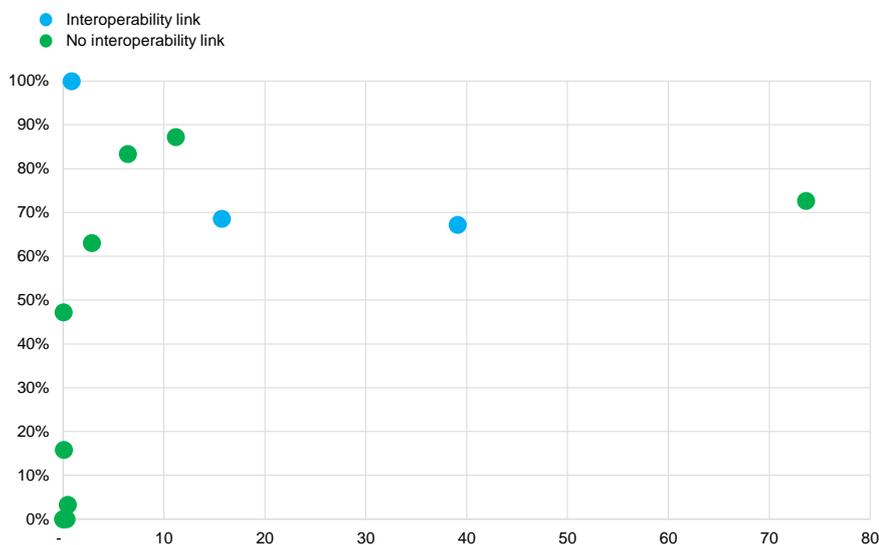
³¹ CCPs are also exposed to liquidity and credit risk arising from other factors, including exposures to other financial players such as banks acting as custodians and investment counterparties, or financial market infrastructures such as CDSs or interoperable CCPs.

While all CCPs are systemically important entities, their significance can vary depending on five factors.

- **The size of the risk they manage**, which is proxied by the prefunded resources they call from their members;
- **The volumes they clear**, which indicate the impact their potential disruption could have on the markets they operate in;
- **Concentration**, measured for instance by the market share of a CCP for a given market, as this can amplify the financial stability impact of a CCP's distress;
- **Interconnectedness with the financial system**, which increases the risk of contagion in the event of a CCPs' disruption. This depends on their size or membership and the number of venues and FMIs to which they are connected, including interoperability links to capture connections with other CCPs;
- **Cross-border activities**, which measure the share of clearing members from other jurisdictions and can be measured as the share of initial margins posted by foreign members.

Chart 10

CCPs: initial margin (x-axis, EUR billion) and share of cross-border margin posted by foreign members (y-axis, %).



Source: ECB, based on PQDs, EMIR and SFTDS data.
 Notes: EMIR/SFTDS information is not available for non-euro area CCPs. In this case, the percentage of foreign clearing members was employed as a proxy for the cross-border dimension. Data show are averages between the second quarter of 2024 and the first quarter of 2025.

The 14 CCPs that are authorised in Europe differ markedly in size, product scope and cross-border activity, leading to very diverse levels of systemic importance across the sector. EU CCPs range from large, multi-product clearing houses with broad European or global memberships to small ones that clear a limited range of products and serve mainly their domestic market. As shown in **Chart**

10, four CCPs have an extremely low share of margins posted by foreign members (below 20%), reflecting their limited cross-border role. This is linked to the historical fragmentation of European equity markets and the persistence of exchange-specific CCP silos. By contrast, CCPs clearing high volumes of financial derivatives and securities financing transactions collect substantial initial margins and exhibit strong cross-border participation, underscoring their greater systemic footprint. For instance, between the second quarter of 2024 and the first quarter of 2025 Eurex AG (Germany) and LCH SA (France) collected average daily margins of about €74 billion and €40 billion respectively, compared to an EU average of €10 billion.

Interoperability links between CCPs are relevant indicators to capture the systemic importance of a CCP, and three relevant cases exist in Europe.³² The interoperability link between LCH SA (France) and Euronext Clearing (Italy) is a relevant example: according to the [ESRB Risk Dashboard 2025](#), interoperability-related initial margins represented around 20% of total margins at Euronext Clearing and 10% at LCH SA as of the fourth quarter of 2024, underscoring their relevance from a risk perspective. A further example is Cboe Clear Europe (of the Netherlands), which exhibits strong cross-border participation and connections to two non-EU CCPs through interoperability links: LCH Ltd (UK) and SIX Clear (Switzerland).

3.2.3 Asset managers and funds³³

Asset managers are firms responsible for managing investment portfolios on behalf of individuals or institutions. Each fund represents an investment vehicle, while asset managers are the firms managing those funds. They allocate capital across various asset classes, such as equities, bonds, real estate and alternative investments, aiming to achieve specific financial goals and optimise returns while managing risks. Funds, like mutual funds regulated under the Undertakings for Collective Investments in Transferable Securities (UCITS) Directive,³⁴ alternative investment funds (AIFs) or exchange-traded funds (ETFs), pool investors' money to create diversified portfolios managed by asset managers.

These entities channel savings into productive investments and are therefore instrumental for the objective of the SIU. Asset managers' activity is to allocate capital across borders – which is key in light of the large financing gaps identified by the Draghi report³⁵ to enhance Europe's productivity. The European asset management sector is growing fast and playing an increasing role in the financing of the real economy. Over the past decade assets under management have nearly

³² For a list of interoperability arrangements between CCPs in Europe see [ESRB \(2019\)](#).

³³ This section is based on [Ceh et al. \(2026\)](#).

³⁴ Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast) (Text with EEA relevance) (OJ L 302, 17.11.2009, p. 32).

³⁵ See [Draghi \(2024\)](#).

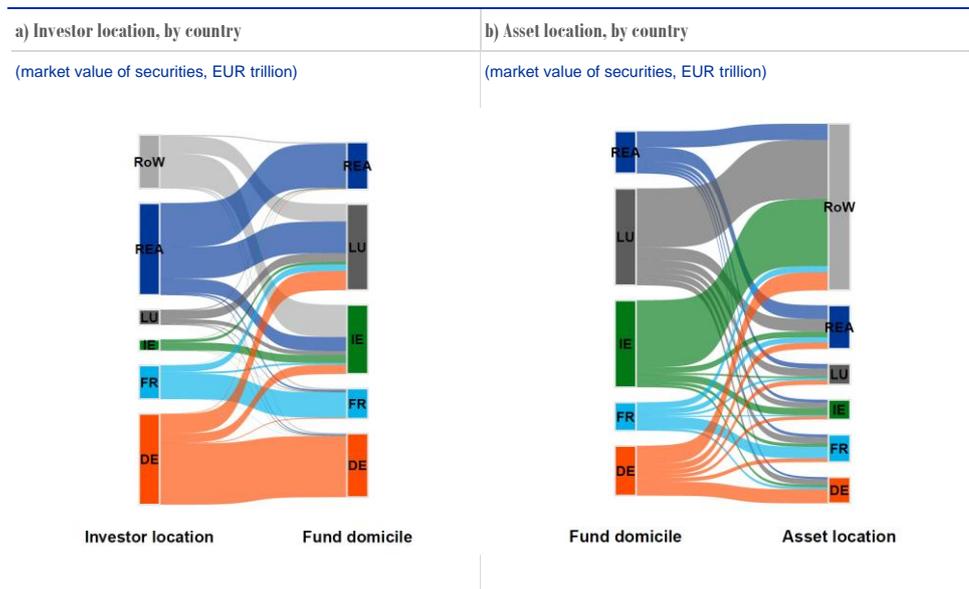
doubled, now surpassing €20 trillion. These trends are likely to increase in view of the SIU agenda.

The European asset management and funds sector is inherently a cross-border industry. Chart 11 illustrates the capital flows from investors to financial assets, passing through the European funds, which are at the centre. Luxembourg and Ireland host the majority of funds and act as European hubs linking geographically diversified investors and markets. Luxembourg is the largest investment fund domicile in Europe and one of the largest globally. It is a dominant hub for UCITS, which are primarily targeted at retail investors, and is also a leading domicile for AIFs, which cater to institutional and professional investors. Ireland is the second-largest investment fund domicile in Europe and is more strongly focused on international wholesale activities – which explains the prominent role of AIFs. The funds located outside these two hubs serve a largely domestic investor basis.

Asset managers invest in assets throughout Europe and beyond. The capital invested in European funds is allocated to assets across the EU, but a large share is also invested in the rest of the world, highlighting the sector integration within the global financial system (Chart 11).

Chart 11

Cross-border activity of funds domiciled in the euro area



Source: SHSS, ECB securities holdings statistics and sectors (third quarter of 2025).
 Notes: (a) Source of capital/investors location of securities issued by the EU investment fund sector, by domicile/area; (b) Location of assets held by the EU investment fund sector, by domicile/area. Asset and liability figures do not fully align, as the data cover only securities of resident investment funds and exclude non-securities positions.

The concentration of the European fund sector in a few hubs offers both advantages and risks. Ireland and Luxembourg are attractive fund domiciles owing to favourable tax regimes and flexible, specialised fund structures. As an example, delegation frameworks – such as Luxembourg’s permission for AIFMs to outsource portfolio or risk management while retaining oversight – enable managers to centralise decision-making while leveraging global networks. Over time, both

countries have developed a skilled workforce and a strong network of financial services, further enhancing their appeal as fund domiciles. On the positive side, these hubs benefit from specialised expertise and economies of scale, enabling them to attract European and global investors. However, this concentration also carries risks, such as over-reliance on a limited number of jurisdictions, which could amplify vulnerabilities during economic disruptions.³⁶ Additionally, centralisation may limit the growth of fund management capabilities in other EU Member States where such markets are currently under-developed.

While management of assets is concentrated in a limited number of countries in the EU, the funds landscape itself is fragmented. The UCITS and AIFMD³⁷ passporting regimes enable cross-border distribution of investment funds in the EU but have not reached their full potential. Divergent national rules, inconsistent interpretation of EU legislation and additional local requirements imposed by national authorities reduce their efficiency and effectiveness. These frictions increase costs, limit the scalability of distribution models and restrict investors' access to cross-border investment products.³⁸ As a result, the EU hosts around 1,700 UCITS management companies and 4,500 authorised AIFMs. European funds are on average smaller and benefit less from economies of scale than US mutual funds: at the end of 2023, the average UCITS held €356 million in net assets, compared with €2.6 billion for the average US mutual fund,³⁹ further contributing to higher costs.⁴⁰

3.2.4 Crypto-assets service providers (CASPs)

Crypto-assets service providers (CASPs) are a new class of financial intermediaries that offer a broad range of services related to crypto-assets.

While they have operated under national law for several years, CASPs are regulated under MiCAR, which entered into force in 2024, establishing a regulatory framework for entities performing activities such as custody and administration of crypto-assets, operating trading platforms, exchange services, offering advice on crypto-assets or executing orders on behalf of their clients. MiCAR provides an EU-wide definition of CASPs and sets out requirements on prudential, investor protection, market integrity and financial stability regulation. Although this regime is directly and uniformly applicable across the EU by virtue of the status of a Regulation, the NCAs designated by each EU Member State are currently responsible for authorising and supervising CASPs operating in its jurisdiction. While ESMA has a coordination role and AMLA (until recently, the EBA) has a specific AML/CFT supervisory role, responsibilities lie primarily at national level.

³⁶ See [FSC high level task force on NBFIs \(2024\)](#).

³⁷ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations, EC No 1060/2009 and (EU) No 1095/2010 Text with EEA relevance (OJ L 174, 1.7.2011, p.1).

³⁸ See [ESMA \(2025b\)](#).

³⁹ See [Investment Company Institute \(2025\)](#).

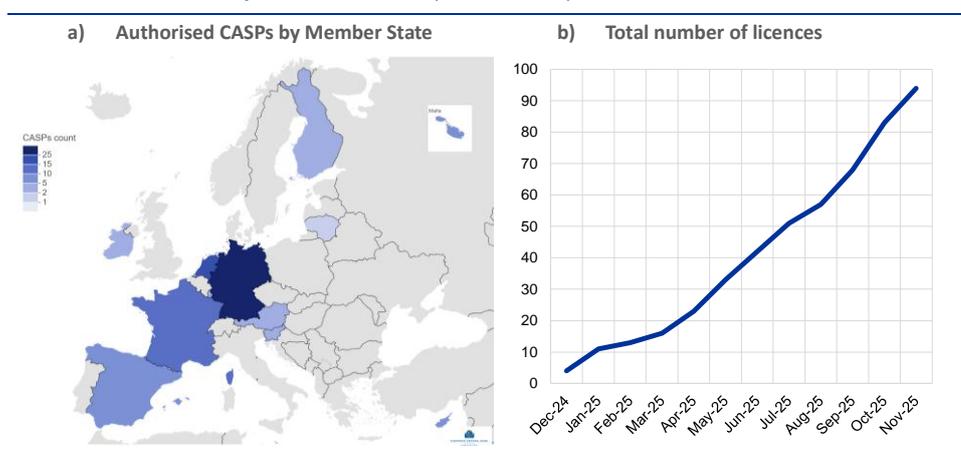
⁴⁰ See [ESMA \(2024\)](#) on the costs and performance of EU retail investment products. UCITS remain, on average, much smaller than US funds, which partially explains the substantial differences in the fund cost levels observed between the EU and the United States, since larger funds tend to have lower ongoing costs.

CASPs' business is structurally cross-border in a fast evolving market. Their services are typically offered digitally and accessed by clients across multiple jurisdictions. The passporting regime allows a CASP licensed in one Member State to provide its authorised crypto-asset services across the whole EU on a cross-border basis. It is also a sector characterised by fast-paced innovation and frequent entry by new businesses, making it highly dynamic and globally interconnected. Additionally, the integration of CASP activities with other regulated services (e.g. the transfer of e-money tokens on behalf of clients, along with the related custody, administration and wallet services) gives rise to an interplay between MiCAR and the EU payments service framework,⁴¹ further underlining the cross-border and integrated nature of this market segment. The scope of activity of CASPs is developing continuously, and they have for instance been proposed for inclusion in the DLT (distributed ledger technology) pilot.

As of 25 November 2025 there were 94 CASPs authorised by 12 different NCAs, with many more authorisations expected in the short term (Chart 12).⁴² ESMA and NCAs expect that between 460 and 610 CASPs will hold a MiCAR licence by the end of the grandfathering period,⁴³ after which MiCAR will be the sole regulatory framework applicable for crypto-assets services.⁴⁴ Initial observations seem to be consistent with a steady number of authorisations over 2025 (Chart 12b).

Chart 12

Authorised CASPs by Member State (cut-off date) and over time



Source: ECB elaboration based on the ESMA interim MiCAR register as of 25 November 2025.

⁴¹ While the transfer of e-money tokens on behalf of clients and related custody, administration and wallet services are regulated under MiCAR, e-money tokens themselves qualify as “funds” under Article 4(25) of the Revised Payment Services Directive (PSD2), giving rise to an interplay between MiCAR and PSD2, as also clarified by [European Banking Authority \(2025\)](#).

⁴² MiCAR stipulates that CASPs must be authorised by an NCA, while the passporting regime allows them to extend their services across borders. Under MiCAR, entities can become CASPs either by obtaining full CASP authorisation from their home supervisor (Article 59) or, if already licensed under EU financial legislation (e.g. MiFID), by providing equivalent crypto-asset services through a simplified notification process (Article 60). Thanks to the passporting regime, once licensed in one Member State, a CASP can provide its authorised crypto-asset services across the whole EU, without separate licences in host jurisdictions: this mirrors the single-licence model for other EU financial services.

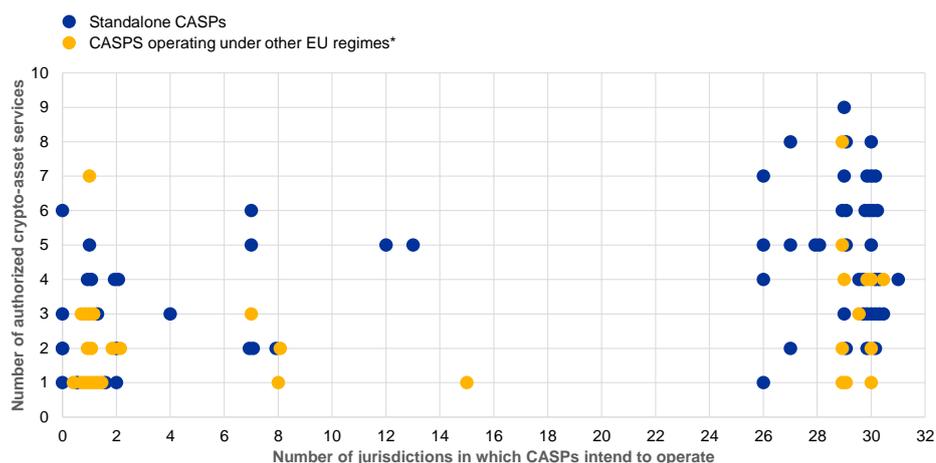
⁴³ The duration of this is decided by each NCA, with a maximum of 18 months ending on 1 July 2026; see the [ESMA list](#) of grandfathering periods decided by Member States.

⁴⁴ Several Member States have already ended this period (Latvia, Hungary, Netherlands, Poland, Slovenia, Finland Sweden)

A large share of authorised CASPs already have a pronounced cross-border profile, while offering a number of different crypto-asset services. 62 out of 94 CASPs intend to operate in seven or more Member States, of which 47 plan to operate across the entire EU.⁴⁵ 44 out of 94 CASPs are authorised to provide four or more distinct crypto-asset services. At the same time, these services differ substantially in their economic importance and prudential relevance, with activities such as operating a trading platform and providing custody for client assets being riskier than, for example, pure advisory functions. Taken together, this points to a business model that is inherently cross-border, and that can integrate different crypto-related services. This has been highlighted by the Financial Stability Board,⁴⁶ which pointed to the critical role of multifunction intermediaries in the crypto-asset ecosystem and their ability to exacerbate structural vulnerabilities in those markets, as illustrated during the 2022 crypto-asset market turmoil and the collapse of FTX in November 2022.

Chart 13

Authorised CASPs by number of countries where they intend to operate and number of authorised services



Source: ECB elaboration based on the ESMA interim MiCAR register, the ECB list of supervised entities, the ESMA CSDs register under EMIR and the ESMA MiFID/UCITS/AIFMD/EUSEF/EUVECA/ECSFR entities register.
 Note: Other EU regimes include LSIs, SIs, CSDs, AIFMs, investment firms, multilateral trading facilities, organised trading facilities, regulated markets and systematic internalisers for our sample.

One-third of entities providing crypto-asset services are authorised under existing EU financial services legislation. Of the 94 providers of crypto-asset services in the sample able to provide such services upon notification to their competent authorities, 13 are credit institutions (three significant institutions and ten less significant institutions), one is a central securities depository, one an alternative investment fund, 33 are MiFID II⁴⁷ investment firms, five are multilateral trading facilities, three are regulated markets and five are systematic internalisers.

⁴⁵ 47 CASPs report their intention to operate in at least 27 jurisdictions. Some CASPs report more than 27 jurisdictions, as MiCAR is also EEA-relevant, meaning it is applicable in the EFTA states (Iceland, Liechtenstein, Norway) too. One German CASP has reported its intention to operate in Switzerland.

⁴⁶ See [Financial Stability Board](#) (2023).

⁴⁷ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) (Text with EEA relevance) (OJ L 173, 12.6.2016, p. 349).

Crypto-asset business lines are increasingly embedded in broader financial groups and existing MiFID II assessments and prudential arrangements are frequently leveraged when licensing CASPs, including for new activities such as tokenised products. Within this category crypto-exchanges are particularly illustrative: two of the largest global exchange groups have already obtained a CASP licence. These CASPs already display the characteristics of multifunction groups (MFGs) – entities that offer crypto-asset products and services in the EU while belonging to the same group as other financial and non-financial firms. According to the ESRB, the risks these entities face may be amplified by the scale, centralisation and interconnectedness typical of large MFGs, and their supervision may be hindered by their opaque corporate structures and opportunities for cross-border regulatory arbitrage.⁴⁸

Moreover, some CASPs may also qualify as multifunction, globally-oriented crypto-asset intermediaries (MCIs), which present additional risks. MCIs are individual firms or groups of affiliated firms that combine a broad range of crypto-asset services, products and functions, typically centred around the operation of a trading platform.⁴⁹ These firms often present the same complex corporate structures as MFGs and similar cross-border supervisory gaps (supervisors do not supervise those entities at consolidated level).

Box 3. Trading venues

Prepared by Fabio Tamburrini

Trading venues are multilateral market infrastructures that bring together buyers and sellers to execute trades in financial instruments (such as bonds, equities and derivatives). Unlike bilateral over the counter (OTC) trading, where a broker privately matches two clients, trading venues are multilateral and operate under public rules to ensure neutral price formation and transparency. As such they provide key public goods, including centralised price formation, enhanced liquidity, lower transaction costs, and pre- and post-trade transparency that supports price discovery and trade verification.

Under MiFID II, European trading venues are classified into three categories. (1) Regulated markets (RMs) include the traditional stock exchanges: they operate under strict non-discretionary rules and remain the main venues for equity listings and the deepest pools for trading blue chip equities; (2) multilateral trading facilities (MTFs) apply similar non-discretionary rules but with lighter issuer requirements and have been instrumental in introducing competition to the market, particularly in equities, ETFs and electronic bond trading; (3) organised trading facilities (OTFs) cover primarily non-equity instruments and allow limited execution discretion to support liquidity in less standardised instruments previously traded OTC. In addition, systematic internalisers (SIs) represent a middle ground between trading venues and OTC transactions. They are investment firms that execute client orders on their own account and operate on a bilateral basis, and yet they are subject to pre- and post-trade transparency obligations, as well as strict pricing rules.

The EU trading venue landscape is highly fragmented, resulting in a large number of execution points, largely segmented along national lines. As of end-2023, the EU hosted

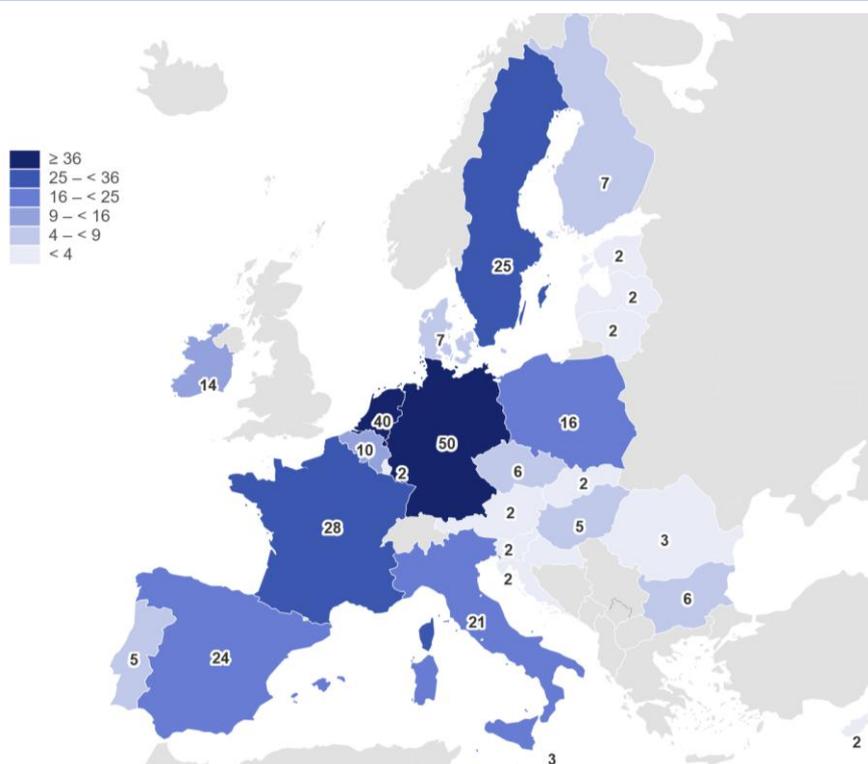
⁴⁸ See [ESRB \(2025\)](#).

⁴⁹ See [Financial Stability Board \(2023\)](#).

around 295 authorised trading venues – 116 RMs, 149 MTFs and 30 OTFs – alongside 180 systematic internalisers, amounting to almost 500 potential execution points. This infrastructure is geographically concentrated (**Chart 14**), with Germany, the Netherlands and France accounting for about 41% of the venues (excluding SIs). While some consolidation has occurred within cross-border groups such as Euronext and Nasdaq Nordic, which operate a shared trading technology and – in some cases – a common order book, trading venues remain legally national entities, subject to national supervision and different authorisation, conduct and liability regimes.

Chart 14

Number of trading venues in the EU



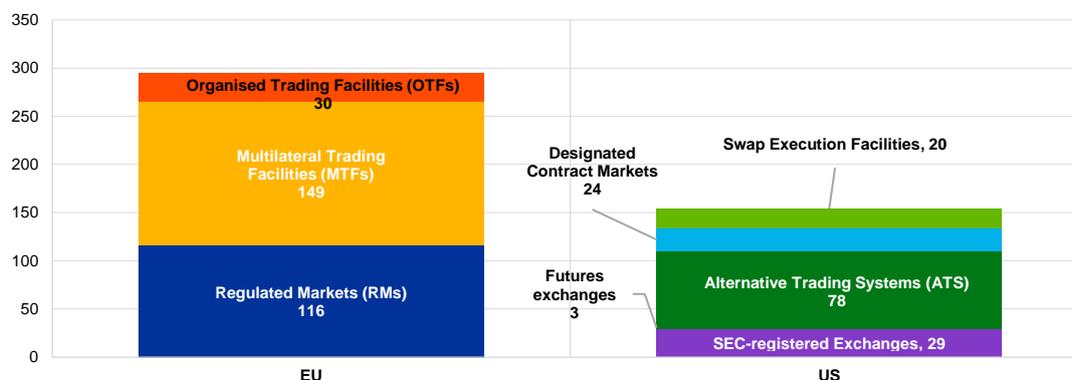
Source: ESMA MiFID dashboard.
Notes: Data as of end-2023. Systematic internalisers (SIs) not included.

The number of EU trading venues is significantly higher compared to other jurisdictions. As an example, in the United States there are 29 active exchanges, three futures exchanges and 78 alternative trading systems (ATs) registered with the SEC, plus 24 designated contract markets (DCMs) and 20 swap execution facilities (SEFs) registered with the CFTC (**Chart 15**).⁵⁰ The difference is especially striking given that bond and equity market capitalisation is estimated to be more than four times larger in the United States than the EU.⁵¹

⁵⁰ Amendments to the Securities Act passed in 1975 requiring the SEC to promote a unified national market in trading, clearing and settlement contributed to consolidation of the landscape in the United States.
⁵¹ Euronext (2024).

Chart 15

Number and types of trading venues in Europe and the United States



Source: ESMA MiFID dashboard.
 Note: Data as of end-2023.

While venue competition has delivered efficiency gains, excessive fragmentation ultimately undermines market depth and price discovery in European markets. The post-MiFID entry of new trading venues broke domestic monopolies, lowering execution fees, fostering innovation in trading protocols and improving liquidity for many instruments.⁵² However, both theory and empirical evidence point to an “inverted-U” relationship between fragmentation and market depth: multiple trading venues can be beneficial due to increased competition, but beyond a certain threshold they disperse order flow, thin order books and weaken price formation.⁵³ They are also associated with wider bid-ask spreads and higher short-term volatility, particularly for mid- and small-cap equities.⁵⁴ In addition, fragmentation raises the cost of accessing data, as firms must connect to numerous venues and purchase multiple proprietary data feeds in the absence of an EU consolidated tape.⁵⁵ Large players can afford these costs, but they disproportionately burden smaller participants, contributing to persistent home bias and uneven best execution.⁵⁶

Excessive fragmentation makes listing less attractive, undermines retail participation and reinforces national silos in post-trading. Dispersed secondary market liquidity is associated with higher costs of equity, greater valuation uncertainty and underpricing of IPOs,⁵⁷ discouraging public market activity.⁵⁸ For investors, fragmented execution concentrates activity in a narrow set of highly liquid names. Fragmentation is further amplified post-trade: venues often remain tied to domestic CCP-CSD chains, raising cross-border clearing and settlement costs and limiting collateral mobility.

Fragmentation in the EU trading landscape is to a significant extent driven by nationally segmented regulation and supervision. While MiFID II enables EU-wide passporting, heterogeneous national implementation, regulatory gold plating and divergent supervisory practices create barriers to cross-border operation of trading venues – particularly for national exchanges subject to extensive domestic rulebooks. These frictions are compounded by political resistance to

⁵² Gresse (2017), Degryse et al. (2015).

⁵³ Foucault et al. (2024), Gomber et al. (2016).

⁵⁴ ESMA (2020a, 2020b).

⁵⁵ The EU consolidated tape is currently under development: the legal framework is in place and go-live is expected in the next years.

⁵⁶ ESMA (2020a, 2020b).

⁵⁷ Amihud (2002), Ellul and Pagano (2006), Bekaert et al. (2007), Bennouri et al. (2024).

⁵⁸ AFME (2020).

cross-border mergers, as national exchanges are frequently viewed by Member States as strategic national assets.

Harmonising the EU regulatory framework would reduce complexity, lower cross-border barriers and integrate liquidity pools. A more uniform Single Rulebook, applied consistently across Member States, would facilitate mergers among smaller venues and deepen the integration of cross-border groups. This, in turn, could increase the attractiveness of the EU as a listing venue and signal that Europe is moving toward a single, deep capital market.⁵⁹

The European Commission’s market integration package provides an important step forward. Direct EU-level supervision over significant pan-European trading venues would ensure uniform application of the Single Rulebook, including the criteria for circuit breakers, algorithmic trading controls and transparency waivers, which are currently left to the discretion of national supervisors. Enhanced passporting and the proposed pan-European market operator status would allow cross-border venue groups to operate under a single licence, facilitating consolidation and reducing duplicated compliance costs. By recognising group-level structures, the proposal would also allow venues to reap economies of scale. At the same time, smaller regional venues could be left under national supervision, to preserve their role in supporting regional issuers and investors.

3.3 Market structure, regulation and supervision

Supervisory and regulatory frameworks differ across capital market sectors in their degree of cross-border harmonisation. While regulatory harmonisation varies depending on the Single Rulebook’s implementation via Regulations rather than Directives, a common feature is the persistence of nationally anchored supervision and a limited role for ESMA. Table 1 shows the predominantly national nature of capital market supervision, while displaying important sectoral specificities. This is relevant for two reasons: first, it requires a differentiated approach by sector; second, it identifies the sectors where nationally anchored arrangements constrain supervisory convergence – which is where a stronger EU-level role could deliver the greatest benefits.

Supervision of EU CSDs is conducted by NCAs, with a consultative role for relevant authorities: these include national central banks with oversight competencies over CSDs, and the central banks issuing the most relevant currencies in which the CSD settles, or in whose books cash payments are settled. They are consulted on CSD authorisations – including some extensions of activities or outsourcing of core services – and on the periodic review and evaluation of the CSD by the NCA. Through its consistent role as relevant authority for most EU CSDs, the Eurosystem has promoted some supervisory convergence, but its effectiveness depends on uneven information sharing and follow-up by national authorities. ESMA, for its part, only has a very narrow role to assist through non-binding mediation when a relevant authority issues a negative opinion, and the tools

⁵⁹ See [Lagarde \(2024\)](#).

it has available under the ESMA Regulation⁶⁰ are rarely used in practice. The supervisory colleges established by CSDR Refit have yet to be established. Therefore, the current framework leads to a very fragmented supervisory landscape, especially as NCAs supervise only one or two CSDs, with little to no scope for supervisory benchmarking.

Supervision of EU CCPs too rests primarily with NCAs, with some targeted powers jointly exercised with ESMA, notably through the presidency of EMIR colleges and the validation of significant model changes. ESMA also promotes supervisory convergence by issuing opinions, recommendations, guidelines and peer reviews. Nevertheless, supervisory practices continue to diverge across NCAs, reflecting the broad formulation of EMIR risk standards, which leaves room for discretion – for example regarding outsourcing of critical functions, access criteria or margin model changes. EMIR colleges facilitate information sharing and allow other authorities to adopt opinions and recommendations on the main supervisory decisions. However, the opinions are not binding in practice and therefore have limited influence on the NCAs' supervision. As a result, the current framework delivers only partial supervisory convergence, risks an unlevel playing field across CCPs, and may be inefficient for supervising systemically important cross-border CCPs. The multiplicity of actors and convergence tools also dilute responsibility, duplicate tasks and prolong approval processes, delaying the implementation of CCP projects.

In the asset management sector, supervision and authorisation remain national, alongside a comparatively less harmonised regulatory framework.

While ESMA provides guidance and promotes supervisory convergence, its role is even more limited compared to other sectors. The national set-up – concentrated in the small number of authorities where the hubs are located – can pose challenges to consistency and efficiency in implementation and enforcement practices. This can result in fragmented responses during crisis events affecting multiple jurisdictions, and lower efficiency and thus the growth of the sector. For example, national supervisors may be less likely to fully account for potential spillover effects impacting other countries, which could be addressed by a more integrated supervisory framework where cross-border risks could be addressed proactively. Furthermore, the regulatory framework is less harmonised: although the UCITS Directive, the AIFM Directive and the Cross-Border Distribution of Investment Funds Directive (CBDF)⁶¹ provide a framework for cross-border fund distribution and management, their implementation through Directives has resulted in divergent national transposition as well as the application of national discretion allowed in the existing framework. ESMA⁶² for instance has illustrated that fragmentation is a significant driver of high costs for retail investors, as multiple local requirements and diverging

⁶⁰ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

⁶¹ Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019 amending Directives 2009/65/EC and 2011/61/EU with regard to cross-border distribution of collective investment undertakings (Text with EEA relevance.) (OJ L 188, 12.7.2019, p. 106).

⁶² See [ESMA \(2025b\)](#) on the total costs of investing in UCITS and AIFs.

national practices around fund marketing and passporting lead to high distribution costs and hinder cross-border distribution.

Table 1
Current supervisory arrangements for capital market sectors

Sector	Single Rulebook	Supervision		
		EU vs national	Pros	Cons
CSDs	CSDR	Direct supervision by NCAs	Proximity and expertise of NCAs	Lack of harmonised supervisory practices
		Involvement of relevant authorities (incl. Eurosystem as central bank of issue)	Information sharing through role of RAs and colleges	Lack of benchmarking as each NCA supervises only one or two CSDs
		Colleges to be set up for some CSDs		Inefficient procedures, e.g. for intragroup outsourcing across multiple CSDs
		Very limited role for ESMA		
CCPs	EMIR	Direct supervision by NCAs	Proximity and expertise of NCAs	Lack of harmonisation in supervisory practices
		Convergence role of ESMA	Information sharing (EMIR colleges)	Lack of benchmarking as each NCA supervises only one or two CCPs
		Role for colleges, yet decisions ultimately taken at national level		Inefficient procedures, including duplication of work
Asset Managers	AIFM Directive	Direct supervision by NCAs	Proximity and expertise of NCAs	Lack of harmonised supervisory practices and interpretation/implementation of rules
	UCITS Directive	Convergence role of ESMA	Information sharing through voluntary colleges	Inefficient authorisation procedures
	CBDF Regulation	Option to establish voluntary colleges on large investment services and firms in the EU (four currently)		Home-host supervisory coordination challenges
				Limited systemic risk monitoring
				Limited coordination in stress situations
CASPs	MiCAR	Direct supervision by NCAs	Allow for transition to MiCAR enforcement	Lack of harmonisation in the authorisation and supervision (missed opportunity for a nascent sector)
		Convergence role of ESMA		Regulatory shopping through passporting regime
		NCAs to report supervisory developments for significant CASPs to ESMA (to date, there are no CASPs classified as significant)		Not fit to assess specific risks posed by complex and global CASPs and interlinkages to traditional finance
				Inconsistent with the supervisory powers of the EBA for significant e-money token or asset-referenced token issuers

Finally, CASP supervision remains predominantly national even under MiCAR.

NCAs are responsible for authorising and overseeing CASPs, while ESMA issues supervisory briefings, coordinates case discussions, and conducts peer reviews, including for “significant” CASPs.⁶³ CASP activities often intersect with other regulatory regimes – such as payment services under PSD2 when handling the fiat leg of transactions – meaning firms may need additional licences or cooperation arrangements with authorised payment institutions. This nationally anchored model is particularly challenging given the fast-moving nature of the sector, the need for NCAs to rapidly build expertise, and potential competitive pressures to attract large global players, raising the risk of lenient authorisation practices as firms tend to

⁶³ Under Article 85(3) MiCAR, NCAs supervising “significant” CASPs (with at least 15 million active users in the EU) must report supervisory development; however it is unclear at this stage whether NCAs have sufficient data to assess the significance of CASPs. This is in contrast to the role of the EBA in the supervision of significant e-money token or asset-referenced token issuers, where it has supervisory powers to take account of the higher risks these issuers pose to financial stability and establish supervisory colleges once issuers are classified as significant to facilitate coordination of supervisory activities.

optimise regulatory costs by identifying the most favourable conditions. ESMA's peer review of Malta⁶⁴ – which found deficiencies in the authorisation process – clearly illustrated how the “single hub with EU passport” model can make one NCA the gatekeeper for the entire EU market, amplifying the impact of potential supervisory shortcomings. These risks are amplified by the sector's highly oligopolistic structure and regulatory overlaps with other regimes, such as payment services, which further complicate supervision. At the same time, the early stage of MiCAR implementation offers a unique opportunity to establish a more consistent supervisory approach from the outset, as firms across the EU are still in the process of becoming authorised.

⁶⁴ See [ESMA \(2025b\)](#).

4 An EU-level approach to capital market supervision

EU-level supervision of capital markets would improve supervisory effectiveness and efficiency, reduce complexity and compliance burdens for cross-border firms and remove supervisory barriers to market integration.

Integrated supervision would make it possible to reap some of these gains within the existing legal framework without waiting for full harmonisation of tax or insolvency regimes, through a targeted and sector-specific approach, complemented by a strong and well defined role for national authorities. This approach is not intended to redesign Europe's entire supervisory architecture or align it with one of the six supervisory models identified in Chapter 2: rather, it builds on existing national structures to introduce a clear EU-level supervisory perspective for specific capital market players, following a two-tier model.

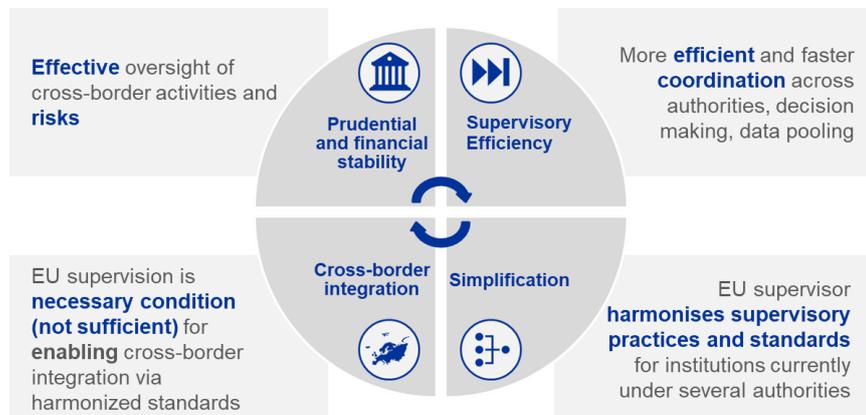
4.1 Why do we need integrated EU supervision?

Integrated EU supervision of capital markets would bring four key benefits.

First, it would improve supervisory effectiveness through better oversight of cross-border activities and risks from a microprudential and financial stability perspective. Second, it would increase supervisory efficiency by reducing coordination efforts and costs. Third, it would significantly contribute to the ongoing simplification efforts by enhancing supervisory consistency across the EU, fostering a level playing field and reducing the compliance and supervisory burden for entities that operate across borders/sectors. Finally, it would represent a necessary (but not sufficient) condition for enabling cross-border integration within the Single Market.

Chart 16

Four reasons why integrated EU supervision is needed



Source: ECB.

Integrated supervision of capital markets at EU level is crucial from a prudential and financial stability perspective, as it offers effective oversight of cross-border activities and risks.

Given the complex supervisory landscape structured along national borders despite the strong cross-border nature of EU capital market players, maintaining a fragmented approach to supervision may become increasingly risky. National supervisors may lack a full overview of capital market players' activities, especially beyond national borders. Sometimes there is not even a legislative requirement for coordination, for instance via colleges of supervisors, as is currently the case for CASPs. While ESMA and other bodies such as the ESRB are in charge of monitoring cross-border financial risks, no supervisor currently has a mandate to undertake supervisory activities to mitigate these risks – nor to enforce remediation actions. In particular, EU-level bodies lack powers to impose binding supervisory measures, such as restrictions on business activities, binding remedial action plans or escalation to enforcement and sanctions, which remain exclusively within the remit of NCAs. An integrated EU approach would be needed to improve early identification of risks, enable coordinated and consistent supervision across the Union and reduce the risks of regulatory arbitrage.

Integrated EU supervision of capital markets would also significantly enhance the efficiency of financial supervision in the EU.

Centralising responsibilities for cross-border market players would replace – rather than add to – multiple parallel national processes and would not, in itself, create duplication or additional layers of complexity. Efficiency and simplification will depend on the final institutional design, including a clear delineation of roles between the EU supervisor and NCAs to avoid overlaps, while preserving the proximity and expertise needed locally (see also Box 4 on the lessons learnt from the SSM). In general, supervisory efficiency would be reached through multiple routes:

- **More integrated and coherent decision-making.** Decisions concerning large capital market players with material EU cross-border activities would be taken through a simpler structure coordinated centrally. This approach would ensure better timing, smoother processes and improved consistency of decisions, based on fewer data gaps and reporting that is better aligned;
- **More effective and systematic interactions across the wide network of supervisory authorities.** A more centralised supervisory framework would strengthen both formal and informal communication channels between NCAs and the EU-level supervisor, and allow authorities to best leverage synergies. Such a framework would also facilitate more efficient engagement with other supervisory networks – including the ECB and ECB Banking Supervision for CCPs and CSDs with banking licences for instance, as well as third-country authorities;
- **Improved data pooling, consistency and sharing at the EU level.** A central supervisor would allow increasing data uniformity and facilitate its exchange, enhancing overall data availability. Centralised datasets would also reduce duplication of reporting efforts for market participants and improve the quality and comparability of supervisory information. In turn, this would enable

supervisors to identify emerging risks more effectively and support more consistent supervisory assessments across the Union.

- **Higher resource efficiency.** Pooling at EU level and reaping economies of scale where needed will make supervision less costly. For the supervision of new market players such as CASPs, timely buildup of knowledge at the EU level would avoid the need for duplication in functions and knowledge across all countries in the Union as well as better address the issue of scarcity of resources with expertise in crypto-assets.

Integrated EU supervision of capital markets would simplify compliance efforts for supervised entities, especially those currently supervised by multiple authorities.

Cross-border firms would no longer face multiple and differing national supervisory approaches – which has become a real challenge for companies that want to expand across borders. Instead, the EU supervisor would be their main interlocutor, while smaller, nationally oriented market participants would maintain their contacts primarily with their national authority. More consistent decision-making would enhance predictability and reduce inconsistencies across national borders. An EU-level supervisor is also necessary to harmonise supervisory guidance to industry (e.g. in the application of options and discretions). Requirements such as those for licencing would be applied more uniformly across the Union, reducing uncertainty and standardising the industry’s approaches. Finally, more homogeneous requirements for market participants across borders would considerably reduce compliance costs and help foster a level playing field across the Union.

Integrated EU supervision is a necessary (but not sufficient) condition for enabling cross-border integration within the EU.

Harmonised rules alone cannot ensure a genuinely integrated market if supervision remains fragmented across national lines, with differing practices, timelines, standards and risk assessment approaches. Without a supervisory framework applied consistently across the Union, cross-border institutions face persistent uncertainty and uneven supervisory expectations, all of which act as structural barriers to integration and business efficiency. While integrated supervision will not, on its own, deliver fully seamless capital markets, it removes one of the fundamental obstacles: the coexistence of many, separate and largely differing supervisory regimes. By establishing a single approach for important and cross-border entities, integrated EU supervision creates the conditions of stability, predictability and consistency that are necessary for market participants to operate efficiently across jurisdictions, and for financial integration to materialise in practice.

Supervisory integration is even more necessary in the current context, where corporate governance, taxation and insolvency regimes remain fragmented – and where meaningful progress in aligning them is very unlikely at best.

Waiting for full legal harmonisation before acting would likely cause a permanent standstill, as these areas are politically sensitive and technically complex and have very limited prospects for harmonisation. Much can be achieved within the existing framework, especially through an EU supervisor that can significantly reduce fragmentation by applying consistent supervisory expectations. In other words, legal harmonisation should not be considered a prerequisite for making substantial

progress in developing EU capital markets, given its very limited political feasibility in some areas.

While integrated EU supervision of capital markets would generate clear benefits for the EU as a whole, some of these benefits are especially valuable for smaller Member States. Lower compliance costs resulting from a single supervisory framework have a proportionally greater impact where domestic markets are smaller and fixed regulatory burdens weigh more heavily on market entry and activity. Integrated supervision can also foster greater trust and, in turn, larger inflows of capital into smaller markets, supporting their development. Moreover, EU-level pooling of data, expertise and resources enhances supervisory effectiveness in all countries, but is particularly beneficial for NCAs with more limited staff or specialised capabilities: these could gain access to a larger and more specialised supervisory apparatus, including common methodologies and cross-country benchmarking that may not be possible to replicate at national level. In addition, possible home bias in the supervision of domestic players could be avoided or mitigated thanks to an integrated supervisory framework. Concerns about sovereignty can be addressed through governance arrangements to ensure that NCAs of all Member States remain closely involved in supervisory decision-making. An integrated supervisory system could better serve the needs of smaller Member States where large, cross-border capital market players operate.⁶⁵ EU direct supervision could also avoid the risk of home bias by national supervisors, especially for players which are large and operate across borders and are therefore more likely to have substantial market shares in small host Member States. Proper involvement of national supervisors of small host Member States in the direct supervisory tasks carried out by the EU supervisor could offer these Member States further reassurance.

Box 4. What we can learn from the Single Supervisory Mechanism – and what we cannot

The Single Supervisory Mechanism (SSM) was created to address the shortcomings in banking supervision that were made evident during the financial and sovereign debt crises in Europe. The banking supervision arrangements organised along national lines had allowed systemic risks to go undetected and unaddressed, and prevented a coordinated and swift supervisory response when the crisis struck. The SSM was designed to overcome these deficiencies, by developing consistent and robust banking supervision within the euro area to safeguard financial stability, and composed of centralised and decentralised layers. ECB Banking Supervision directly supervises significant institutions, while NCAs supervise less significant banks, and the ECB oversees NCAs' supervision. This allows for local oversight where appropriate, while the ECB maintains a comprehensive view of risks across the banking system, and also remains ultimately responsible for all supervised entities within the SSM; in particular the ECB is vested with the responsibility to grant and withdraw banking licences within the entire SSM. This structure can adequately detect and mitigate cross-border risks, while the NCAs remain systematically connected to one another and with the central authority.

⁶⁵ This type of logic is also relevant for banking supervision.

By its very mandate and architecture, the SSM sought harmonisation and a level playing field, which in turn has fostered simplification. The SSM harmonised data collection, which led to a 20% reduction in compliance costs for banks, according to the EBA.⁶⁶ The SSM also developed harmonised assessment criteria and procedures, which apply evenly across the euro area, for instance in the context of the Supervisory Review and Evaluation Process and the methodology to set Pillar 2 requirements. The ECB and NCAs further agreed on a common approach to most options and discretions. By some counts, the SSM established a harmonised approach to around 130 out of a total of around 160 options and discretions available at the time of its inception⁶⁷ which would have otherwise left leeway for supervisors to apply them differently across Member States. These changes were all major simplifiers, especially for banks operating across multiple Member States. By promoting a unified supervisory framework, the SSM enabled banks to compete fairly across the euro area, which is necessary for increasing cross-border activity.

However, cross-border banking has advanced only timidly since the creation of the SSM, as conditions other than supervision that would enable true cross-border banking integration in the EU were missing. There was no significant increase in cross-border lending, and cross-border mergers and acquisitions have also remained very limited. This lack of banking integration is not attributable to the SSM, but rather to persistent divergencies in many areas which are largely related to political decisions regarding the preservation of national rules, practices and powers. For example, cross-border mergers have been hampered recently despite the ECB having approved them from a prudential perspective. Some remaining options and discretions, such as the national ring-fencing of liquidity by national supervisors, provide obstacles to cross-border banking despite the possibility of issuing waivers in this regard: this has led to as much as €250 billion being retained in subsidiaries of large banks across borders, according to some accounts.⁶⁸ There has been limited political willingness to deliver on a truly unified banking system. The banking union remains a halfway house without a European Deposit Insurance Scheme (EDIS), on which little to no progress has been made since the Commission's legislative proposal in 2015. Progress on areas of legislation which still exhibit important divergences (corporate structure and governance, taxation, the credit collection process and the insolvency regime) has also been timid at best.

Because capital market and banking integration target different objectives and rest on different institutional preconditions, the effectiveness of integrated supervision differs across the two domains. While the experience of the SSM is informative, the limited progress in banking integration reflects a combination of political and institutional constraints, notably the incompleteness of the banking union and the absence of common safety net elements, rather than shortcomings of integrated supervision itself. These constraints are far less binding in capital markets, whose entities are subject to different prudential treatment, and which do not rely on system-wide safety net arrangements comparable to bank resolution or deposit insurance. As a result, capital market integration does not require an architecture equivalent to a full banking union to advance. Integrated supervision can foster convergence more directly and support a broader set of objectives beyond financial stability – including investor protection, market efficiency, transparency and competition – making it a powerful lever to accelerate market integration.

⁶⁶ [European Banking Authority \(2021\)](#).

⁶⁷ See [ECB \(2016\)](#) and [ECB \(2017\)](#).

⁶⁸ [AFME \(2025\)](#).

4.2 The evolving debate on EU capital markets supervision

After significant developments in EU financial regulation and supervision over the last three decades, proposals for integrated EU-level supervision of capital markets have gained renewed momentum within the CMU debate recently.

Policymakers and academics have advanced various models to centralise supervision,⁶⁹ with varying degrees of integration and supervisory arrangements. Seminal reports by Christian Noyer,⁷⁰ Mario Draghi⁷¹ and Enrico Letta⁷² have similarly advocated for a strengthened ESMA mandate, governance structure, and direct oversight of the most systemic cross-border firms and infrastructures, while maintaining a role for national supervisors. These proposals share the objective of overcoming fragmentation, enhancing supervisory consistency and better addressing risks stemming from increasingly integrated EU capital markets (see [Table 2](#)). An even more ambitious proposal has been tabled by Nicolas Véron,⁷³ who suggested establishing a one-stop-shop, multicentric ESMA that would become the single supervisor of all capital market entities, while national supervisors would be replaced by local offices of ESMA.

The position of the Eurosystem and the ESCB has been consistently supportive of capital markets supervision being integrated at the EU level. The ECB Governing Council⁷⁴ advocated for integrated supervision of EU capital markets, including by ensuring the ESAs (especially ESMA and EIOPA) have a European and independent governance, sufficient resources and comprehensive oversight powers, including direct supervision of the most systemic cross-border capital market actors, in cooperation with their national supervisors. In its 2025 response to the European Commission's targeted consultation on integration of EU capital markets, the ESCB similarly supported integrated supervision of EU capital markets, including a renewed governance framework to enhance the independence of the ESAs.⁷⁵

Other voices from the institutional community have generally expressed similar support for the supervisory integration project. ESMA⁷⁶ has welcomed the proposal, indicated readiness to take up direct supervisory responsibilities for significant cross-border infrastructures and crypto-asset service providers, and welcomed the enhanced convergence role including asset managers. In the summary of key messages from the responses to its April 2025 consultation,⁷⁷ the Commission noted that public authorities are generally open to EU oversight for systemic or cross-border entities.⁷⁸ The IMF has also outlined pitfalls in the current

⁶⁹ See, for example, [Schoemaker and Véron \(2017\)](#), [Lagarde \(2023\)](#).

⁷⁰ [Noyer \(2024\)](#).

⁷¹ [Draghi \(2024\)](#).

⁷² [Letta \(2024\)](#).

⁷³ See [Véron \(2025\)](#).

⁷⁴ See [ECB \(2024a\)](#).

⁷⁵ See [European System of Central Banks \(2025\)](#).

⁷⁶ See [ESMA \(2025c\)](#).

⁷⁷ This summary is included in Annex 2 of the Commission's impact assessment of the their legislative proposal on EU capital markets integration and supervision, see [European Commission \(2025d\)](#).

⁷⁸ See [CONSOB \(2025\)](#).

supervisory set-up in the EU, and underlined the need to enhance ESMA's supervisory role through appropriate governance, powers and funding.⁷⁹

Table 2
Recent proposals for integrated capital market supervision in Europe

	Letta	Noyer	Draghi	Véron
Scope (sectors and firms)	Major entities based on criteria such as size, cross-border activities, and their systemic importance, including trading venues, issuers, asset managers and other financial market participants.	Most important cross-border and systemic CCPs and CSDs, large and cross-border trading venues, asset managers.	Large multinational issuers (based on presence in Member States and/or size), major regulated markets with trading platforms in various jurisdictions, and CCPs (funds to be covered subsequently, as more controversial).	All entities in capital markets, regardless of size or cross-border presence.
Powers	Gradually enhance the direct supervisory powers of ESMA, adopting a bottom-up strategy: i) shift the supervision of the most integrated markets or significant market players to ESMA or ii) hand over to ESMA whenever a Directive or Regulation undergoes review, where appropriate (based on a data-driven assessment).	Mandatory ESMA supervision, except for asset managers of European scale: for these players mandatory supervisory colleges, led by ESMA, with opt-in for direct ESMA supervision (28th regime). Opt-in also available for market infrastructures not already under mandatory ESMA supervision. Create JSTs under ESMA's lead.	Supervision solely by ESMA (but site visits to trading venue, possibly with JSTs involving NCAs).	ESMA becomes a one-stop-shop, multicentric authority. National supervisors replaced by national offices of ESMA within a transitional period (e.g. ten years). Supervision with four channels: i) directly from central office; ii) from national office with supervisory mandate; iii) team led either by central office or national office with supervisory mandate; iv) only by national office. ESMA powers will include application of administrative sanctions. For criminal behaviour, e.g. market manipulation, ESMA to liaise with national law enforcement authorities.
Governance	Management Board composition should be reviewed to include six independent and highly-qualified individuals, including the Chair; they should be also form part of the Board of Supervisors.	New ESMA Executive Board, inspired by AMLA and the SRB.	Add six independent and highly-qualified individuals, including the Chair, to ESMA's Management Board (in line with Letta report). Involve NCAs, similarly to ECB/SSM model.	New ESMA Board of five to ten members, similar to AMLA and the SRB. Internal body responsible for supervision, similar to ECB/SSM, with Board retaining ultimate responsibility. Most funding from supervised entities; lower share of funding (for non-supervision tasks) from EU budget

Industry stakeholders have instead generally argued for strengthening national supervision and supervisory convergence – at least as a first step.

These views have also been conveyed in the responses to the Commission's consultation, where industry stakeholders argued that centralising supervision could add complexity and should wait until the impact of recent legislative changes becomes clear (for example to the CCP and CSD regimes). However, some players have voiced their support for more integrated EU-level supervision, welcoming a simplification of the current framework.

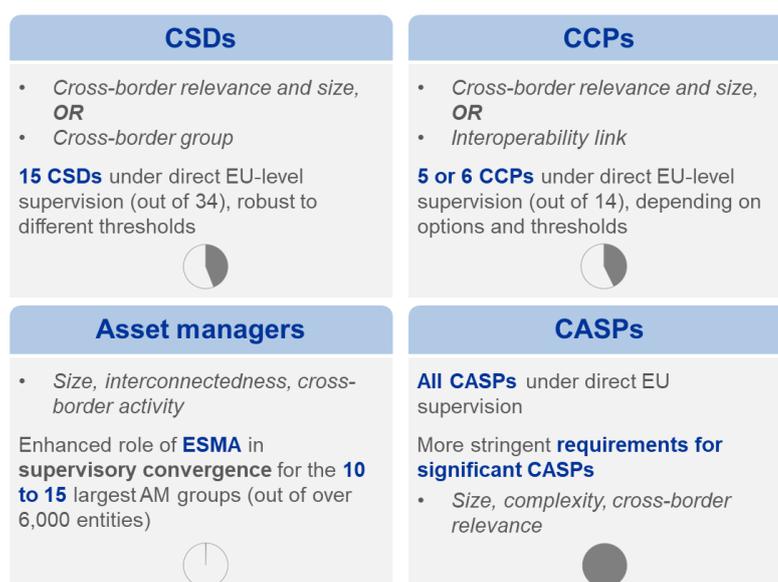
⁷⁹ See IMF (2025).

5 How integrated EU level supervision could work: evidence-based analysis

In light of the proposal tabled by the European Commission in December 2025 (see Technical Annex II), we look at different possible criteria to determine which firms would move under direct EU-level supervision. The analysis follows a tailored approach, depending on the specific characteristics of the various capital market segments. Conceptually, it follows a sectoral model – although it focuses only on capital markets and does not aim to revise the entire EU financial supervision architecture. The sensitivity analysis looks at the impact of different metrics and thresholds on the set of EU-supervised entities to complement the Commission proposal and the impact assessment therein.

Depending on the methodology adopted, a set share of the capital markets players in each sector would fall under European supervision. This share is quite substantial for market infrastructures, e.g. around 40% of both CSDs and CCPs would fall under direct ESMA supervision. For asset managers, a stronger supervisory convergence role for ESMA could focus on the 10-15 largest groups, and involve ESMA coordinating group-wide evaluations of supervisory approaches, conducting peer reviews and promoting the exchange of best practices and data sharing. For CASPs, direct EU supervision would be beneficial for the whole sector, although a more restricted subset of significant CASPs could be subject to more stringent legal requirements in line with the proportionality principle, depending on the significance criteria used.

Chart 17
Sensitivity analysis of the scope of possible EU-supervised entities



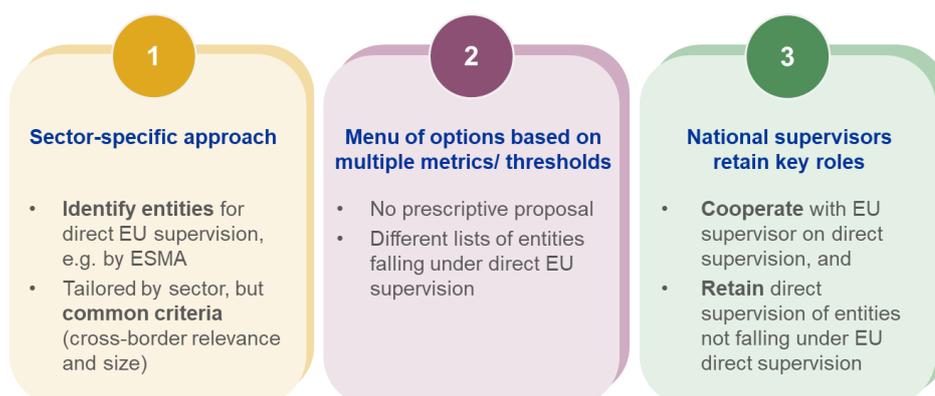
Source: ECB.

5.1 Common principles underpinning the sensitivity analysis

The sensitivity analysis used to define the scope of entities subject to EU-level supervision is based on three guiding principles. These provide a robust anchor for identifying relevant entities, ensuring a coherent assessment while appropriately accounting for important sectoral differences. They include

- **Sector-specific yet common criteria to identify entities to be subject to EU-level direct supervision.** Essentially, size and cross-border relevance should be considered as the guiding indicators to identify large and cross-border capital market players – for which an EU authority is best placed to identify financial stability risks and protect savers and consumers. The approach, however, should be tailored to account for the specifics of each market sector;
- **A non-prescriptive list of EU-supervised entities, with sensitivity analysis to understand the impact of different criteria and thresholds.** The analysis looks at how different thresholds and indicators interact and may impact the firms being directly supervised at the EU level;
- **An important role to be retained by national supervisors.** The proximity of NCAs to domestic markets equips them with essential local knowledge and expertise that complements EU-level oversight. It is essential that they (a) cooperate with ESMA in its direct supervision activity – for example via participation in Joint Supervisory Teams (JSTs), and (b) retain direct supervisory responsibilities for those entities not falling under direct ESMA supervision, which make up the vast majority of EU capital market players.

Chart 18
Three principles to underpin the analysis of EU-level supervision



5.2 Central securities depositories (CSDs)

The EU CSD landscape is characterised by a high level of concentration. The analytical mapping carried out in Chapter 3 highlighted that major CSDs hold the majority of issued securities in custody, settle a significant portion of transaction

volumes and are often central hubs within cross-border group structures. Conversely, some CSDs continue to operate within domestic silos, on a smaller scale and focusing primarily on national markets.

EU-level supervision of CSD entities should include large and cross-border significant entities, as well as cross-border groups. The criteria for determining which CSDs should potentially be subject to direct supervision at the EU level are chosen to align with the common principles outlined in Chapter 4.3, and use the specific metrics introduced in the mapping exercise in Chapter 3:

- **Size:** measured by the total value of securities held;
- **Cross-border relevance:** determined by the substantial importance criterion defined under CSDR Refit, which identifies CSD entities with significant activity across at least two host Member States;
- **Cross-border group:** determined by whether the CSD forms part of a cross-border CSD group or operates securities settlement systems (SSSs) in multiple Member States.⁸⁰

Two distinct pathways would determine which CSDs would fall under EU-level supervision. First, large CSDs with significant cross-border activity would be supervised at the EU level when the size and cross-border relevance criteria are jointly met, ensuring that EU-level supervision is targeted at entities whose scale and geographic footprint are relevant beyond national borders (Set 1). For robustness, size is assessed against two threshold values: €2 trillion (the average value of securities held at EU CSDs) and €5 trillion. Second, belonging to a cross-border CSD group constitutes an independent and sufficient condition for EU-level supervision, reflecting the benefits of integrated supervision for CSD groups in terms of streamlining supervisory processes and facilitating intragroup integration (Set 2). The definition and interaction between these criteria are also displayed in **Chart 19**.

Chart 19

Mapping large and cross-border relevant CSDs: possible criteria



Source: ECB.

Note: Cross-border groups include separate legal entities that operate securities settlement systems (SSSs) in individual Member States but are controlled by the same parent group through an ownership structure, and single CSDs operating SSSs in multiple Member States.

⁸⁰ In the EU this only applies to Nasdaq CSD (Latvia), which operates designated SSSs in Estonia, Latvia and Lithuania. The rationale of this criterion is to avoid reaching a different outcome based on whether a group decides to operate its CSD business with a legal entity operating an SSS in each Member State it serves, or with a single CSD operating SSSs across multiple Member States.

Based on the above criteria, the analysis identifies 15 potential CSD candidates for direct EU supervision. They include the CSDs belonging to the Euroclear Group, the Deutsche Börse Group, the Euronext Group and Nasdaq CSD. The 15 can be grouped as follows in terms of the criteria that determine their EU-level supervision (more details are provided in **Table 2** of Technical Annex III):

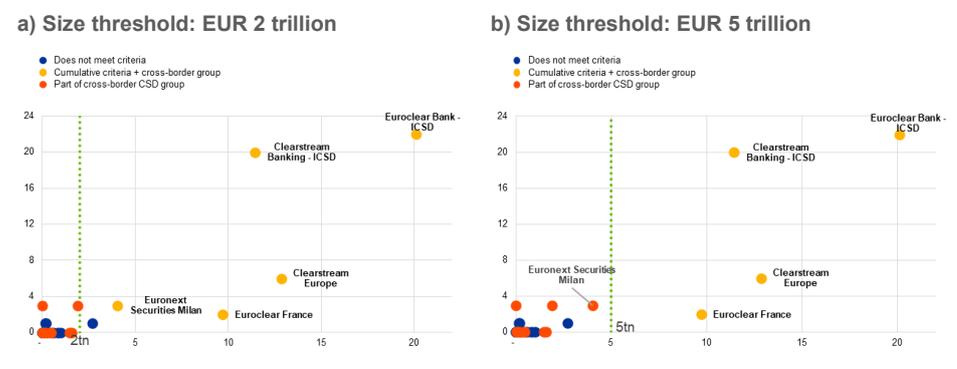
- Four-five CSDs are moved to EU-level supervision because they are part of both Set 1 and Set 2 – meaning they meet all criteria;
- 10-11 CSDs are moved to EU-level supervision because they are part of Set 2 only: they meet the cross-border group criterion, but not the size and cross-border relevance criterion;
- There is no CSD that would be moved to EU-level supervision because it meets only the size and cross-border relevance criterion, but is not part of a cross-border group.

Only a minority of CSDs meet the combined size and cross-border relevance criteria, and these results are robust to different size thresholds. To verify the extent to which the choice of a specific threshold impacts the results, the assessment includes a sensitivity analysis on the size metric, based on two different threshold values: €2 trillion and €5 trillion, as in **Chart 20**. In the first case, the analysis identifies five entities out of the 34 EU CSDs that meet the combined size and cross-border relevance criteria: Clearstream Europe, Euroclear France, Euronext Securities Milan and the two iCSDs. The only change triggered by raising the size threshold to €5 trillion concerns Euronext Securities Milan: however, given its participation in the Euronext cross-border group, this entity would fall under direct EU supervision anyway. All CSDs that meet the cumulative criteria of size and cross-border relevance are also members of a cross-border CSD group. This underscores the interconnected nature of these entities and further reinforces the case for EU-level supervision, given the added efficiencies and simplification opportunities associated with including them. This check also suggests that as long as the criteria capture the group dimension, which is key to reaping the benefits of centralised supervision, the outcome of the exercise is likely not to change significantly.

A majority of CSDs would remain under national supervision, with domestic authorities overseeing smaller entities with limited cross-border relevance. It is worth underlining that a majority of CSD entities would remain under national supervision. Of the 34 CSDs assessed, more than half (19) would continue to be supervised by their domestic authority. Due to their relatively smaller size and cross-border relevance, these entities can be efficiently supervised at national level, leveraging the experience of domestic authorities – who would retain a key role in supervision of the sector.

Chart 20

CSDs by securities held (x-axis) and number of countries in which the CSD is of substantial importance (y-axis)



Source: ECB, based on ESMA and ECB data.

Notes: The dotted lines represent the EUR 2 trillion threshold (chart a) and the EUR 5 trillion threshold (chart b). "Cumulative criteria" = cross-border relevance plus size.

The systemic CSDs identified here are comparable to the results included in the impact assessment of the Commission's market infrastructure package published in December 2025, which identifies 15 CSDs to be directly supervised at EU level. Even though the quantitative criteria employed were different (i.e. the value of securities held in this analysis, instead of the value of settlement instructions used in the EC proposal), the presence of common criteria – in particular, that of belonging to a cross-border group⁸¹ – leads to essentially identical outcomes. Specifically, the Commission adopted a complementary criterion, which includes institutions belonging to a group with other FMIs and trading venues, with the aim of pursuing supervisory efficiency. Further details are presented in Technical Annex III.

5.3 Central counterparties (CCPs)

Criteria to determine the CCPs to be supervised at EU-level should include systemic importance, cross-border relevance and interoperability. The key findings of the mapping exercise carried out in Chapter 3 underline that systemic CCPs are characterised by substantial volumes cleared and margins collected, and active participation from foreign clearing members. Large, cross-border CCPs exhibit significant interconnectedness with the financial ecosystem, including with other CCPs through interoperability links. In line with the mapping described in Chapter 3, this analysis identifies CCPs that would benefit from direct EU supervision based on two dimensions:

- **Cross-border systemic relevance:** this is assessed based on two cumulative indicators: (i) **size**, proxied by either a risk indicator (i.e. initial margins required) or an activity indicator (i.e. value of outstanding cleared

⁸¹ This criterion was already proposed and discussed in the [ESCB response](#) to the European Commission's targeted consultation on integration of EU capital markets – see Section 2.6.3, *Questions on the supervision of EU CSDs*.

positions) and (ii) **cross-border relevance**, measured by the share of margins paid by non-domestic clearing members, where available;⁸²

- **The presence of interoperability links** between cross-border CCPs serves as an added criterion for EU supervision, reflecting their interconnectedness and the potential spillover risks these links may pose – which can be better monitored at EU level.

Therefore, two distinct pathways determine which CCPs would fall under EU-level supervision. First, large CCPs with significant cross-border activity would be supervised at the EU level when the size and cross-border relevance criteria are jointly met (Set 1). Second, the existence of an interoperability link constitutes an independent and sufficient condition for EU-level supervision (Set 2). The definition and interaction between these criteria are also displayed in **Chart 21**.

Chart 21

Mapping large and cross-border relevant CCPs: possible criteria



Source: ECB.

Notes: EMIR/SFTDS information is not available for non-euro area CCPs. In this case, the percentage of foreign clearing members was employed as a proxy for cross-border relevance. The activity indicator is the larger of open interest for exchange-traded derivatives (ETDs) and gross notional for over the counter (OTC) products.

Different amounts and thresholds could be considered for the size criteria.

Two different size indicators can be chosen: (i) the initial margin collected, which captures the overall risk managed by the central counterparty, and (ii) the daily average value of outstanding cleared positions, measured by the open interest for exchange-traded derivatives (ETDs) and the notional amount for over the counter (OTC) contracts. Two different thresholds have been selected accordingly (i.e. €10 billion for the initial margins measure and €100 billion for the activity metric). The cross-border criterion is captured by the share of initial margin required from non-national members, for which a representative threshold of 50% has been selected.

The analysis identifies five or six potential CCP candidates for direct EU supervision, depending on what size indicator is used. The CCPs identified are large, cross-border entities that are systemic focus points of the EU financial market infrastructure. In addition, many of them are interconnected to a range of other infrastructures (e.g. trading venues and CSDs) and each other or other systemic third-country CCPs through interoperability links. They can be grouped as follows in

⁸² For CCPs domiciled in non-euro area countries, this information is not available to the ECB. In this case, the share of non-domestic clearing members participating in the CCP was employed as a proxy for the cross-border indicator metric.

terms of criteria that determine their EU-level supervision, based on the two sets described above (more details are provided in [Table 3](#) in Technical Annex III):

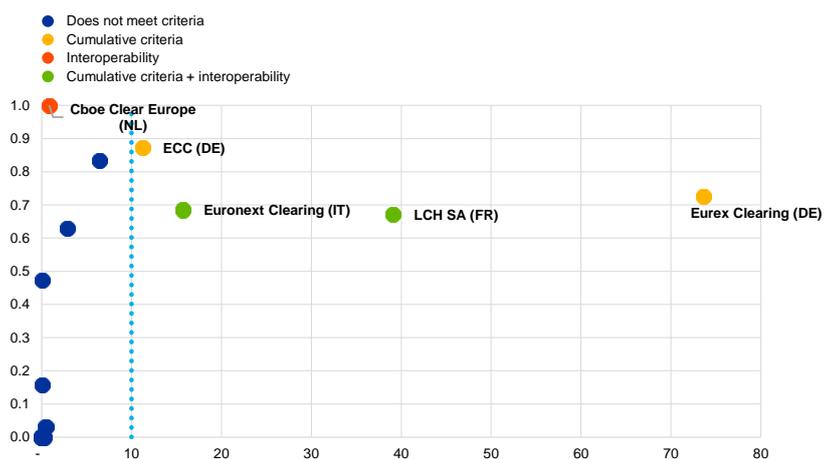
- Two CCPs are moved to EU-level supervision because they are part of both Set 1 and Set 2, meaning they meet all criteria;
- Two or three CCPs are moved to EU-level supervision because they only meet the cumulative size and cross-border relevance criteria, but do not have interoperability links. If initial margin is used as size indicator, two CCPs would be selected; if size is measured by the activity-based indicator, one additional CCP would be selected;
- One CCP is moved to EU-level supervision because it is part of Set 2 only (it has interoperability links but does not meet the size and cross-border relevance criteria).

Measuring CCP size based on risk or activity metrics would change the direct EU-level supervision of only one entity.

When size is measured by the initial margin indicator, four CCPs out of 14 would satisfy both the cumulative size and cross-border relevance criteria (see [Chart 22](#)): Eurex Clearing, LCH S.A., Euronext Clearing and ECC. While Cboe Clear Europe does not meet the activity criterion, its two interoperability links – including one with a Tier 2 UK CCP – would be sufficient to bring it under direct EU supervision.⁸³ The link between LCH S.A. and Euronext Clearing further supports their inclusion. When size is measured by the activity-based indicator, all previous CCPs would still be included, with the addition of one more entity (Nasdaq OMX Clearing, see [Chart 23](#)).

Chart 22

CCPs by initial margin collected (x-axis) and cross-border relevance (y-axis)



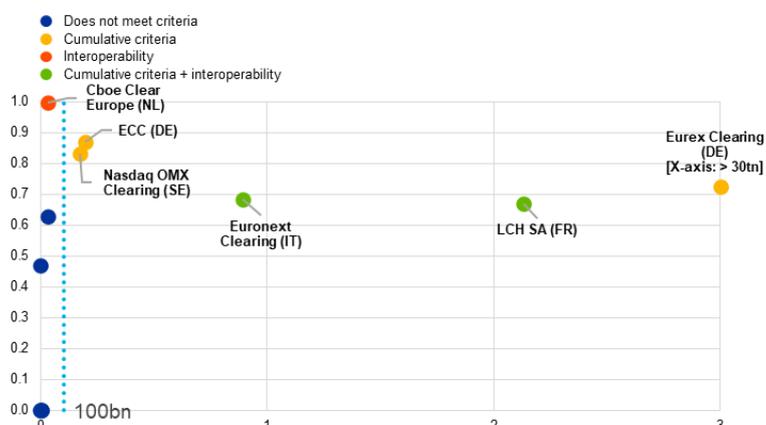
Source: ECB, based on PQDs, EMIR and SFTDS data.

Notes: overall initial margins collected by CCPs (x-axis, EUR tn) and share of cross-border margin posted by foreign members (y-axis, ratio). The dotted line represents the EUR 10 billion threshold. "Cumulative criteria" = cross-border relevance and size.

⁸³ Cboe Clear Europe is currently the CCP with the largest equity clearing activity in the EU – see for instance Section 5.1 in AMI-SeCo (2025).

Chart 23

CCPs by activity indicator (x-axis) and cross-border relevance (y-axis)



Source: ECB, based on PQDs, EMIR and SFTDS data.

Notes: The activity indicator is the larger of ETD open interest and OTC notional amount (x-axis, EUR tn). Share of cross-border margin posted by foreign members (y-axis, ratio). The dotted line represents the EUR 100 billion threshold. "Cumulative criteria" = cross-border relevance and size.

A significant portion of CCPs would continue to operate under national supervision, but this may change as a result of evolving market dynamics. Of the 14 CCPs assessed, more than half would continue to be supervised by the domestic authority. These are usually relevant mainly for their own domestic market (or currency, in the case of non-euro area entities), and show reduced cross-border relevance. More of them could qualify as systemic in future based on the methodology proposed in this paper, given the potential development of interoperability links being considered by the industry. For instance, the upcoming integration of Six Clear in BMEC, with the transfer of the interoperability links of the Swiss CCP to the Spanish one, would make BMEC qualify as significant.⁸⁴

The results of this impact assessment are broadly compatible with those of the Commission – the main differences arise from the cross-border systemic relevance criteria. The impact assessment by the European Commission published in December 2025 identified up to nine CCPs to be directly supervised at EU level. The analysis in this paper employs similar size thresholds, but adds a cross-border relevance indicator. Requiring significant CCPs to cumulatively meet size and cross-border relevance criteria is deemed robust from a risk perspective, while not restricting the number of significant CCPs as compared to the Commission's methodology under which CCPs would only have to meet one size criterion. The discrepancy in terms of results is explained by the Commission deploying a complementary criterion which includes institutions belonging to a group with other FMIs and trading venues. This criterion is not risk-based, and aims instead for supervisory efficiency. Specifically, the differences in the results are driven by BMEC (Spain, connected to the trading venue BME Exchange), ICE Clear Netherlands (which belongs to the same group as ICE Clear Europe Ltd in the UK) and Athens

⁸⁴ See SIX [Media Release](#), December 2025.

Exchange Clearing (Greece, belonging to the Euronext Group). More details are presented in Technical Annex III.

5.4 Asset management and funds

Cross-border activity and size can also be used to identify the most relevant asset management groups.⁸⁵ Systemic risk indicators are usually used to evaluate the potential threats to financial stability posed by particular market players. Common indicators include size (e.g. assets under management) and cross-border activity (e.g. provision of services across borders)(**Chart 24**).

Chart 24

Mapping large and cross-border asset managers: possible criteria



Source: ECB.

The asset management sector is inherently cross-border on the asset side, but displays home bias outside the hubs of Luxembourg and Ireland. As outlined in Chapter 3, EU asset managers channel capital from EU investors into assets across the EU and to the rest of the world. However, funds are predominantly sold in their country of domicile, and a significant portion of national fund markets remain highly fragmented outside the cross-border activity in Ireland and Luxembourg. The low cross-border activity of funds throughout the EU can be illustrated by the fact that, despite the EU passport, UCITS funds are on average marketed in only one Member State in addition to their state of domicile. This remaining fragmentation is partially due to the fact that Member States implement differing national rules. A key enabler for integration of the market would be to remove gold plating and national discretion in the transposition of the UCITS and AIFM Directives, to ensure that asset managers and funds are subject to harmonised rules across the Union. This explains the focus of the Commission proposals in the market integration and supervision package: focusing on the application of common rules for the entire sector to establish a true single rulebook, harmonising authorisation processes at EU level and allowing asset managers to share group resources across the EU.

A small number of asset management groups ranked using these indicators account for a substantial share of the European investment fund sector (Chart 25). The largest 10 to 15 asset management groups account for over half the total

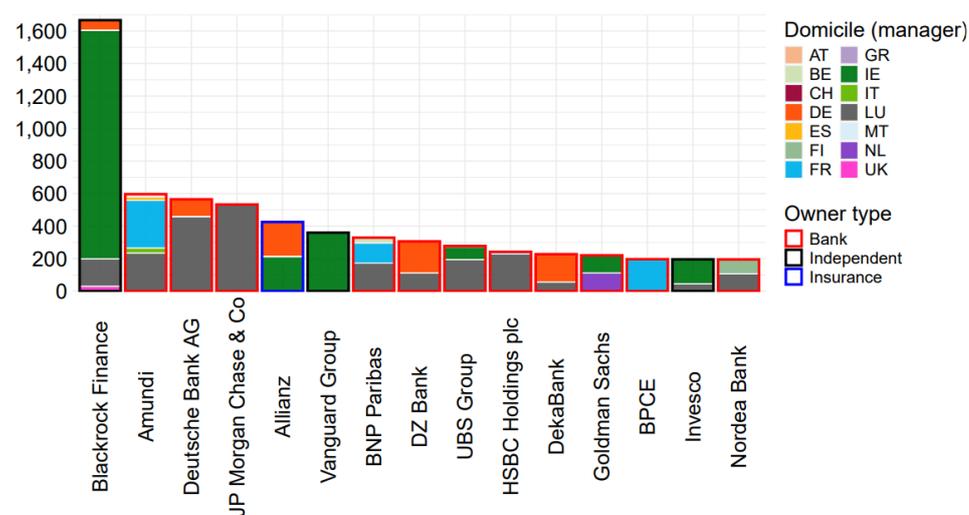
⁸⁵ This section is based on Ceh et al. (2026).

assets of euro area funds.⁸⁶ Focusing on these entities would be targeted, while still covering a large share of the sector. This analysis is in line with the “market integration and supervision package” published by the European Commission,⁸⁷ which identified ten asset managers with significant cross-border presence and over €300 billion in net asset value as the relevant entities which would be subject to annual reviews. The data source used for our analysis (Lipper) mainly covers UCITS, which are EU-regulated retail funds, meaning alternative asset managers (and alternative investment funds, AIFs) are under-represented in our sample. Using an alternative data source may therefore result in a different set of selected entities than those displayed in Chart 25. However, AIFs are mainly sold domestically (64%, compared to 20% for UCITS),⁸⁸ making them less relevant to the analysis.

Chart 25

Top 15 asset management groups operating funds in the euro area, by ownership type and domicile

Asset management groups, by fund manager domicile
Total net assets, EUR billion



Source: LSEG Lipper (2025 - October) and ECB calculations.

These entities could be subject to enhanced supervisory convergence by ESMA, while an improved single rulebook would contribute to the development of a genuine Single Market for asset managers.

In view of the fragmentation in the market, the Commission package focuses on further harmonising the regulatory framework applicable to the sector, streamlining authorisation procedures and the passporting regime, and increasing supervisory

⁸⁶ The top 15 asset management groups cover around 50% (around €6.3 trillion in assets under management) of the aggregate fund value of euro area-domiciled funds in LSEG Lipper. Lipper data coverage of the euro area investment fund sector is around 60% (€13.0 trillion out of the €21.5 trillion indicated in ECB investment fund statistics for October 2025).

⁸⁷ See European Commission (2025d).

⁸⁸ [ESMA \(2025b\)](#).

convergence rather than granting direct supervision powers to ESMA. Increasing supervisory convergence could be achieved by creating mandatory supervisory colleges chaired by ESMA.⁸⁹ While these are already possible within the existing framework on a voluntary basis, placing them under the chairmanship of ESMA would enhance the predictability of the framework and enhance the level playing field. Under the Commission proposal, ESMA would ensure a coordinated approach to the oversight of large cross-border asset management groups through a mandate to carry out, together with NCAs, periodic group-wide reviews of the supervisory approach for the largest asset management companies. This would aim to establish a permanent supervisory framework led by ESMA in cooperation with NCAs leading to concrete outcomes (i.e. reports with recommendations on diverging, redundant or deficient supervisory practices).

The largest asset management groups identified also display linkages with other financial institutions or markets. Chart 25 indicates the ownership links of the largest asset management group. Most are bank-owned (as indicated with a red square). Independent asset management groups (indicated by a black square) are headquartered in the United States. Recent ECB analysis highlights how the non-bank financial sector – including asset managers and funds – is closely connected to banks and insurance companies.⁹⁰ This highlights the need for coordination with the relevant banking and insurance supervisors to capture cross-sectoral risks and ensure consistent oversight. The growing interlinkages between banks and non-banks are particularly relevant from a financial stability perspective and highlight the need for an enhanced supervisory framework including collaboration between responsible authorities. On the positive side, the ownership links can provide long-term benefits in terms of risk and revenue diversification, economies of scale and liquidity optimisation. They may also, however, be a source of contagion and pose systemic risks, through two channels: first, banks rely on short-term liabilities such as deposits and debt securities from funds that can be vulnerable to sudden withdrawals; second, banks provide credit to NBFIs that use leveraged investment strategies, including hedge funds (mostly outside the euro area), non-bank lenders, and real estate funds. Although the scale of these links is generally limited, asset price shocks could expose banks to funding outflows and credit losses, potentially leading to deleveraging, reduced lending to NBFIs and asset sell-offs. These risks particularly highlight the need for a supervisory and macroprudential framework fit for purpose.⁹¹ Beyond focusing on improving integration in the sector, embedding a macroprudential perspective into fund and asset manager supervision is also critical to safeguarding financial stability, notably to capture the collective behaviour of individual funds that can amplify market stress.⁹²

⁸⁹ See for instance [European System of Central Banks \(2025\)](#). [IMF \(2025\)](#) also recommended the implementation of compulsory supervisory colleges for large cross-border asset managers, coordinated by the ESM, together with a consolidated supervision for these asset managers to allow for a better identification of risk exposures at the level of the group and across jurisdictions.

⁹⁰ [Bochmann et al. \(2025\)](#).

⁹¹ See [Work stream on non-bank financial intermediation \(2021\)](#).

⁹² See [FSC high level task force on NBFIs \(2024\)](#).

5.5 Crypto-assets service providers (CASPs)

The inherently cross-border, highly interconnected and rapidly evolving nature of CASP activity makes national supervision under MiCAR increasingly misaligned with underlying risk profiles. As supervisory decisions taken in one jurisdiction can have immediate EU-wide implications, nationally siloed supervision may hinder effective monitoring of risk and coordinated responses, with potential consequences for investor protection, market integrity and financial stability. Similarly, MCIs have complex corporate structures and oligopolistic market positions that may give rise to risks best addressed through centralised supervision, including the ability to take a holistic view of group-wide activities, resolve cross-border supervisory issues and coordinate with non-EU authorities. Given the novelty and complexity of many CASP activities, the lack of a strong EU-level supervisory component risks uneven development of adequate supervisory practices and specialised skills across the Union, potentially reinforcing incentives for CASPs to locate in jurisdictions with more limited capacity or less intrusive oversight. Reviewing the supervisory framework for CASPS should therefore go hand in hand with an enhanced and standardised data reporting framework for CASPs at EU level.

In view of these sectoral specificities, direct supervision of all CASPs authorised under MiCAR at the EU level would allow the market to develop on a level playing field. A centralised supervisory model would create greater regulatory certainty for all market participants – both incumbents and new entrants. Centralising CASP supervision at the EU level would allow specialised expertise and analytical capacity to be built once rather than replicated across Member States, offering a far more efficient approach to supervising a novel and technically complex market (not least in terms of cost). The current phase of implementing MiCAR, combined with the political consensus to strengthen the EU's oversight of digital finance, provides a unique window of opportunity to establish such an integrated supervisory regime without incurring structural adaptation costs. In addition, direct EU supervision would favour the systematic collection of harmonised, high-quality data on the crypto-asset sector, supporting both microprudential supervision and macroprudential risk assessment.

While all CASPs would fall under EU-level supervision, the prudential requirements could be tailored based on risk profile.⁹³ Currently, MiCAR stipulates that a CASP should be deemed significant based on a single criterion: that it reaches an average of 15 million active users in a calendar year. The only effect of crossing the threshold is a requirement to notify the competent authority. As all CASPs would fall under ESMA supervision, the concept of a significant CASP could be maintained and expanded so additional requirements are imposed on more complex or risky entities. This approach could draw inspiration from the existing regime for significant e-money and asset-referenced token issuers and ensure that at least the largest, most complex and cross-border CASPs (including standalone

⁹³ This would require an adaptation of the concept of significant CASPs set out in Article 85 MiCAR by reviewing the criteria for designating CASPs as such and introducing specific requirements for these entities. It could include a requirement to establish an intermediate parent undertaking in the EU, ensure they have recovery plans which are coherent at group level, or apply enhanced internal controls and risk management arrangements, including for conflicts of interest.

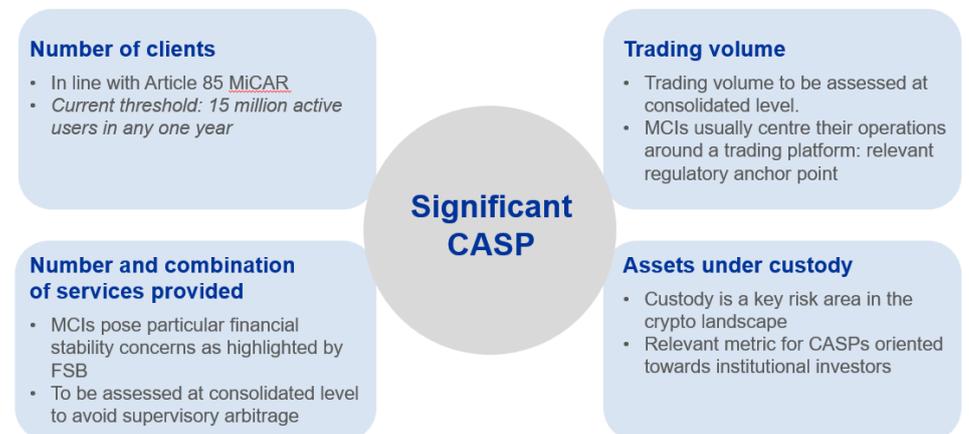
and Article 63 CASPs) are subject to stronger requirements commensurate with the higher risks they pose. This option would strengthen prudential safeguards and improve risk detection and mitigation, while aligning with the proportionality principle.

Identifying CASPs to be subject to additional prudential safeguards could be based on a combination of quantitative and qualitative criteria that capture the most relevant size and risk dimensions. These could include:

- **Significance:** different indicators and thresholds can be used, depending on the nature and combination of activities (Chart 26). Alongside traditional size indicators, the significance criteria could consider CASPs that combine services posing higher risks;
- **Being part of a financial group,** given the growing interlinkages with traditional finance and the increasing financial stability relevance of those players;
- **Being part of a global multifunction crypto-asset intermediary group,** given the additional supervisory challenges posed by extra-territorial activities and coordination of third-country supervision;
- **Cross-border relevance,** potentially measured by the share of clients/activity in other Member States and third countries.

Chart 26

Possible criteria for identifying significant CASPs



Source: ECB.

5.6 The role of national supervisors within the new EU integrated supervisory system

The proper functioning of an EU integrated supervisory system needs to rest on effective collaboration between European and national supervisors. First, the oversight of entities directly supervised at EU level would rely on the expertise of

national supervisors, for instance through JSTs comprising experts from ESMA as well as national experts from the countries where the entity is based and where it operates subsidiaries or branches. This collaborative approach has proved successful for banking supervision, and would enable a comprehensive oversight at the EU level, offering broader access to data and improved monitoring of cross-border risks, while also capitalising on the deep expertise of national supervisors and their proximity to supervised entities.

Second, national supervisors will continue to oversee the vast majority of EU capital market participants, focusing on smaller and domestically-oriented entities. National supervisors would be responsible for overseeing entities that do not qualify as significantly large and of cross-border relevance. As a result, the majority of participants in EU capital markets would continue to fall under the jurisdiction of national authorities. This is particularly true for the many market infrastructures which predominantly focus on serving their domestic markets, as outlined in Chapter 5.1 and 5.2 (e.g. 57% of CCPs and 55% of CSDs). This approach reflects the localised nature of these entities while ensuring that oversight remains efficient, proportionate and appropriately tailored to the scale and scope of their operations.

Third, in the field of asset managers and investment funds, NCAs would continue to directly supervise entities domiciled in their jurisdictions, but within a more European framework. While direct supervision of asset managers is unlikely to be achieved in the short term, a stronger ESMA role in fostering supervisory convergence for the 10 to 15 largest cross-border groups could provide a meaningful European dimension to their oversight. This would support the level playing field in the application of rules, harmonise practices, allow for the detection of risks at the EU level and build ESMA capacity and expertise in this sector. This should be accompanied by a strengthening of the macroprudential toolkit.

Overall, the success of an integrated EU supervisory architecture requires a continued central role for national authorities, despite the differentiated design across sectors. While the degree and modalities of NCA involvement would vary depending on sectoral specificities – including details of implementation and operationalisation – the role of national supervisors is crucial to ensure supervisory effectiveness. Elevating supervisory responsibilities to the EU level for all capital market players would be inefficient and difficult to implement in the short run; thanks to their expertise and knowledge of the local markets, national supervisors are better placed to keep responsibility for smaller and domestic players. Furthermore, while the EU authority would have the responsibility for the overall functioning of the system – similarly to the ECB for banking supervision – assigning it direct supervision of all capital market players would require much more staff and resources and could unduly divert these away from the large cross-border players which should be its main focus. The proposed framework would not lead to a full centralisation of capital market supervision, but rather the creation of a supervisory function with ESMA at its core – similar to the SSM model in banking. This would improve today's framework for the oversight of large and cross-border capital market

players, while preserving the essential role of national supervisors and fostering closer cooperation between EU and national levels.

For interaction and cooperation to be effective, roles and responsibilities between the different supervisory layers need to be clearly defined. Several models already implemented in Europe could serve as inspiration for the governance of the reformed ESMA – each entailing different risks and opportunities. Regardless of the model chosen, a clear delineation of tasks and responsibilities is essential to avoid duplication of supervisory work, ensure consistent application of the single rulebook, enhance accountability and support efficient decision-making across the entire supervisory system.

5.7 Governance considerations

To match the increased supervisory responsibilities of the EU supervisor, its governance arrangements would have to be adjusted accordingly. The adjustments should aim to provide a larger role for decision-making at European level and ensure ESMA can act fully independently – in line with its tasks and responsibilities. Similarly, NCAs should continue to play an important role in decision-making, commensurate with their supervisory responsibilities. At the same time, governance arrangements should avoid individual veto powers that could hinder effective and timely decisions. Currently, the lack of an independent decision-making body leaves decisions dependent on the preferences of the national authorities represented in the Board of Supervisors – which can create conflicts of interest and prevent decisions being made on EU-level rather than national considerations. The ESMA Management Board, composed of six members selected from the Board of Supervisors by its members and entrusted with management aspects of ESMA, could be enhanced or replaced by an independent decision-making body. Moreover, ESMA currently has limited direct supervisory powers and a lengthy procedure to implement corrective measures (e.g. in the event of breaches of Union law). It is clear that current governance arrangements need upgrading in light of the potential expansion of ESMA's supervisory perimeter, in terms of independence, speed and effectiveness. The key question is how to design this governance.

Different models can serve as inspiration, reflecting varying degrees of centralisation and independence in governance arrangements and decision-making processes. In particular, the SSM and the recently established Anti-Money Laundering Authority (AMLA) provide useful reference points and could be compared to what the Commission's legislative proposal foresees for the reformed ESMA. Each model entails specific benefits and drawbacks; the purpose of this section is not to advocate a particular model, but rather to present the range of options available and the rationale underpinning their respective features. Irrespective of the model selected, the design should be assessed against its ability to operate effectively and deliver the assigned supervisory tasks. Governance arrangements need to be coherent with the responsibilities and powers conferred on the authority, fully in line with the supervisory mandate.

Table 3

Governance and organisational arrangements for EU integrated supervision

	SSM	ESMA (proposed)	AMLA (excl. FIUs)	
Governance	Institutional status	Independent, hosted in ECB	COM agency	
	"Management" Board	Supervisory Board (Chair, Vice-Chair, four ECB members, NCAs) ECB SB members have a mandate for five years, Chair non-renewable	Executive Board (Chair, five ESMA members) EB members have a mandate for five years, extendable once	Executive Board (EB) (Chair, four AMLA members) EB members have a mandate for four years, extendable once
	Ultimate decision-making body	ECB Governing Council (ECB President, five ECB Executive Board members, National Central Banks)	Board of Supervisors (BoS) (NCA Heads, Executive Board members).	General Board (GB) in supervisory composition (Chair, NCAs, non-voting COM representative)
	Appointment of management board members	SB Chair: open vacancy, Governing Council proposal, approval by European Parliament and Council of the EU. Vice-Chair selected by Governing Council among ECB EB members, subject to EP and Council approval. Other SB members appointed by Governing Council.	Shortlist by Commission, BoS proposal, approval by EP and Council of the EU	Chair: Commission shortlist (at least two candidates, EP and GB may conduct hearings), Commission proposal of one candidate, subject to EP and Council approval. EB members: Commission shortlist, proposal of one candidate by AMLA General Board, approval by EP and Council of the EU
	Voting mechanisms for supervisory decisions	Simple majority in SB, then non-objection in Governing Council	Simple majority in EB (EB may also ask for prior BoS opinion), then non-objection in BoS	GB may provide opinion on draft decision as prepared by JST, and decision by simple majority in EB (Chair votes in case of tie) which may deviate from GB opinion
	Non-voting attendees	SRB, COM, ESAs, AMLA may participate in SB meetings	COM, EBA, EIOPA may participate in BoS meetings. ECB may participate in EB meetings where CCPs/CSDs are discussed	COM sits in EB (may vote on e.g. budget, workplan, etc.) ECB, ESAs may participate in GB meetings
	Scope of supervised entities	Credit institutions	CRAs, trading venues, CASPs, CCPs, CSDs	Credit institutions, financial sector (incl. CASPs)
	Scope of EU-level supervision	Around 110-120 significant institutions (based on size, economic performance, cross-border activities, direct public financial assistance and geographical coverage criteria)	Around 600-850 institutions, including 14 significant CSDs, 8 significant CCPs, up to 615 CASPs, 10 groups of trading venues (150-200 individual entities), 3 CRAs (based on diverse criteria)	Around 40 selected obliged entities from the financial sector. Entities selected every three years based on their riskiness and cross-border nature, list may change significantly every three years (based on size, cross-border and EU geographical coverage, but constrained by upper limit on number of directly supervised entities)
	EU oversight of national supervision	Strong: ECB responsible for overseeing NCAs' supervision of LSIs and "step in" provisions	Mild: dispute settlements, breach of Union law and independent reviews	Moderate: performs peer reviews, identifies breaches by NCAs, some "step-in" provisions (subject to Commission's approval or NCA's request).
	Role of NCAs	Operationally essential (participation in JSTs and on-sites), strong presence in governing bodies. NCAs in charge of LSI supervision, but ECB oversees NCA supervision.	Operationally essential for ESMA direct supervision, and primary supervisors for all entities not falling under ESMA direct supervision.	Operationally essential for AMLA direct supervision, and primary supervisors for all entities not falling under AMLA direct supervision.
Organisation	External collaboration	Exchanges of information via MoUs, participation in Board meetings of other supervisors, participation in supervisory colleges		
	Accountability	To European Parliament and Council of the EU (hearings, written questions, annual report)		
	Funding	Supervisory fees	Mix of EU budget and supervisory fees	

The extent to which the decision-making of the integrated EU supervisory system is made supranational is the first dimension to consider.

NCA's remain crucial no matter what model is decided on, but their formal and informal influence in decision-making may differ:

- In the case of the SSM, NCA's retain significant direct formal influence at the decision-making level, as proposals for supervisory decisions are voted on by the Supervisory Board, on which they sit. This is then submitted to the Governing Council for non-objection, where the national central banks (which often coincide with the SSM NCA's) also sit;
- AMLA offers another interesting model, which could be described as more supranational; decisions are taken by the Executive Board and can overlook the opinion of the NCA's. More precisely, the decision-making process includes a consultation of the General Council (where the NCA's sit), but the final decision by the Executive Board may deviate from this as long as justification is provided. The NCA representing home jurisdiction for the entity concerned may attend the Executive Board discussion on the matter, but without voting rights;
- The European Commission's legislative proposal for ESMA foresees a model somewhere in between the SSM and AMLA options: ESMA's new Executive Board would take decisions (similarly to AMLA), with the Board of Supervisors having an opportunity to object, giving the opportunity to NCA's to vote on supervisory decisions but without single veto powers (similar to the SSM).

The different decision-making models also reflect the different scopes of direct supervision of the EU-level authority.

The fact that the decision-making of the SSM offers more space to NCA's to vote on supervisory matters may also counterbalance the vast direct supervisory scope of the ECB, which includes between 110 and 120 banks: this is for now the broadest direct remit for an EU-level supervisor and represents the large majority of total assets in the banking system (approximately 80%). By contrast, AMLA has more limited direct supervisory scope, as it will supervise around 40 obliged entities (entities subject to the AML/CFT framework) at inception, out of the entire banking and financial sector more broadly. In the area of AML/CFT, NCA's remain at the front line of supervision for the vast majority of obliged entities. Furthermore, while the respective supervisory scopes of all EU-level supervisors include various criteria, the selection of entities subject to AMLA direct supervision is based on the riskiness of entities,⁹⁴ while for the ECB and ESMA this is driven instead by size.

The different nature of the supervisory rationales has also played a role in shaping governance arrangements.

The supervisory models discussed above were designed with slightly different rationales: the prudential perspective was strongly dominant in the case of the SSM, whereas for AMLA the objective was to cover the cross-border nature of financial crime (AMLA will supervise only the riskiest entities in the EU with a strong cross-border presence – at least six Member

⁹⁴ AMLA will supervise entities with the highest level of residual risk - the risk that remains after taking into account the internal controls in place within the entity to limit the risks it inherently faces due to its business model.

States), and promote the smooth functioning of the internal market.⁹⁵ AMLA's more centralised and supranational governance has been designed to better tackle cross-border activities, in line with its mandate.

Differences in the extent of EU-level oversight of national supervisors also shape supervisory convergence. While JSTs are the default option in both the SSM and AMLA, differences may emerge in the extent of oversight of national supervisors by the EU supervisor. In the case of the SSM, licencing and withdrawal of licences is centralised with the ECB, which is ultimately responsible for the overall supervisory system, including oversight of NCAs' supervision as well as the ability to take over supervision of banks where the NCA is not performing its tasks and responsibilities adequately ("step-in provision"). AMLA also has this option, but to a more limited extent – at the request of the NCA itself, or conditional on the Commission's approval. Variations in the scope and intensity of monitoring exercised by the EU supervisor over NCAs influence the degree of harmonisation and convergence of supervisory practices across Member States.

All supervisory models envisage structured collaboration across the broad supervisory ecosystem. The involvement of other relevant institutions in the decision-making process, with or without a vote, is an important form of cooperation to take well informed decisions and ensure consistency: this is why it is a common feature across the different supervisory models. At the same time, involvement needs to be respectful of the different mandates of each authority, and maintain the efficiency of decision-making. This feature is particularly relevant for capital market players, as they often operate across sectors and report to different supervisors. Information exchanges in the form of MoUs are also essential to improve efficiency, avoid reporting duplications, better identify emerging risks and establish working procedures, for instance where there may be overlapping powers (e.g. on granting and withdrawing licences).

Overall, the SSM and AMLA governance models illustrate different, yet internally coherent, approaches to EU-level supervision, based on their respective mandates and supervisory scope. The SSM combines a comparatively less centralised decision-making structure, including strong involvement of NCAs in the Supervisory Board, with the broadest remit of direct supervision and the most far-reaching oversight and step-in powers in dealings with national supervisors. This design supports supervisory convergence and harmonisation across a highly integrated banking system. By contrast, AMLA features a more centralised and independent decision-making process through its Executive Board, which is well suited to addressing cross-border financial crime risks, but is paired with a more limited scope of direct supervision and more constrained oversight of national authorities.

The reformed ESMA will need the necessary powers to perform its new tasks – including direct supervision – accompanied by an adequate level of accountability. A credible supervisor needs to be able to enforce its decisions. For

⁹⁵ Article 114 of the Treaty on the Functioning of the European Union (OJ C 326, 26.10.2012, p. 47) is the legal basis for establishing AMLA. It is also the basis for the Commission's recent proposal to expand ESMA's supervision.

instance, this includes having sufficient powers to request the information needed to take supervisory decisions or issue administrative measures. Centralising powers and supervision at the EU level – including oversight of national authorities – maximises efficiency and harmonisation. At the same time, an effective supervisor needs to rely on the support and expertise of NCAs in line with the subsidiarity principle. Moreover, any powers transferred to the EU level will need to be accompanied by robust accountability mechanisms – both political and judicial.⁹⁶

The review of ESMA's governance should be made in light of its new role and tasks, the key supervisory objectives and the structure of the supervised entities, reflecting the prudential nature of its mandate. EU capital markets are increasingly cross-border in nature, and also display a high degree of concentration in a limited number of jurisdictions; these two elements strengthen the case for centralising decision-making at the EU level. The governance framework also needs to draw on relevant elements of the SSM model, given the multifaceted nature of ESMA's role and objectives, to ensure appropriate involvement of national authorities and operational effectiveness. Given that financial players may operate across sectors, it will also be essential to ensure adequate information exchange and collaboration mechanisms between ESMA, the other ESAs and the ECB where relevant to their mandates.

The funding of the EU supervisor also has to be adjusted to ensure it has the resources to perform its tasks and responsibilities. Independence should be safeguarded not only against the political sphere, but also from the industry; this argues for appropriate diversification of funding sources. The proposed mix of funding from the EU budget and supervisory fees levied on the industry appears well suited and is consistent with existing arrangements, such as AMLA. The fees levied from supervised entities could be determined taking into account their riskiness to promote adoption of sound risk management practices by those entities. A funding model relying exclusively on industry fees (such as the SSM) can strengthen insulation from political influence. Conversely, a model fully based on public funding could break the link with the supervised entities and reinforce public interest orientation, but might place significant demands on public finances and expose the supervisor to budgetary constraints and political cycles.

5.8 Benefits of EU integrated supervision of capital markets

An integrated EU supervisory framework for capital markets would streamline supervision, allowing large cross-border groups to move from a fragmented system to a single EU supervisor. An integrated EU supervisory framework would streamline interactions between supervisors and supervised entities. This is particularly evident in the case of the CSD sector; integrated EU supervision would

⁹⁶ Political accountability refers to the obligation of EU institutions to explain, justify and defend their actions before democratically legitimate bodies – primarily the European Parliament and, where relevant, the Council – for example through hearings, reporting and questioning. Judicial accountability refers to the obligation of EU institutions to act within the limits of EU law and to be subject to review by the Court of Justice of the European Union, which can annul unlawful acts and ensure compliance with Treaties and secondary legislation.

reap significant benefits compared with the current fragmented set-up, even with the introduction of CSD colleges. The proposed cooperation arrangements led by ESMA would involve the same NCAs and relevant authorities, ensuring appropriate information sharing across authorities while streamlining processes, including by introducing common supervisory methodologies and templates and involving relevant authorities at an earlier stage. Cross-border groups currently overseen by multiple authorities would also significantly benefit from the reduced complexity brought about by the role of a single European supervisor. Major EU cross-border groups would transition from a fragmented system where they have to engage with multiple domestic regulators in each Member State in which they have subsidiaries or operate SSSs (in some cases as many as three to five) to an arrangement involving a single EU supervisor, with a significant reduction in complexity (**Chart 27**).

An integrated EU supervisory framework would also boost the competitiveness of EU CCPs by allowing simplification of supervisory processes. These are currently made particularly long and complex by the involvement of ESMA and the college, in addition to NCAs. Integrated supervision would improve supervisory efficiency and streamline the decision-making processes by reducing duplicated work (e.g. risk assessments for significant model changes are currently conducted by both ESMA and NCAs). In addition, integrated supervision would ensure a level playing field between CCPs and open up the possibility of removing college opinion procedures (where voting takes 15 days in most cases), provided sufficient information is offered and the relevant authorities involved in advance by means of cooperative arrangements governing the relations between ESMA and the other relevant authorities. Further simplification may be achieved, depending on the structure of these cooperative agreements.

Chart 27
European supervisors for CSD groups



Source: ECB based on ESMA data (ESMA 2025a). Notes: The number of NCAs is the count of national supervisors involved in the direct supervision of CSD groups, based on the location of CSDs domiciled in the EU. Banking supervisors (for CSDs with a bank licence) not included. College members refer to the members of the proposed Supervisory Colleges under CSDR Refit.

Alongside significant benefits for the supervised entities (mainly via simplification), an EU-level supervisor would also strengthen supervisory effectiveness for CCPs and CSDs. An EU-level supervisor would be able to enhance supervisory evaluations by benchmarking CCP and CSD risk management practices across several entities – as opposed to NCAs supervising only one or two – and better identify best practices and areas for improvement. In addition, the EU supervisor would be able to carry out more comprehensive risk monitoring exercises, by exploiting a more complete set of information on CSDs, CCPs, clearing members, clients and other relevant features through multiple data sources – e.g. full visibility of transaction-level reporting, including EMIR and SFTR data – currently not fully available to national supervisors. These developments would improve surveillance capabilities over market infrastructures and related risks, as they would make it possible to comprehensively monitor hidden risks through indirect contagion channels. For example, CCPs might be subject to contagion channels through common clearing members, common clients or indirect exposure to the same type of assets or collateral.

For CASPs, moving to an EU supervisory framework would bring distinct advantages, particularly in terms of data, supervision and consistency. A single EU authority would allow supervisory decisions to be based on a comprehensive view of group-wide activities, including operations routed through third-country affiliates or carried out under simplified notification procedures. From a practical standpoint, centralisation would make it possible to establish one harmonised reporting framework, with common definitions, templates and submission channels for key indicators such as trading volumes, client assets under custody, cross-border flows and intragroup exposures. This would significantly ease the reporting burden for CASPs that would otherwise have to comply with a patchwork of national requirements, while giving supervisors access to a richer and more timely pool of information. A unified data architecture, combined with specialised analytical tools and expertise developed once at EU level, would improve the monitoring of risk concentrations and interconnections with traditional finance and support faster, more coherent supervisory responses in periods of market stress. Finally, given that the sector is still nascent and growing, developing supervisory capacity directly at EU level and pooling expertise would be more cost-efficient than building up expertise within each supervisory authority.

Further harmonising the regulatory and supervisory framework for the asset management and funds sector would level the playing field and reduce cross-border inefficiencies. The rulebook for asset management and funds consists primarily of Directives which need to be transposed at the national level, leading to uneven application of rules. Funds that have been authorised in a Member State should normally benefit from a passport ensuring smooth distribution across the EU. However, notification procedures to exercise marketing and management passports are often accompanied by additional requirements set by host authorities. This can amount to re-authorisation at host Member State level, adding costs, time and complexity to the cross-border marketing and operations of funds.⁹⁷ The additional

⁹⁷ European Commission (2025e).

complexity stemming from national requirements can incentivise asset managers to set up new local funds or limit fundraising to certain countries – leading market stakeholders to call for further harmonisation.⁹⁸ Overall, the fragmented regulatory and supervisory framework is reflected in the market structure: smaller fund sizes, higher fees for investors, and smaller financing capacity for larger tickets.⁹⁹ The Commission’s proposal to further harmonise the rulebook and provide ESMA with a more central role in passport-related issues (i.e. centralising notifications, further harmonising the rules and addressing home-host issues) would facilitate the distribution and access of European savings and investment products.

In addition, the proposed role in the Commission proposal for ESMA in the supervisory convergence of the largest asset management groups would enhance the consistency of the supervisory framework. The current framework already provides for the possibility of establishing voluntary supervisory colleges for large investment services and investment management firms. Only four such colleges have been set up so far, with a focus on exchanging information among authorities. The Commission’s market integration package enhances the role of ESMA in fostering supervisory convergence. This would complement the national expertise with an EU perspective. Given the large number of players in the sector, focusing on the largest asset managers at group level would capture the relevant entities most likely to contribute to financial stability risks, while remaining proportionate and taking advantage of national expertise in the supervision of the sector.

⁹⁸ The results of the Commission consultation revealed that most respondents, particularly asset managers and business associations, find the current authorisation and supervisory approval processes under the AIFM Directive and the UCITS Directive to be inconsistently applied across Member States. 79% of respondents supported greater harmonisation and streamlining of these procedures to reduce divergences, improve enforcement by ESMA and enhance information sharing among NCAs.

⁹⁹ [ESMA \(2025\)](#).

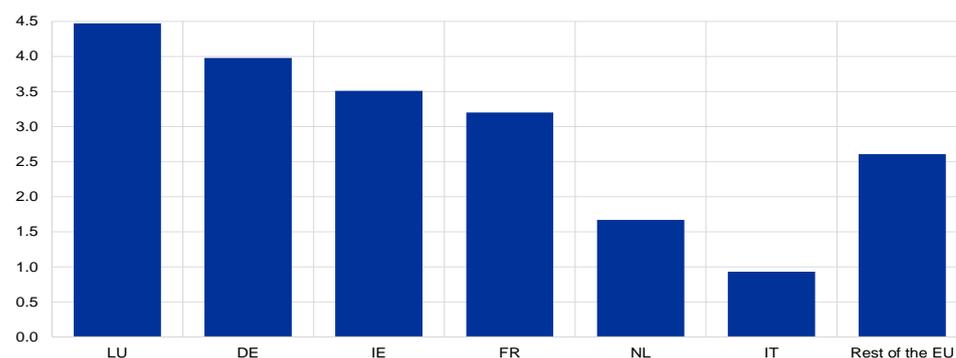
Technical Annex I

5.9 Non-bank activities

Non-bank activities are concentrated in a short list of countries which includes the two European financial hubs (Luxembourg and Ireland) alongside the two biggest economies (France and Germany). While Luxembourg remains the largest domicile of investment funds, Ireland's sizeable share underscores its position as a key cross-border investment platform. France and Germany host a substantial portion of NBFIs holdings in light of their large and diversified economies, although driven by different sectors (insurance corporations in France, pension funds in Germany).

Chart 28

EU NBFIs equity and bond holdings by location of holder (2024)



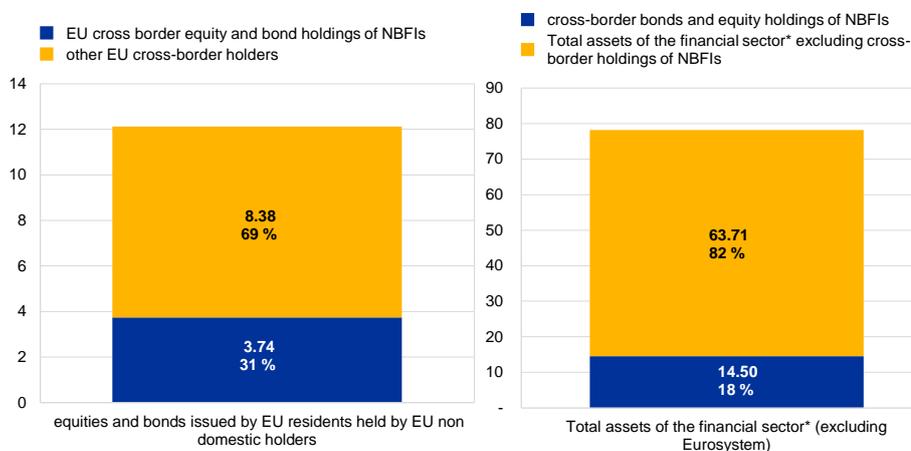
Source: SHSS, CSDB, ECB.

Note: The equity and bond holdings include only securities held within the EU (except for Hungary, Poland and Sweden).

NBFIs play a central role in EU cross-border capital allocation. They represent 31% of all EU cross-border holdings of equities and bonds issued by EU residents, and account for 18% of the total assets of the entire financial sector.

Chart 28

Intra EU cross-border holdings of NBFIs (2024), in EUR trillion



Source: SHSS, CSDB, MFI, ECB.

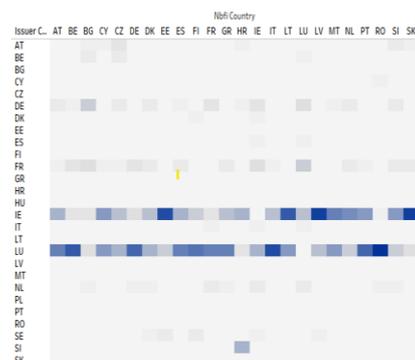
Note: Panel A include all EU cross-border holdings of equity and bond issued by EU residents (except Hungary, Poland and Sweden).

The analysis of EU NBFIs' equity portfolios shows a high degree of geographic diversification, with a pronounced concentration in securities issued by entities domiciled in Ireland and Luxembourg. Considering only equity held by EU NBFIs and issued by non-domestic EU entities (a total of €3.73 trillion), Luxembourg accounts for the largest share of issuance (35%), followed by Ireland (21%), France (13%) and Germany (9%): this is particularly marked for NBFIs headquartered in smaller EU economies, which hold a relatively larger share of equities issued in Ireland and Luxembourg, reflecting the centrality of these financial centres in cross-border fund structures. When focusing on direct equity holdings excluding investment funds share (€1.4 trillion remaining equity holdings), cross-border equity exposures appear more broadly diversified across the EU with most significant exposures to large domestic markets (Germany, France and the Netherlands).

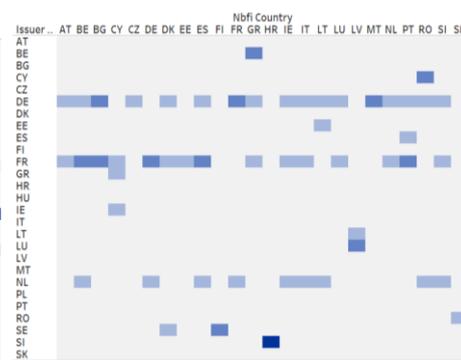
Chart 29

Heatmap of EU cross-border equity holdings of NBFIs (2024)

All holdings



Direct holdings



Source: SHSS, CSDB, ECB.

Technical Annex II

The Commission's proposal on capital market integration and supervision: proposals on supervision

In December 2025 European Commission presented a comprehensive legislative proposal covering integration and supervision of EU capital markets – an initiative called the market infrastructure package.¹⁰⁰ The package includes a wide range of measures, from assigning certain supervisory powers to ESMA to cross-border integration in trade and post-trade services, as well as innovation and the use of distributed ledger technology. This Annex offers a factual description of the main elements of the proposed package related to supervision.

Direct supervision by ESMA of the following capital market players:

- Large and cross-border trading venues (up to nine groups; 150-200 trading venues);
- Large and cross-border CSDs, and CSDs which are part of cross-border market infrastructure groups (15 CSDs);
- Large and cross-border CCPs, as well as CCPs which are part of a CCP group or of a group including a CSD or trading venue supervised by ESMA (nine CCPs);
- All standalone CASPs, and financial entities which are already regulated under other regimes¹⁰¹ in cases where provision of crypto-asset services becomes their main activity (i.e. more than 50% of total turnover in two consecutive years is generated from the provision of crypto-asset services). The proposal excludes financial entities providing crypto-asset services operating under a banking licence, regardless of the size of their crypto-asset activities.

Supervisory convergence for asset managers

The Commission proposes to enhance the role of ESMA in ensuring supervisory convergence of the asset management sector, but does not confer direct supervisory powers on ESMA. Instead, ESMA is tasked with increasing supervisory convergence of up to 15 large cross-border asset management groups, through periodical group-wide reviews of their supervisory approach. The focus of these reviews is to facilitate the cross-border operations of the groups (e.g. identify and addressing divergent but duplicated supervisory practices) rather than assessing potential risks. ESMA is also invited to increase the use of existing supervisory convergence tools (binding mediation, peer reviews, breaches of EU law) and establish collaboration platforms (a new tool to handle disputes between home and

¹⁰⁰ European Commission (2025a, 2025b, 2025c).

¹⁰¹ For example, investment firms, CSDs, UCITS, AIFMs or market operators that provide crypto-asset services.

host supervisors). As a measure of last resort, ESMA is granted the power to suspend the right of investment funds, fund managers or depositaries to operate on a cross-border basis.

Supervisory powers and governance of ESMA

ESMA would be entrusted with several new powers beyond those over direct supervision, including: a duty of cooperation and cooperation arrangements with other relevant authorities, stronger ESMA supervisory convergence powers, power to require prompt and effective corrective actions to address supervisory shortcomings, and power to require national supervisors to suspend, or even suspend directly, the rights of an authorised entity to provide services on a cross-border basis in the event of serious infringements of ESMA regulations or Union law which could jeopardise the integrity of financial markets, financial stability or investor protection.

On governance, the proposal envisages setting up an independent Executive Board with six full-time members, including the ESMA Chair. This Board would mainly be responsible for direct supervision. Where supervisory matters in relation to CCPs or CSDs are discussed, a representative of the ECB will have the right to attend the discussion, but without voting rights (it is not specified under which ECB mandate). In addition, the Executive Board may establish internal committees to which it can delegate certain tasks and decisions. Central banks of issue can participate as non-voting members in internal committees discussing matters relating to EMIR or the CSDR.

Technical Annex III

Chart 30

Overview of capital market players in Europe

CSDs	CCPs
<ul style="list-style-type: none"> • 34 CSDs • Heterogeneity in cross-border importance and size across the sector • College of supervisors mandatory for CSD activities above 15% threshold in at least two host Member States • 7 CSDs of substantial importance (per ESMA) 	<ul style="list-style-type: none"> • 14 CCPs, active in different products. Only 4 with > EUR 10 billion initial margin • Large CCPs have significant cross-border participation; interoperability links (within and outside EU) are key
Asset managers	CASPs
<ul style="list-style-type: none"> • Ireland and Luxembourg are investment hubs: diversified investor base, invest across the EU and outside • Concentration: 15 asset managers represent half of euro area fund assets • Specificities: growing fast, role in financing economy, interconnectedness with banking sector, barriers in rulebook prevent scaling of funds 	<ul style="list-style-type: none"> • Fast growth: 94 licenses granted in 12 Member States, expected to reach 460-610 by mid 2026 • Inherently cross border: 62 authorized CASPs intend to operate in 7+ countries (passporting) • Risk of regulatory arbitrage and supervisory competition
Trading venues	
<ul style="list-style-type: none"> • 295 authorised trading venues + 180 systematic internalisers (end-2023) • Concentration: Germany, France and the Netherlands host 41% of venues • Specificities: trading venues display a high degree of fragmentation and national segmentation. Even for cross-border groups, each venue needs to be authorised locally and is subject to national supervision 	

Source: ECB

Mapping CSDs

The sector-specific analysis carried out in this paper identifies up to 15 CSDs as possible candidates for direct EU supervision. The methodological approach, described in detail in Chapter 5 focused on two separate sets of entities – those that satisfied both size and cross-border relevance criteria (**Set 1**) and those that belonged to cross-border groups (**Set 2**). Belonging to either set is sufficient, in our assessment, to qualify for direct EU supervision. The detailed list of entities assessed is available in **Table 2**. The potential candidates for direct EU supervision include the CSDs belonging to the cross-border groups currently operating in the EU – i.e. the Euroclear Group, the Deutsche Börse Group, the Euronext Group and Nasdaq CSD. A majority of CSDs do not currently meet the conditions to fall within either **Set 1** or **Set 2**, implying that they would remain under national supervision.

Alternative size metrics for CSDs yield consistent descriptions of the sector, regardless of the focus on settlement activity or assets under custody. The size metric for CSDs employed throughout this paper is the value of securities held in accounts by the CSD in 2024. An alternative metric that captures the volumes and economic relevance of the settlement activity of CSDs is the value of delivery instructions. This provides an alternative way of analysing the relative size of CSDs, and has been proposed by the European Commission as a relevant indicator to assess the significance of CSD entities. **Chart 31** shows how, from a qualitative perspective, the distribution of EU CSDs is consistent across size metrics, regardless of whether one considers measures based on settlement activity or securities under custody.¹⁰² The largest entities in terms of assets under custody are also the largest ones in terms of settlement activity – additionally, they are generally the ones identified as of substantial importance by ESMA. On the opposite side of the size distribution, a number of firms cluster close to the intercept, displaying low overall activity across both size indicators.

¹⁰² Data obtained from the ECB's [Securities trading, clearing and settlement](#) statistics.

Table 2

How EU integrated supervision could work in practice - CSDs

Country	CSD	Set 2	Set 1	Set 1		Outcome	
		Cross-border Group	Cross-border relevance	Size A: (> EUR 2 trillion)	Size B: (> EUR 5 trillion)	Outcome A: direct EU supervision	Outcome B: direct EU supervision
BE	Euroclear Bank – ICSD	✓ (Euroclear)	Yes	Yes	Yes	✓	✓
LU	Clearstream Banking – ICSD	✓ (Deutsche Boerse)	Yes	Yes	Yes	✓	✓
DE	Clearstream Europe	✓ (Deutsche Boerse)	Yes	Yes	Yes	✓	✓
IT	Euronext Securities Milan	✓ (Euronext)	Yes	Yes	No	✓	(✓)
SE	Euroclear Sweden	✓ (Euroclear)	Yes	No	No	(✓)	(✓)
LV	Nasdaq CSD SE	✓ (Nasdaq)	Yes	No	No	(✓)	(✓)
FR	Euroclear France	✓ (Euroclear)	Yes	Yes	Yes	✓	✓
DK	Euronext Securities Copenhagen	✓ (Euronext)	No	No	No	(✓)	(✓)
NL	Euroclear Nederland	✓ (Euroclear)	No	No	No	(✓)	(✓)
FI	Euroclear Finland	✓ (Euroclear)	No	No	No	(✓)	(✓)
PT	Euronext Securities Porto	✓ (Euronext)	No	No	No	(✓)	(✓)
BE	Euroclear Belgium	✓ (Euroclear)	No	No	No	(✓)	(✓)
LU	LuxCSD	✓ (Deutsche Boerse)	No	No	No	(✓)	(✓)
ES	Iberclear	(SIX)	No	Yes	No	X	X
CZ	CSD Prague		No	No	No	X	X
CZ	Czech National Bank		No	No	No	X	X
BE	NBB-SSS		No	No	No	X	X
AT	OeKB CSD		No	No	No	X	X
PL	KDPW		No	No	No	X	X
HU	KELER Ltd		No	No	No	X	X
GR	BOGS		No	No	No	X	X
SK	CDCP SR		No	No	No	X	X
GR	ATHEXCSD	✓ (Euronext)	No	No	No	(✓)**	(✓)**
RO	National Bank of Romania		No	No	No	X	X
PL	National Bank of Poland CSD		No	No	No	X	X
RO	Depozitarul Central		No	No	No	X	X
SI	KDD		No	No	No	X	X
EE	Estonia, Nasdaq CSD SE	✓ (Nasdaq)	No	No	No	(✓)*	(✓)*
CY	Cyprus Stock Exchange		No	No	No	X	X
LT	Lithuania, Nasdaq CSD SE	✓ (Nasdaq)	No	No	No	(✓)*	(✓)*
MT	Malta Stock Exchange		No	No	No	X	X
BG	Central Depository AD		No	No	No	X	X
BG	Bulgarian National Bank		No	No	No	X	X
CZ	Czech Republic, RM-SYSTEM		No	No	No	X	X

Sources: ESMA and ECB data, ECB elaboration.

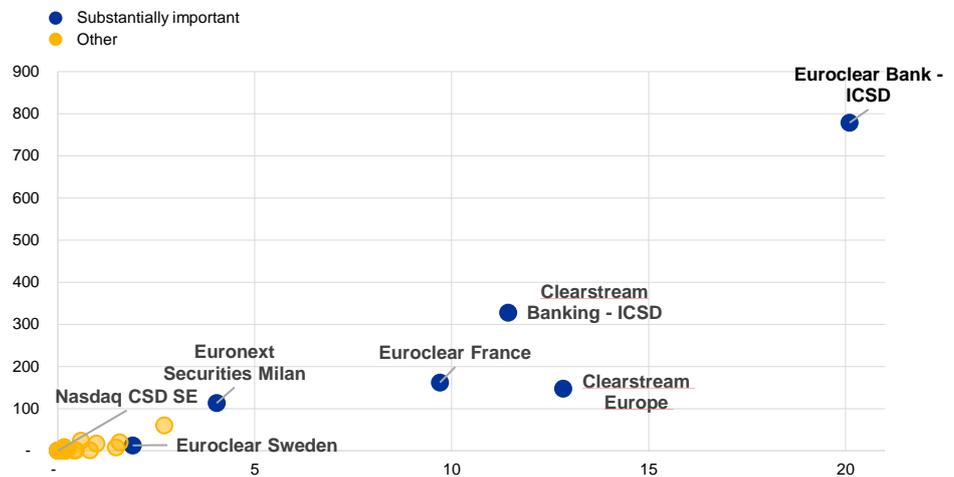
Notes: *As regards Nasdaq CSD, this relies on the CSD operating SSSs in three Member States. This would avoid reaching a different outcome based on whether cross-border CSDs are consolidated in a single legal entity. **The Athex group was acquired by Euronext in November 2025.

Possible outcomes classified as follows: ✓: Meets size and cross-border relevance criteria; (✓): Only meets cross-border group criterion; X: Does not meet criteria.

Source: ESMA and ECB.

Chart 31

CSDs by securities held (x-axis) and value of delivery instructions settled (y-axis)



Source: ESMA and ECB.

Notes: Blue dots represent substantially important CSDs which are cross-border relevant for two or more Member States other than their home country. Data relate to 2024.

Mapping CCPs

The sector-specific analysis carried out in this paper identifies up to six CCPs as possible candidates for direct EU supervision. The methodological approach outlined in Chapter 5 concentrated on two distinct groups of entities: those meeting both the size and cross-border relevance criteria (**Set 1**) and those linked through interoperability connections (**Set 2**). In our evaluation, membership in either group is sufficient to warrant direct EU supervision. A comprehensive list of assessed entities can be found in **Table 3**. For **Set 1**, the findings remain consistent across different size indicators. A sensitivity analysis conducted using two alternative size measures – one risk-based (initial margins), and one activity-based – revealed only one variation. The group consistently includes Eurex Clearing (Germany), LCH S.A. (France), Euronext Clearing (Italy) and ECC (Germany), while Nasdaq OMX Clearing (Sweden) qualifies only under the activity-based indicator. With regard to **Set 2**, entities linked through interoperability connections are also considered for direct supervision. For instance, while Cboe Clear Europe (the Netherlands) does not meet the activity-based thresholds, its two interoperability links are sufficient to bring it under direct EU supervision. Furthermore, **Set 2** also includes LCH S.A. and Euronext Clearing, whose interoperability links further substantiate their inclusion under direct supervision.

Table 3

How EU integrated supervision could work in practice - CCPs

Country	CCP	Set 2	Set 1	Set 1		Outcome	
		Interoperability link	Cross-border relevance	Size A: (> EUR 10 billion IM)	Size B: (> EUR 100 billion OI/Notional)	Outcome A: direct EU supervision	Outcome B: direct EU supervision
DE	Eurex Clearing		Yes	Yes	Yes	✓	✓
FR	LCH SA	Euronext Clearing	Yes	Yes	Yes	✓, (✓)	✓, (✓)
IT	Euronext Clearing	LCH SA	Yes	Yes	Yes	✓, (✓)	✓, (✓)
DE	ECC	(Possibly) Keler CCP	Yes	Yes	Yes	✓	✓
SE	Nasdaq OMX Clearing		Yes*	No	Yes	X	✓
ES	BME		Yes	No	No	X	X
NL	Cboe Clear Europe	LCH Ltd and SIX x-clear	Yes	No	No	(✓)	(✓)
AT	CCP Austria		No*	No	No	X	X
PL	KDPW		No*	No	No	X	X
HU	Keler CCP	(Possibly) ECC	No*	No	No	X	X
GR	Athens Exchange Clearing**		No	No	No	X	X
PT	OMIClear		No	No	No	X	X
HR	Skdd		No	No	No	X	X
NL	ICE Clear Netherlands		Yes	No	No	X	X

Sources: PQDs, EMIR, SFTDS data, ECB elaboration.

Notes: *Proxied by the share of non-domestic clearing members, since data on IM not available. **: To be wound down / merged with Euronext Clearing in the coming years. Possible outcomes classified as follows: ✓: Meets size and cross-border relevance criteria; (✓): Meets the interoperability link criterion; X: Does not meet criteria.

Source: PQDs, EMIR, SFTDS, ECB.

Comparison with the European Commission’s proposal on direct EU supervision on market infrastructures:

The results of this analysis are comparable to those of the impact assessment contained in the “market integration package” published by the European Commission in December 2025, despite minor differences in the methodological approach (e.g. activity indicators, threshold employed). The different results are mostly explained by the fact that our analysis is only risk-based and concentrated on identifying the most systemic CCPs and CSDs within specific sectors, while the Commission complemented this risk-based approach by a cross-sectoral group dimension, including entities within a group alongside other FMIs and trading venues, aiming to achieve more efficient and integrated supervision at the group level. This additional criterion would affect our results by identifying a larger set of entities potentially subject to direct EU supervision - specifically, the following additional candidates:

- Both BME Clearing (CCP) and Iberclear (CSD) would be candidates for direct EU supervision, as they all belong to the BME group, which operates a number of trading venues and is likely to qualify as a pan-European market operator (PEMO);

- ICE Clear Netherlands, which belongs to the same group as ICE Clear Europe Ltd – a UK-domiciled entity classified as a significant Tier 2 CCP, and thus already under direct ESMA supervision (jointly with the Bank of England). Despite currently showing limited activity levels, the CCP is expected to increase its activity in systemic markets in the EU, as it recently launched STIR clearing – a decision taken by the group in reaction to the active account requirements (AAR) under EMIR. Should the AAR measures or future market developments lead to a significant pick-up in activity, the CCP would be a likely candidate for direct EU supervision from a risk perspective too;
- Athens Exchange Clearing, part of the ATHEX Group, acquired in November 2025 by Euronext.

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