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TECHNICAL NOTE—INSTITUTIONAL ARRANGEMENTS FOR FINANCIAL SECTOR OVERSIGHT

This Technical Note on Institutional Arrangements for Financial Sector Oversight for Spain was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed in October 2017.

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INSTITUTIONAL ARRANGEMENTS FOR FINANCIAL SECTOR OVERSIGHT

Prepared By
Monetary and Capital Markets Department

This Technical Note was prepared by IMF staff in the context of the Financial Sector Assessment Program in Spain. It contains technical analysis and detailed information underpinning the FSAP's findings and recommendations. Please also see the Financial System Stability Assessment at http://www.imf.org/~/media/Files/Publications/CR/2017/cr17321.ashx
Further information on the FSAP can be found at http://www.imf.org/external/np/fsap/fssa.aspx

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Glossary

ADR	Alternative Dispute Resolution
BdE	Banco de España
BRRD	Bank Recovery and Resolution Directive
CESFI	Comité de Estabilidad Financiera
CCS	Consorcio de Compensación de Seguros
CNMV	Comisión Nacional del Mercado de Valores
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
DGSD	Deposit Guarantee Scheme Directive
DGsyFP	Dirección General de Seguros y Fondos de Pensiones
EBA	European Banking Authority
ECB	European Central Bank
EIOPA	European Insurance and Occupational Pensions Authority
ESA	European Supervisory Authority
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
EU	European Union
FGD	Fondos de Garantía de Depósitos
FICOD	Financial Conglomerate Directive
FOGAIN	Fondo de Garantía de Inversiones
FRN	Fondo de Resolución Nacional
FROB	Executive Resolution Authority (originally, Fondo de Reestructuración Ordenada Bancaria)
FSB	Financial Stability Board
ICAC	Instituto de Contabilidad y Auditoría de Cuentas
LSI	Less significant institution
MiFID	Markets in Financial Instruments Directive
MiFIR	Markets in Financial Instruments Regulation
MoE	Ministry of Economy, Industry and Competitiveness
NCA	National Competent Authority
NRA	National Resolution Authority
O-SII	Other Systemically Important Institution
SI	Significant institution
SSM	Single Supervisory Mechanism

EXECUTIVE SUMMARY[1]

As Spain recovers from the 2012 banking crisis, attention is being placed on the appropriateness of the institutional framework for financial sector oversight. The complex and relatively fragmented set up has two main features—a strongly sectoral approach to prudential and conduct oversight and systemic risk surveillance, and the active direct involvement of government. The architecture has become more complex with the creation of the Banking Union, which inter alia has changed the nature of Banco de España (BdE)'s responsibilities for prudential supervision of banks.

At this juncture, the case for moving to a more integrated supervisory arrangement in Spain does not appear compelling. Banks in Spain have interconnections with the insurance and asset management sectors, but only two banking conglomerates have nonbank operations of a size that requires supplementary supervision. An integrated supervisory agency in Spain would enhance conglomerate supervision, but the organizational costs and challenges of establishing such an agency could be substantial. However, the institutional arrangements should be kept under review as the supranational financial oversight arrangements evolve in the euro area.

The more immediate priority is to strengthen the independence and technical capacity of the existing agencies. The government has proposed a series of institutional reforms to this end, involving changes to the appointment process of top management at the financial sector authorities, the establishment of an independent insurance supervisory agency, the introduction of a single Ombudsman scheme, and some rationalization of other functions. These reforms are welcome, but need to be supported by appropriate resourcing and information exchange arrangements. Further reforms to address fragmentation in the institutional architecture could contemplate the integration of conduct oversight within a single agency, though this is not high priority, and an assessment of the current diffuse responsibilities for accounting standards-setting.

A void in the institutional setup in Spain is the lack of overall oversight of financial stability in the entire system. A legislatively established Systemic Risk Council, chaired by the BdE Governor, should help enhance inter-agency coordination on matters relevant for financial stability, including systemic risk surveillance, and financial sector policies. The Council would not have regulatory powers on its own but could be given a legislative mandate for overall financial stability and authority to issue statements—ranging in force from observations, to warnings, to recommendations—on emerging threats to system-wide financial stability.

The macroprudential policy framework for banking has been put in place, although the national macroprudential authority has not been established. BdE is the national designated authority for exercising certain macroprudential powers and, under the Banking Union, shares macroprudential oversight responsibility with the European Central Bank (ECB), which possesses

[1] This technical note was prepared by Phakawa Jeasakul (MCM) and John Laker (IMF expert), part of the Spain FSAP 2017 team led by Udaibir Das. The analysis has benefitted from discussions with the staff of the Bank of Spain, the Spanish Treasury, CNMV, the Spain FSAP team, and reviewers at the IMF.

"topping-up" powers. However, an authority in charge of maintaining financial stability for the entire financial system—a role advocated by the European Systemic Risk Board (ESRB)—has not been designated. The proposed Systemic Risk Council could play that role as the national macroprudential authority.

The macroprudential toolkit should also be expanded, particularly to include more effective tools to deal with risks associated with real estate exposures. Macroprudential tools, such as limits on loan-to-value (LTV) and debt service-to-income (DSTI) ratios, need to be developed on a clear legal basis to more effectively contain excessive leverage by corporates and households. In addition, Spain is exposed to inward spillovers owing to significant international banking activity and contagion stemming from growing (albeit still relatively limited) cross-sectoral financial linkages, risks that might need to be reflected in capital buffers.

Monitoring of system-wide trends needs to be conducted with a greater focus on risks and macrofinancial perspectives. Currently, there are no mechanisms that bring together the findings of systemic risk monitoring and assessment that are independently carried out by the sectoral supervisors, and the formation of a comprehensive view on overall financial stability is still missing. Going forward, surveillance needs to be carried out with a more risk-focused attitude so that 'whistle-blowing' about emerging systemic risks would occur, which in turn requires a better understanding about the transmission of systemic risks and resilience to shocks. Moreover, the technical capacity for systemic risk monitoring and assessment, though generally strong, could be enhanced, with a greater emphasis on macroprudential stress testing and deeper analysis of macrofinancial linkages.

In this regard, BdE's role could be strengthened. Given its comparative expertise in carrying out macrofinancial analysis, publishing its Financial Stability Report, and directly engaging with supranational authorities such as the ESRB and the ECB, BdE is well placed to play an anchor role in supporting the technical analysis of systemic threats and financial stability issues. A BdE-led secretariat to the Systemic Risk Council could also coopt sectoral experts from other agencies as needed. The Council would require that all relevant agencies make data and information fully available to the secretariat so that technical analysis supports a more integrated approach to systemic risk surveillance and policymaking.

Table 1. Recommendations on Strengthening the Institutional Arrangements for Financial Sector Oversight

Recommendations and Authorities Responsible for Implementation	Timeframe
Develop an overall framework for institutional strengthening to enhance capacity, governance, independence, and accountability of financial sector authorities. (MoE)	Near-term
Set up a Systemic Risk Council for inter-agency coordination on systemic risk surveillance and financial sector policies. (MoE)	Near-term
Expand the macroprudential toolkit and assign additional tools to the relevant sectoral authorities. (MoE)	Near-term
Create a single Ombudsman scheme to handle consumer complaints, and ensure appropriate information exchange to support conduct and prudential oversight. (MoE, BdE, CNMV, and DGSyFP)	Near-term
Review the appropriateness of and necessity for creating an integrated prudential oversight agency. (MoE, BdE, CNMV, and DGSyFP)	Medium-term
Analyze the current system of responsibilities for accounting standard-setting for banks, insurers, and the broader financial system. (MoE, BdE, CNMV, and DGSyFP)	Medium-term

OVERVIEW

1. The institutional architecture for financial sector oversight in Spain has not, until recently, received close policy attention. The intense focus on handling problem banks and rebuilding confidence in the banking system has meant that broader issues about the appropriateness of the architecture—the governance structure, efficiency in exercising financial oversight and effectiveness in maintaining financial stability—have not had high priority. This is understandable; it is not apparent that weaknesses in coordination between supervisory agencies, a learning from the crisis in some major countries, were a contributing factor to Spain's severe crisis experience. However, the need for closer and continuing coordination on prudential oversight is becoming increasingly more important.

2. Hence, a review of institutional arrangements is now timely. The creation of the Banking Union in Europe in 2014 has shifted the locus of responsibilities for prudential banking supervision and resolution from the national to the European level, and has changed significantly the role of national supervisory and resolution agencies. In addition, the Spanish government has recently proposed some institutional reforms that, if enacted, will strengthen governance arrangements and reduce some of the fragmentation in the institutional architecture.

3. Any reform of the institutional framework must be consistent with the continuing pivotal role of Banco de España (BdE). As the central bank and the national competent authority (NCA) within the Single Supervisory Mechanism (SSM), BdE remains a very important institution in Spain, and for the euro area. It will thus remain an indispensable anchor for the country's macrofinancial stability. Initiatives to strengthen the institutional architecture should also embrace improvements to BdE's strategic orientation, independence, powers, and accountability.

4. This note takes a holistic approach to the review of the institutional architecture, focusing on issues of governance, efficiency and effectiveness. Chapter 2 reviews the current structure of the Spanish financial system, which is bank-dominated but with growing cross-sectoral linkages. Chapter 3 examines prudential and conduct oversight, and discusses the case for and against moving to more integrated supervisory arrangements. It also outlines the government's proposed institutional reforms. Chapter 4 looks at systemic risk oversight, an area in need of immediate reform, and evaluates the macroprudential policy framework and the suite of policy tools available.

CURRENT LANDSCAPE

A. Financial System Structure

5. Spain's financial system remains largely bank-dominated. Based on operations in Spain, banking system assets accounted for 68 percent of financial institutions' total assets as of end-2016, equivalent to about 250 percent of GDP. Insurance companies, pension funds, and investment funds

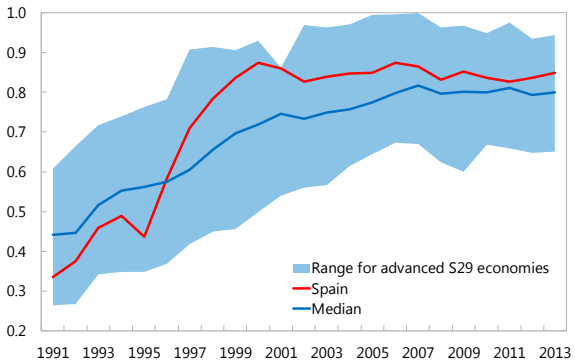
accounted for 17 percent of financial institutions' total assets. Banks thus play a relatively more important role in financial intermediation in Spain than in other major advanced economies. Based on the Financial Stability Board (FSB)'s economic function-based definition, shadow banking, which amounted to around 25 percent of GDP, is rather small in Spain in part because securitized loans are largely kept on banks' balance sheets notwithstanding substantial overall securitization activity. In terms of financial markets, outstanding private sector debt securities issued domestically and internationally amounted to 63 percent of GDP and stock market capitalization stood at 61 percent of GDP as of end-2016. The local bond market is dominated by government securities.

Figure 1. Selected Advanced Economies: Financial System Structure

Spain's financial system is fairly developed based on the combined metrics of depth, access and efficiency.

Financial Development Index, 1991-2013 [1]

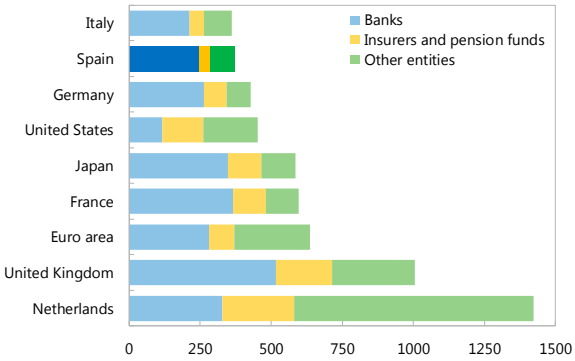
Value between 0 and 1, with the higher value the more developed



Financial institutions are comparatively smaller, with a bank dominance.

Aggregated Assets of Financial Institutions, 2015

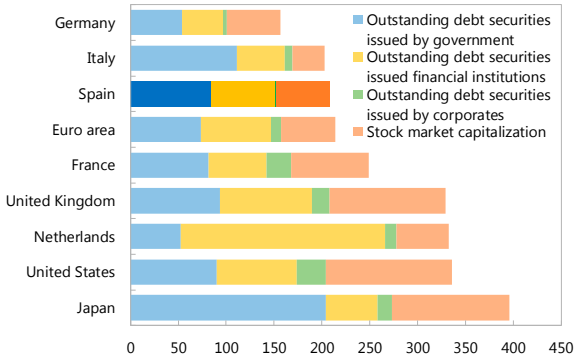
(In percent of GDP)



Financial markets are also smaller, with a sizeable bond market for the government and financial institutions.

Value of Financial Markets, 2015

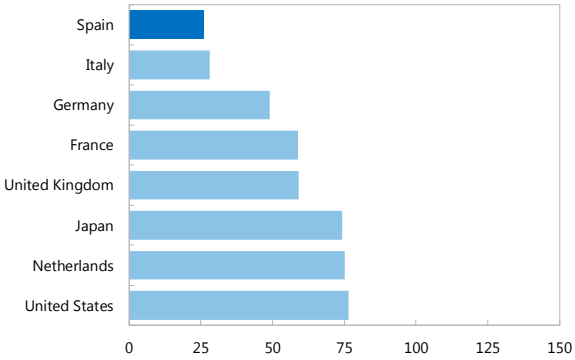
(In percent of GDP)



Shadow banking activity is limited.

Shadow Banking Activities, 2015

(In percent of GDP)



Sources: FSB, 2015 Global Shadow Banking Monitoring Report; IMF, IMF SDN/15/08 and World Economic Outlook database; and IMF staff estimates.

1/ The financial development index is based on the combined metrics of depth, access and efficiency. See IMF SDN/15/08. Advanced S29 economies comprise: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong SAR, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

Table 2. Financial System Structure

	In billion euros			In percent of GDP			In percent of total assets		
	2007	2012	2016	2007	2012	2016	2007	2012	2016
Financial institutions 1/									
Total assets	4,365	4,700	4,021	404	452	361	100.0	100.0	100.0
Banks	2,935	3,414	2,738	272	328	246	67.2	72.6	68.1
Insurance companies	233	264	276	22	25	25	5.3	5.6	6.9
Pension funds	102	109	126	9	10	11	2.3	2.3	3.1
Other financial institutions	1,095	912	881	101	88	79	25.1	19.4	21.9
o/w: Investment funds	...	148	266	...	14	24	...	3.2	6.6
o/w: Financial vehicle corporations	...	356	224	...	34	20	...	7.6	5.6
Financial markets									
Outstanding debt securities	1,291	1,837	1,646	119	177	148	...	...	...
o/w: Government	338	738	942	31	71	85	...	...	...
Stock market capitalization	821	462	679	76	44	61	...	...	...

Sources: BdE; BIS, Debt Securities Statistics; ECB; FSB, 2016 Global Shadow Banking Monitoring Report; IMF, World Economic Outlook database; and IMF staff estimates.

1/ Based on operations in Spain.

6. Cross-sectoral linkages within the financial system, though appearing relatively limited, are likely to increase over time. In Spain, financial institutions are connected through conglomerate structures and ownership, cross-sectoral claims, and common exposures. Six of the largest 10 insurers (including the top three) are owned by the banks. Domestically, while bank balance sheets continue to contract, nonbank activities have already picked up. Presently, covered bond issuance and securitization activity are mostly for funding (from the European Central Bank (ECB)) rather than risk transfer; asset portfolios of insurers and investment funds are independently managed, with no special consideration to own groups. Nonbank activities are set to increase, in part because of the growth potential of insurance and asset management products in Spain. Reform on the public pension system in 2011 and 2013, which will result in a significant decline in the benefit ratio to bolster the system's financial sustainability, may also induce households to diversify their savings away from real estate properties into financial assets.

7. Nevertheless, bank-led conglomerates are exposed to non-negligible conduct and reputational risks due to the prevalence of product cross-selling. In Spain, four banking groups have been designated as financial conglomerates in accordance with the Financial Conglomerate Directive (FICOD)—Banco Santander, BBVA, Criteria Caixa, and Ibercaja—but two of these (also the two largest) are not subject to supplementary supervision of financial conglomerates because their nonbank activities do not meet the size thresholds.[2],[3] Spanish banks are generally involved in distributing insurance and asset management products, some of which are originated by themselves and/or their nonbank subsidiaries. Bancassurance is the main distribution channel for life insurance products (70 percent of new business premiums) and, for five banking groups, assets under management account for more than 10 percent of their domestic banking assets. More generally, banking groups can be exposed to conduct risk from outside their main business lines.

[2] The FICOD refers to Directive 2002/87/EC of the European Parliament and of the Council.

[3] Only Criteria Caixa (the holding company of Caixabank) and Ibercaja are subject to supplementary supervision. See the list of financial conglomerates published by the Joint Committee of the European Financial Authorities.

B. Institutional Architecture

8. The institutional architecture for financial sector oversight is largely organized along sectoral lines. Responsibilities are divided between three agencies. BdE has responsibility for the banking sector, Dirección General de Seguros y Fondos de Pensiones (DGSyFP) within the Ministry of Economy, Industry and Competitiveness (MoE) oversees insurance and pension funds, and Comisión Nacional del Mercado de Valores (CNMV) is the capital markets regulator. Each agency has wide-ranging responsibilities from prudential and conduct oversight to consumer protection and accounting rules. The supervisory agencies are also tasked with some resolution responsibilities, which are shared with the Executive Resolution Authority (FROB, which initially stood for Fondo de Reestructuración Ordenada Bancaria).

9. The institutional architecture has become more complex with the creation of the Banking Union. Set up in response to the financial crisis, the Banking Union is built on three pillars. One is the SSM, the main aims of which are to ensure the safety and soundness of the euro area banking system, increase financial integration and stability, and ensure consistent supervision. Under the SSM, banking supervision responsibilities are distributed between the newly created supervisory authority within the ECB and the NCAs, with cooperation centered on joint supervisory teams for significant institutions (SIs). The SSM is supported by the Single Rulebook for banking regulation, under the purview of the European Banking Authority (EBA): for prudential regulation, the Single Rulebook comprises the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) IV.[4,5] The other two pillars of the Banking Union are the Single Resolution Mechanism (SRM), underpinned by the Bank Recovery and Resolution Directive (BRRD), and the proposed European Deposit Insurance Scheme, which aims to build on harmonized national deposit insurance schemes, based on the Deposit Guarantee Scheme Directive (DGSD).[6] For prudential matters, the 13 largest banks in Spain have been designated as SIs and are now under the direct supervision of the ECB, while BdE continues to directly supervise the less significant institutions (LSIs) under the general oversight of the ECB.

10. More broadly, the overall regulatory framework is now set at the European level given the development of the single market. The Single Rulebook for financial regulation also covers nonbanking activities, as well as conduct of business aspects. Insurance and reinsurance business are regulated under the Solvency II regime, while investment services and activities are subject to the Markets in Financial Instruments Regulation (MiFIR) and the Markets in Financial Instruments

[4] The CRR refers to the Regulation (EU) No 575/2013 of the European Parliament and of the Council. The CRD IV refers to the Directive 2013/36/EU of the European Parliament and of the Council.

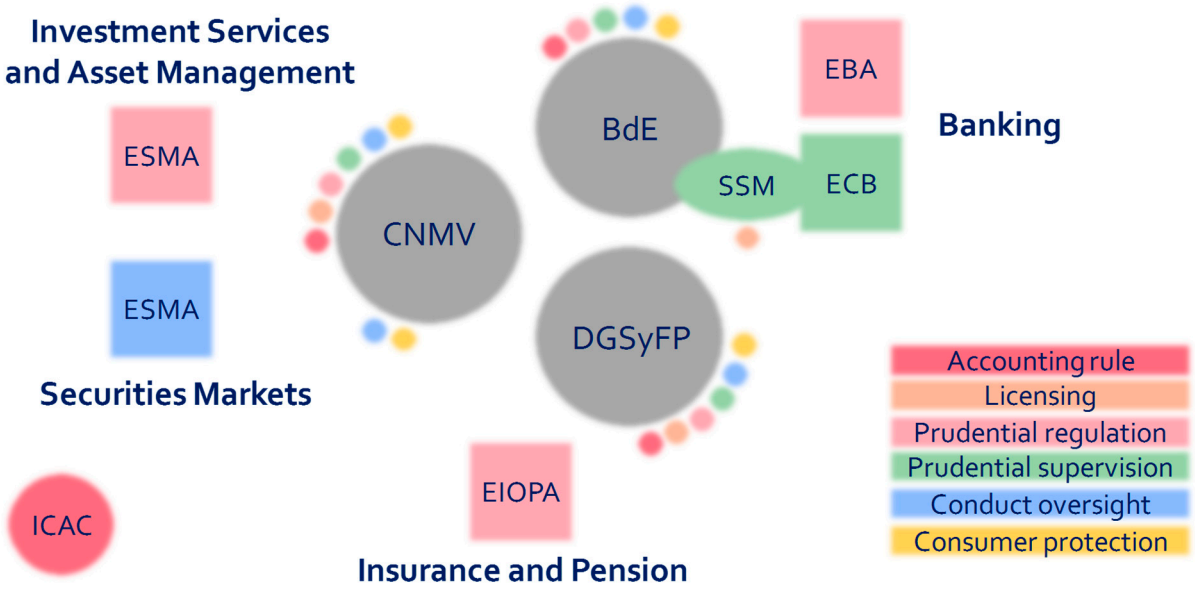
[5] The CRR, the CRD IV and the Bank Recovery and Resolution Directive (BRRD) apply to credit institutions (i.e., banks) and investment firms.

[6] The BRRD refers to the Directive 2014/59/EU of the European Parliament and of the Council. The DGSD refers to the Directive 2014/49/EU of the European Parliament and of the Council.

Directive (MiFID) II.[7] The responsibility to develop the regulatory framework for these sectors lies with the other two European Supervisory Authorities (ESAs)—the European Insurance and Occupational Pensions Authority (EIOPA) for insurance and pension funds, and the European Securities and Markets Authority (ESMA) for capital markets.

11. One notable feature of the architecture for financial sector oversight in Spain is the active involvement of government through the MoE. This takes the form of participation on the boards of BdE and CNMV, and direct oversight of insurance and pension fund supervision through DGSyFP, a department within MoE, and of general purpose accounting standards and auditor performance through Instituto de Contabilidad y Auditoria de Cuentas (ICAC), an independent institute in the MoE.

Figure 2. Institutional Architecture for Financial Sector Oversight



Source: IMF staff.

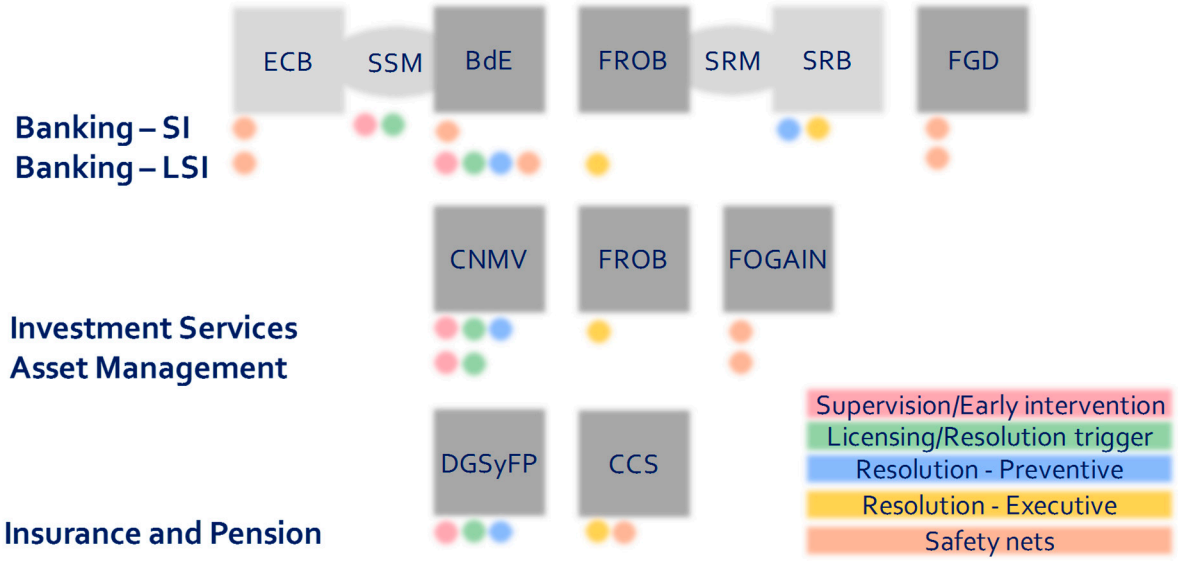
Note **BdE**: Banco de España; **CNMV**: Comisión Nacional del Mercado de Valores; **DGSyFP**: Dirección General de Seguros y Fondos de Pensiones, within the Ministry of Economy, Industry and Competitiveness (MoE); **ICAC**: Instituto de Contabilidad y Auditoria de Cuentas, attached to the MdE; **Treasury**: General Secretariat of the Treasury and Financial Policy, under the MoE; **EBA**: European Banking Authority; **ECB**: European Central Bank; **EIOPA**: European Insurance and Occupational Pensions Authority; **ESMA**: European Securities and Markets Authority; **SSM**: Single Supervisory Mechanism.

12. The arrangements for resolution and safety nets have also become more complex with the creation of the Banking Union. At the national level, resolution responsibilities are divided along sectoral lines in Spain. For banks and investment firms, the preventive and executive functions are split between BdE and CNMV on one hand and FROB on the other. In the Banking Union, the orderly resolution of failing banks and certain investment firms becomes the responsibility of the

[7] The MiFIR refers to the Regulation (EU) No 600/2014 of the European Parliament and of the Council. The MiFID II refers to Directive 2014/65/EU of the European Parliament and of the Council. Both the MiFIR and the MiFID II will enter into force in January 2018.

SRM, which comprises the Single Resolution Board (SRB) and the national resolution authorities (NRAs), with cooperation through the so-called internal resolution teams. Resolution decisions in relation to any of the 13 SIs in Spain would come under the SRB's authority, while those relating to any LSIs are assigned to BdE and FROB. For insurance, DGSyFP is fully responsible for resolution but Consorcio de Compensación de Seguros (CCS) is in charge of unwinding insolvent entities. In addition, there are various safety net arrangements in place—Fondos de Garantía de Depósitos (FGD), which is a deposit guarantee scheme; CCS, which covers insurance for extraordinary risks (e.g., natural disasters and social-political perils), compulsory motor insurance, and multi-peril crop insurance; and Fondo de Garantía de Inversiones (FOGAIN), which provides protection to retail investors for fraudulent investment services and activities. In addition, a national resolution fund (Fondo de Resolución Nacional (FRN)) has been established, in accordance with the BRRD, to provide financial support to resolution.

Figure 3. Institutional Architecture for Resolution and Safety Nets



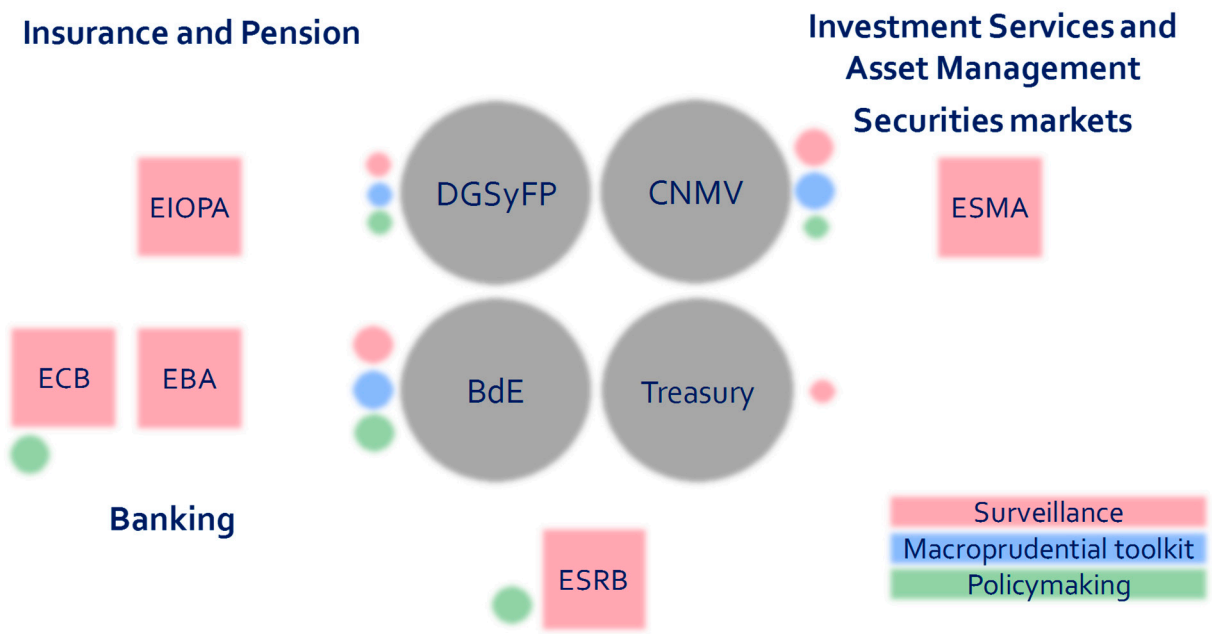
Source: IMF staff.

Note **BdE**: Banco de España; **CCS**: Consorcio de Compensación de Seguros; **CNMV**: Comisión Nacional del Mercado de Valores; **DGSyFP**: Dirección General de Seguros y Fondos de Pensiones, within the Ministry of Economy, Industry and Competitiveness (MoE); **FGD**: Fondos de Garantía de Depósitos; **FOGAIN**: Fondo de Garantía de Inversiones; **FROB**: Fondo de Reestructuración Ordenada Bancaria; **ECB**: European Central Bank; **SRB**: Single Resolution Board; **SSM**: Single Supervisory Mechanism.

13. Spain lacks a body that oversees and mitigates systemic risk from a system-wide perspective. The monitoring and assessment of financial stability risks continues to be carried out largely along sectoral lines, with the three supervisory agencies independently conducting financial stability analysis of banking, insurance, and capital markets, respectively. BdE, as the central bank, also produces macrofinancial analysis, monitors financial market developments, and oversees payment systems; however, these functions are performed mainly to fulfill its price stability objective. In addition, the Treasury—part of the MoE—monitors macrofinancial developments, especially those related to the government debt market. While BdE, CNMV and DGSyFP have

effectively contributed to EU-wide systemic risk surveillance led by the European Systemic Risk Board (ESRB) and the European financial sector authorities, there is no overarching framework in Spain that draws these various analyses together and can formulate timely and preventive policy recommendations to address emerging systemic threats in Spain. A coordination body—Comité de Estabilidad Financiera (CESFI)—was established in 2006 under the chairmanship of the State Secretary for Economy and Business Support of the MoE to exchange information on financial stability and manage a financial crisis with a potentially systemic impact, but this body has not been convened for some time.

Figure 4. Institutional Architecture for Systemic Risk Oversight



Source: IMF staff.

Note **BdE**: Banco de España; **CNMV**: Comisión Nacional del Mercado de Valores; **DGSyFP**: Dirección General de Seguros y Fondos de Pensiones, within the Ministry of Economy, Industry and Competitiveness (MoE); **Treasury**: General Secretariat of the Treasury and Financial Policy, under the MoE; **EBA**: European Banking Authority; **ECB**: European Central Bank; **EIOPA**: European Insurance and Occupational Pensions Authority; **ESMA**: European Securities and Markets Authority; **ESRB**: European Systemic Risk Board.

PRUDENTIAL AND CONDUCT OVERSIGHT

A. Rationalizing the Sectoral Approach to Prudential Oversight

14. Spain is one of only a few EU Member States to have maintained a sectoral approach to supervision. This group includes Cyprus, Greece, Portugal, and Slovenia, while some other Member States have responded to the increasing integration of financial markets and interconnectedness of institutions by pursuing supervisory convergence. This has taken the form of a single, unified authority that covers prudential, conduct and consumer protection of all financial sectors or some type of "twin peaks" model, with a prudential authority responsible for promoting

the solvency of financial institutions alongside a market conduct regulator for dealing with conduct and consumer protection matters in financial markets.

15. At this juncture, the case for a complete overhaul of the institutional architecture in Spain does not appear compelling. A strong rationale for integrated prudential oversight is the enhanced ability that it provides supervisors to assess the overall risks of a financial conglomerate, by enabling them to take a consolidated view and assess group-wide risks that may not be apparent at an entity level. Integration might also improve the consistency of supervisory approaches and organizational efficiency through the elimination of duplicate functions. In principle, these benefits could accrue to an integrated supervisory agency in Spain. As noted above, banks in Spain have interconnections with the insurance and asset management sectors through conglomerate ownership, inter-sectoral claims and common exposures, including conduct risk arising through the distribution of financial products. That said, only four banking groups have been designated as financial conglomerates under the FICOD.

16. In Spain's case, the benefits of integration need to account for the division of supervisory responsibilities under the SSM. The ECB joint supervisory teams responsible for Spanish bank-led conglomerates would have immediate access to nonbank data and supervisory skills in an integrated NCA, wherever it was located, but these benefits would need to be set against the alternative of closer and more active coordination and cooperation with DGSyFP, and the substantial organizational costs and challenges of establishing an integrated agency. That agency would only be directly responsible for LSIs and for insurers and pension funds, sectors that may have little interconnectedness. Hence, the synergies promised by bringing sectoral supervisors "under one roof" may be limited at this point.

17. Any move to establish an integrated prudential authority in Spain would need to be carefully planned. Experience suggests that the success of an integrated agency is highly dependent on the strength of the existing sectoral supervisors; unless these agencies are independent and effective, merging them into one will not necessarily improve the supervision of the financial sector. Moreover, supervisory effectiveness may suffer in the transition to the new agency. Operational issues such as integration of personnel and IT systems, and differences in supervisory cultures that may lead to the loss of key staff, can be major management distractions and may lengthen the transition period. Finally, success is more likely if the financial system is stable, although this has not precluded reforms to supervisory arrangements in some major economies in the immediate wake of the financial crisis. In Spain's case, the banking system has largely emerged from the crisis, but a significant reform of this nature would inevitably distract from other priorities, particularly dealing with legacy issues. In the medium term, nonetheless, the case for integrated prudential oversight should be revisited in light of trends in interconnectedness and evolving European financial sector oversight arrangements.

18. The immediate priority is thus to strengthen the governance structure and technical capacity of the existing supervisory agencies. The government has proposed a series of institutional reforms to this end. These include a more independent and transparent selection process for appointments to senior positions at the supervisory agencies, the establishment of an

independent insurance and pension fund supervisory agency, and the transfer of responsibility for general purpose accounting standards and auditor oversight from ICAC to CNMV. The government is also considering the introduction of a financial ombudsman scheme to centralize and strengthen complaints handling.

19. The plan to create an independent insurance and pension fund supervisory agency was recommended in the 2006 and 2012 FSAPs and is highly welcome. The details of the agency's governance arrangements have not been finalized, but there is an opportunity for the government to step back further from direct involvement in financial sector oversight by not assigning a MoE representative to the board of the new agency. It will also be important to ensure that the new agency is well resourced and is able to retain and attract the technical skills it needs for effective supervision, enhanced international collaboration, and implementation of the new and more demanding Solvency II regime. These skills are generally in strong market demand. At present, DGSyFP is subject to overall government budget constraints that directly affect its ability to carry out its mandate; its 2017 operating budget was cut back as part of government-wide cost reductions. As an independent agency, it should have the ability to fund its programs via fees levied on industry, subject to appropriate accountability for those costs to government and industry.[8]

B. Enhancing the Conduct Oversight Function

20. The oversight of market conduct is one function where supervisory convergence could offer clear benefits to Spain. As with prudential oversight, responsibilities in this area are divided broadly along sectoral lines. BdE oversees the conduct of credit institutions, particularly in relation to the marketing of loan and deposit products; DGSyFP oversees the conduct of insurance companies, along with the operations of pension funds and their management companies; and CNMV oversees the conduct of investment firms and other capital market intermediaries (such as investment funds and their management companies), and the marketing and selling of financial products classified as securities. However, the division of responsibilities is not entirely clear-cut since product features must be accounted for. Hence, securities issued, marketed and sold by banks come under the responsibility of CNMV, not BdE. However, increasing product complexity is creating "grey areas" where the allocation of responsibilities for certain products (required under the MIFID II) has still to be determined in Spain.

21. The general case for separating prudential and conduct oversight mainly reflects concerns about potential conflicts of interest between the two functions. International experience suggests that these conflicts can play out in two main ways. In periods of relative financial stability particularly, there is a risk that prudential issues will be accorded lower priority and management attention than conduct issues, which are often politically sensitive and attract considerable media focus, putting the reputation of the supervisory agency on the line. In less calm circumstances, on the other hand, there is a risk that the supervisory agency will take, or be perceived to take, a more lenient approach to sanctions on an erring institution than might be

[8] See Technical Note on Insurance Sector.

warranted by the circumstances, so as not to undermine the financial position or market standing of the institution. BdE has sought to address potential conflicts of interest by recently separating the conduct oversight function from Directorate General Banking Supervision and imposing "walls" intended to ensure that the conduct oversight function can initiate sanctioning procedures without reference to prudential supervisors.[9] This autonomy is limited, however, because final decisions on sanctions are taken by BdE's Executive Commission.

22. Consolidating conduct oversight "under one roof" at CNMV would have particular advantages. It would not eliminate conflicts of interest but would ensure that any conflicts between conduct and prudential perspectives were transparent and dealt with explicitly between CNMV and the other supervisory agency concerned. It would enable BdE and DGSyFP to remain focused on their prudential oversight responsibilities. It would also avoid any artificiality in the classification of products; the marketing and selling of all financial products, whatever their features or complexity, would be subject to the same consumer or investor regime, with obvious synergies. However, close coordination arrangements between the three agencies would be needed. Misconduct by a financial institution may imply a poor culture or weaknesses in business practices or product approval processes, information needed by a prudential supervisor assessing the management of operational and reputational risks. In turn, on-site inspections may identify practices in marketing and selling that should be highlighted to the conduct supervisor. Close coordination will obviously be essential if the sanctions contemplated by the conduct supervisor in a particular case, especially if they may involve the wind-up of the institution, raise serious prudential or stability concerns. Coordination and information-sharing arrangements could be formalized in memoranda of understanding.

23. Any decision to consolidate conduct oversight functions would need to be carefully sequenced with any other institutional reforms the government may wish to undertake. Transition costs may not be significant because this function forms only a small part of the activities of BdE and DGSyFP, but as with any institutional reform, the skills and experience of existing conduct supervisors should not be lost during the consolidation process. There is no particular urgency on this issue.

C. Strengthening Consumer Protection

24. The government is already considering some rationalization of consumer protection arrangements. At the moment, BdE, CNMV and DGSFyP are empowered to adjudicate on consumer complaints in their respective areas, although their reports on disputes are not binding on either party. However, the government has proposed the introduction of a financial ombudsman scheme in which the complaints handling functions of the three sectoral supervisory agencies would be merged and strengthened. This is in response to the Alternative Dispute Resolution (ADR) Directive,[10] which seeks to strengthen consumer confidence in the financial system by ensuring that Member States provide a simple, fast and low cost out-of-court solution to disputes involving

[9] Market conduct oversight at BdE is now under the purview of Market Conduct and Claims Department within the General Secretariat.

[10] The ADR Directive refers to the Directive 2013/11/EU of the European Parliament and of the Council.

consumers. As noted above, consumer disputes with their financial institution that cannot be resolved through internal dispute resolution (IDR) are referred to the relevant sectoral supervisory agencies for adjudication, but judgments are not binding on either of the parties concerned. These current complaints handling arrangements are not consistent with the ADR Directive, which requires (Article 18) that Member States designate a competent authority to closely monitor the performance and effectiveness of any ADR scheme. The individual sectoral supervisory agencies are automatically conflicted under that requirement. The proposed new scheme addresses this conflict.

25. The modalities of the new scheme—its governance, powers, accountability, and competent authority—have yet to be finalized. Whatever shape the new scheme takes, the centralization of complaints handling will reduce the fragmentation of Spain's financial sector oversight architecture and can be expected to produce efficiencies and resource savings; it will also avoid perceptions of a conflict of interest if a prudential supervisor were asked to assess compensation claims against an institution that it oversees.

26. At the same time, it will be important that any "intelligence" that can be gleaned from patterns of consumer complaints is not lost to the sectoral supervisory agencies. If the ombudsman scheme, once established, identifies a number of similar complaints about a particular institution or about a particular product, that information needs to be communicated to the relevant supervisor on a timely basis. The ADR Directive requires such a scheme to provide information to the competent authority, every two years, on any systematic or significant problems that occur frequently and lead to disputes; the scheme may also offer recommendations on how such problems can be avoided or resolved. This timetable appears too protracted for emerging supervisory issues. It will therefore be incumbent on the scheme and supervisors to agree timely information sharing arrangements.

D. Revisiting the Accounting Standards-Setting Arrangements

27. The proposed transfer of responsibility for general purpose accounting standards and auditor oversight from ICAC to CMNV is another welcome rationalization of the institutional architecture that reduces the direct involvement of the government. The proposed reform is silent on whether responsibilities for setting accounting standards for financial institutions would also be consolidated. There is merit in analyzing the current system of responsibilities for accounting standards for banks, insurers, and the broader financial sector. Almost uniquely for a banking supervisor, BdE has authority to determine accounting standards for banks. This power underpinned the introduction of BdE's "dynamic provisioning" model for the collective assessment of loan impairments,[11] an early form of a countercyclical buffer, rather than the backwood-looking incurred loss model of IAS 39. Similarly, DGSyFP has responsibility for accounting standards for insurers and pension funds, and CNMV for investment firms and investment funds.

[11] Dynamic provisioning no longer existed as of October 2016, following the adoption of the new accounting circular (BdE Circular 4/2016).

28. Any reconsideration of responsibilities for accounting standards-setting must have regard to the importance of effective implementation of IFRS 9 and enforcement of robust provisioning norms. The new accounting standard—IFRS 9—will help bring the earlier recognition of credit losses. However, as a principles-based standard, IFRS 9 will require the use of judgement in assessing and measuring expected losses, which could affect the consistency and comparabiltiy of expected loss measures. Supervisory criteria will thus be needed to ensure high-quality and consistent implementation of IFRS 9.[12] During the implementation phase, BdE's technical expertise will also be essential in promoting the effective implementation of IFRS 9 principles related to banks' credit risk, particularly through developing an alternative, simplified approach to estimate provisions for smaller or less sophisticated banks. Furthermore, any reconsideration of responsibilities would need to avoid sending an unhelpful signal that the resolve of the relevant agency to ensure robust provisioning and prudential policies has been undermined, especially given that the cleanup of bank balance sheets is not yet complete. Whether or not a supervisory agency has accounting powers, it is essential that it be engaged in the implementation of accounting standards and have supervisory powers to effectively enforce robust provisioning practices.

SYSTEMIC RISK OVERSIGHT

A. Developing a Solid Macroprudential Policy Framework

29. The institutional setup for macroprudential oversight in Spain has been largely influenced by the development of the European framework. In the EU, the macroprudential policy framework is shaped by the implementation of CRR/CRD IV, which prescribes the macroprudential toolkit. For technical matters, the EBA and the ESRB has been instrumental in developing methodological guidelines on how to approach systemic risk monitoring, calibrate macroprudential tools, and identify other systemically important institutions (O-SIIs). Furthermore, in November 2011 the ESRB issued recommendations on how to set up a national macroprudential authority, which would in turn define the institutional arrangement for systemic risk surveillance, macroprudential policymaking, and inter-agency coordination at the country level. In Spain, which has a bank-dominated financial system, the macroprudential policy framework for banking has already been developed, with BdE exercising macroprudential powers regarding banking based on the CRR/CRD IV framework as the national competent and designated authority. CNMV has broadly similar macroprudential powers regarding investment firms. However, Spain has not yet set up a national macroprudential authority, and hence lacks a body responsible for overseeing financial stability for the entire system.

30. The EU macroprudential policy framework envisages shared responsibilities between national authorities and European institutions, with the former supposedly bearing the

[12] In terms of EU regulations, SIs under the direct supervision of the ECB will adopt IFRS 9 for accounting periods commencing on or after the beginning of 2018. General guidance has already been issued by the Basel Committee on Banking Supervision and the EBA. Within the SSM, guidelines may take more specific form once "best practices" in provisioning policies and governance emerge from the ECB's two-year thematic review of the implementation of IFRS 9, to be completed by end-2017.

primary responsibility. The framework aims at striking a fine balance between: the necessity for macroprudential policy to safeguard financial stability at the country level given that overall financial conditions are significantly influenced by monetary policy set by the ECB; the integrity of the single market in which prudential norms should be harmonized to create a level playing field; and the effectiveness of macroprudential tools in light of potential policy leakages across national boundaries given a high degree of cross-border financial linkages. With these considerations, the arrangement features:

- **The ESRB as the main coordination platform.** The ESRB plays a leading role in systemic risk surveillance within the EU, along with the three ESAs—EBA, EIOPA, and ESMA —with input from national authorities. The ESRB has also become a main point that gathers information on macroprudential policy implementation, which is useful for coordinating policy actions to mitigate cross-border policy leakages. As the main European financial stability watchdog, the ESRB can make recommendations on a 'comply-or-explain' basis to national authorities and relevant European bodies.

- **The ECB as the bank supervisor in the banking union.** The competency of macroprudential policy for the banking system is shared between national authorities and the ECB. With the "topping-up" power, the ECB can impose more stringent measures under the CRR/CRD IV framework than those applied by national authorities. Hence, the use of such macroprudential tools is subject to the notification and consultation process with the ECB. The "topping-up" power enables the ECB to ensure that appropriate measures are taken to safeguard financial stability in the banking union.

- **The "flexibility package."** The macroprudential toolkit under article 458 of the CRR, as well as the safeguard of its use, is designed to deal with the abovementioned considerations. The use of macroprudential tools in the "flexibility package" is thus subject to a rather extensive notification process and the tacit approval of the European Council, given its veto right.

- **Primary responsibility of national authorities.** The European framework assumes that maintaining financial stability is primarily the responsibility of national authorities, which are expected to adopt any necessary measures. The main roles of the ECB and the ESRB are to ensure the consistency of policy across countries and enhance cross-border coordination. Additional macroprudential tools, which are not prescribed in the CRR/CRD IV framework, can be developed in national legislation.

31. Though enabling BdE to conduct macroprudential policy adequately, the current institutional arrangement should be further strengthened to be more conducive to detecting and mitigating systemic risk. Challenges are three-fold. Inter-agency coordination needs to be enhanced to overcome the lack of a system-wide perspective on financial stability. The willingness to act should be bolstered by strengthening the financial stability mandate and putting in place an appropriate framework for governance and accountability. The ability to act could be constrained by the inadequate macroprudential toolkit and the potential constraints on sharing information.

- **Inter-agency coordination.** Given the nature of the sectoral approach to supervision in Spain, the success of the macroprudential oversight function in maintaining financial stability requires effective inter-agency coordination mechanisms. Naturally, an inter-agency body needs to be established to help bring a system-wide perspective to the monitoring, assessment and mitigation of systemic risk. The proposed Systemic Risk Council (see the subsequent section) could perform the role of the macroprudential authority, enhancing much-needed inter-agency coordination and collaboration. This body should have its own clear mandate in terms of its objectives, functions and powers such that the arrangement preserves the autonomy of the relevant agencies while bolstering the accountability of all parties involved.

- **Willingness to act.** BdE should be given a broader financial stability mandate to underpin its macroprudential oversight function and provide technical support to the proposed Systemic Risk Council. A broader mandate would also help reorient BdE's focus so that its macrofinancial analysis, which is primarily for supporting the current macroeconomic policy agenda, can also guide the conduct of macroprudential policy. In the context of safeguarding financial stability, BdE and other supervisory agencies should be held accountable to the Systemic Risk Council, particularly through the comply-or-explain mechanism.

- **Ability to act.** The lack of effective macroprudential tools, particularly to deal with risks stemming from the real estate sector, could pose a major challenge to policymakers. A legal basis for applying additional macroprudential tools should be developed in national legislation. To ensure effective enforcement and communication, there is a strong advantage for the rule-making power to be assigned to the relevant sectoral supervisory agencies—tools that involve banking activities (e.g., limits on LTV, DSTI and DTI ratios) should be given to BdE. Additional efforts could be made to enhance information sharing. The existing legal basis should be clarified so that necessary data can be shared in carrying out systemic risk monitoring and analysis, in addition to performing more well-defined assigned duties such as conglomerate supervision.

B. Setting Up a System Risk Council

32. Spain has not yet established a macroprudential authority that would bring a system-wide perspective to the monitoring, assessment and mitigation of systemic risk. This is notwithstanding the recommendation of the ESRB in November 2011 that all EU Member States appoint authorities to be responsible for managing systemic risk. The existing inter-agency coordination body (CESFI), which was set up originally to manage a financial crisis, has not met since 2013. Created based on a memorandum of understanding, this body is chaired by the State Secretary for Economy and Business Support of the MoE and comprises the Vice Governor of BdE, the Vice Chair of CNMV, and the Director General of DGSyFP; it is supposed to meet at least twice a year and could meet at any time deemed necessary by the chair. The key functions of CESFI are to facilitate the exchange of information among the four agencies on financial stability matters, to strengthen crisis preparedness including development of contingency plans and the conduct of

crisis simulation and stress testing exercises, and to coordinate the management of a financial crisis with a potentially systemic impact.

33. An overarching framework for systemic risk surveillance in Spain can be readily modelled on systemic risk committees/councils established in EU Member States. The broad *mandate* for the new body—which might be called the "Spanish Systemic Risk Council"—would be to monitor and assess systemic risk with the aim of mitigating the exposure of the Spanish financial system to emerging risks and to enhance the system's resilience to shocks. Core *membership* of the Council would be the heads of the four agencies with direct financial stability responsibilities, viz. BdE, CNMV, DGSyFP, and the Treasury. Participation of the Treasury is important as policy responses needed to address identified systemic risk may require a legislative change. Once set up, FROB and FGD may participate in the Council on an as-needed basis, subject to appropriate governance arrangements.[13]

34. The new Council should be established in legislation but would not have regulatory powers in its own right. Powers and tools to respond to emerging systemic risk would remain with the three supervisory agencies (prudential requirements) and the government (fiscal measures). However, the Council would be given an explicit legal mandate to be accountable for safeguarding financial stability in Spain. Its ongoing role would be to ensure cooperation and collaboration between its member agencies and provide a forum for identifying trends in the Spanish financial system (including from outside the regulated sectors) that may impinge on financial stability, and agreeing appropriate policy responses. To support this role, the Council could be given authority to issue statements on these trends and threats to financial stability. Following the lead of other EU Member States, these statements would vary in force, from observations, to warnings, and, where appropriate, to recommendations:

- **An observation** would indicate that the Council has assessed that the risk of unfavorable systemic developments may be increasing;
- **A warning** would indicate that the Council has identified a clear build-up of systemic risk and that mitigation should be considered; and
- **A recommendation** would be a specific proposal to the government or a supervisory agency for policy action that could be expected to mitigate or counter identified systemic risk.

In some EU Member States (e.g., Denmark), recommendations are issued on a "comply-or-explain" basis, under which the recommendations must be implemented (comply) or the relevant party must explain why they are not being implemented (explain). A similar arrangement in Spain would reinforce the authority of the Council and the power of its recommendations. The "comply-or-

[13] This could be done by invitation when matters relevant to the operation of these agencies are under consideration. Furthermore, FGD should participate in the Council only after its governance structure and operational capacity have been strengthened. See Technical Note on Bank Resolution and Crisis Management Frameworks.

explain" mechanism would also help strengthen accountability while respecting the autonomy of independent agencies.

35. Logically, the *chairmanship* of the Council would be held by the Governor of BdE. The Governor is a member of the General Board of the ESRB, with full voting rights, and BdE is the national competent and designated authority for exercising macroprudential powers in the banking sector under the CRR/CRD IV. The *secretariat* of the Council could, likewise, be located in BdE, although the other Council members would be expected to participate in the work of the secretariat. Essentially, the secretariat could coopt sectoral experts from other agencies as needed. The Council would require all relevant agencies to make data and information fully available to the BdE group supporting the secretariat so that technical analysis supports a more integrated approach to systemic risk surveillance and policymaking. The Council would be *accountable* to Parliament and would be expected to produce a flagship report on systemic risk developments and policy responses over the year. Over time, as the new Council arrangement becomes more mature, this report could be a single authoritative commentary on financial stability in Spain, signed off by all participating members.

Appendix I. Institutional Architecture of Financial Oversight in European Union Member States

The institutional architecture of financial oversight could be organized in many ways. In this appendix, it is presented based on the sectoral responsibilities for banking, insurance and pension fund, and capital markets. The appendix also provides a stylized characterization of the institutional architecture, which is broadly defined into three types of arrangements—integrated approach (pink color), "twin-peak" approach (purple color), and sectoral approach (blue color). For the "twin-peak" approach, some differentiation exists, as the division could take place between institutions and markets, between banks and nonbanks, and between prudential oversight and conduct oversight.

Country	Banking	Insurance and pension fund	Capital markets
Advanced S29 economies			
Austria	Österreichische Finanzmarktaufsicht	Österreichische Finanzmarktaufsicht	Österreichische Finanzmarktaufsicht
Belgium	National Bank of Belgium	National Bank of Belgium	Financial Services and Markets Authority
Denmark	Finanstilsynet	Finanstilsynet	Finanstilsynet
Finland	Finanssivalvonta	Finanssivalvonta	Finanssivalvonta
France	Autorité de Contrôle Prudentiel et de Résolution	Autorité de Contrôle Prudentiel et de Résolution	Autorité des Marchés Financiers
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht	Bundesanstalt für Finanzdienstleistungsaufsicht	Bundesanstalt für Finanzdienstleistungsaufsicht
Ireland	Central Bank of Ireland	Central Bank of Ireland	Central Bank of Ireland
Italy[14]	Banca d'Italia	Istituto per la Vigilanza Sulle Assicurazion Commissione di Vigilanza sui Fondi Pensione	Commissione Nazionale per le Società e la Borsa
Luxembourg	Commission de Surveillance du Secteur Financier	Commissariat aux Assurances Commission de Surveillance du Secteur Financier	Commission de Surveillance du Secteur Financier
Netherlands	De Nederlandsche Bank	De Nederlandsche Bank	Autoriteit Financiële Markten
Spain	Banco de España	Dirección General de Seguros y Fondos de Pensiones	Comisión Nacional del Mercado de Valores
Sweden	Finansinspektionen	Finansinspektionen	Finansinspektionen
United Kingdom	Prudential Regulation Authority	Prudential Regulation Authority The Pensions Regulator	Financial Conduct Authority

[14] For Italy, the oversight of insurance is carried out by an independent body whose governance structure has effectively become part of Banca d'Italia. Hence, the Italian architecture would look more like a "twin-peak" approach.

Country	Banking	Insurance and pension fund	Capital markets
Other economies			
Bulgaria	Bulgarian National Bank	Financial Supervision Commission	Financial Supervision Commission
Croatia	Croatian National Bank	Croatian Financial Services Supervisory Agency	Croatian Financial Services Supervisory Agency
Cyprus	Central Bank of Cyprus	Insurance Companies Control Services Supervisory Authority of Occupational Retirement Benefits Funds	Cyprus Securities and Exchange Commission
Czech Republic	Česká Národní Banka	Česká Národní Banka	Česká Národní Banka
Estonia	Finantsinspektsioon	Finantsinspektsioon	Finantsinspektsioon
Greece	Bank of Greece	Department of Private Insurance Supervision	Hellenic Capital Market Commission
Hungary	Magyar Nemzeti Bank	Magyar Nemzeti Bank	Magyar Nemzeti Bank
Latvia	Finanšu un Kapitāla Tirgus Komisija	Finanšu un Kapitāla Tirgus Komisija	Finanšu un Kapitāla Tirgus Komisija
Lithuania	Lietuvos Bankas	Lietuvos Bankas	Lietuvos Bankas
Malta	Malta Financial Services Authority	Malta Financial Services Authority	Malta Financial Services Authority
Poland	Komisja Nadzoru Finansowego	Komisja Nadzoru Finansowego	Komisja Nadzoru Finansowego
Portugal	Banco de Portugal	Autoridade de Supervisao de Seguros e de Fundos de Pensoes	Comissão do Mercado de Valores Mobiliários
Romania	Banca Naţională a României	Autoritatea de Supraveghere Financiară	Autoritatea de Supraveghere Financiară
Slovak Republic	Národná Banka Slovenska	Národná Banka Slovenska	Národná Banka Slovenska
Slovenia	Banka Slovenije	Agencija za Zavarovalni Nadzor	Agencija za Trg Vrednostnih Papirjev

Appendix II. Institutional Arrangement of National Macroprudential Authority in Advanced S29 European Economies

The institutional arrangement for national macroprudential authorities varies across countries, largely influenced by the existing architecture of financial sector oversight. This appendix first presents the bodies performing the role of the national macroprudential authority and the competent and designated authority for exercising CRR/CRD IV macroprudential tools. Then, it provides stylized information on the structure of inter-agency bodies that serve as the national macroprudential authority.

National macroprudential authority, and competent and designated authority for exercising CRR/CRD macroprudential tools

Country	National macroprudential authority	Competent and designated authority for exercising CRR/CRD IV macroprudential tools
Austria	Finanzmarktstabilitätsgremium (Financial Market Stability Council)	Österreichische Finanzmarktaufsicht
Belgium	National Bank of Belgium	National Bank of Belgium
Denmark	Det Systemiske Risikoråd (Systemic Risk Council)	Erhvervsministeriet (Ministry of Industry, Business and Financial Affairs)
Finland	Finanssivalvonta	Finanssivalvonta
France	Haut Conseil de Stabilité Financière (High Council for Financial Stability)	Haut Conseil de Stabilité Financière (High Council for Financial Stability) Autorité de Contrôle Prudentiel et de Résolution
Germany	Ausschuss für Finanzstabilität (Financial Stability Committee)	Bundesanstalt für Finanzdienstleistungsaufsicht
Ireland	Central Bank of Ireland	Central Bank of Ireland
Italy		Banca d'Italia
Luxembourg	Comité de Risque Systémique (Systemic Risk Committee)	Commission de Surveillance du Secteur Financier
Netherlands	Financieel Stabiliteitscomite (Financial Stability Committee)	De Nederlandsche Bank
Spain		Banco de España
Sweden	Finansinspektionen	Finansinspektionen
United Kingdom	Bank of England	Bank of England Prudential Regulation Authority

Structure of inter-agency committee performing the role of the national macroprudential authority

Country	Committee	Chair	Majority of membership	Anchor institution
Austria	Finanzmarktstabilitätsgremium (Financial Market Stability Council)	Government	Government	Central bank
Denmark	Det Systemiske Risikoråd (Systemic Risk Council)	Central bank	Government	Central bank
France	Haut Conseil de Stabilité Financière (High Council for Financial Stability)	Government	None	Government
Germany	Ausschuss für Finanzstabilität (Financial Stability Committee)	Government	None	Government
Luxembourg	Comité de Risque Systémique (Systemic Risk Committee)	Government	None	Central bank
Netherlands	Financieel Stabiliteitscomite (Financial Stability Committee)	Central bank	Central bank	Central bank
United Kingdom	Financial Policy Committee, Bank of England	Central bank	None	Central bank

Reference

Joint Committee of the European Supervisory Authorities, 2016, "List of Financial Conglomerate 2016".