

Support supervisory convergence within the current system

Nasdaq supports the ESAs work to improve supervisory convergence. Cross-border business naturally requires cross-border competition on the same terms. We believe convergence can and should be achieved within the current structures, as the ESAs and NCAs already have most of the relevant and necessary tools.

Local knowledge is important for supervision

We wish to strongly underline that the needs and specificities in all parts of EU have to be recognized and taken into account, in order for supervision to safeguard that continued growth and development is supported in all regions within EU and to ensure competition is not distorted. More work and assessments need to be done to recognize the importance of local or regional ecosystems and the drivers behind them as well as regulatory frameworks and business models which have developed and will need to continue driving growth in all parts of EU. Convergence should allow maintaining innovation of models and solutions which have worked well. To establish 'one size fits all' would stifle the innovative power that have been one of the key reasons behind the success of certain financial markets in Europe. The risk otherwise is that well developed financial ecosystems are deteriorated and growth is developed only in certain parts and for certain participants.

The proposal to reform the organization and governance of ESMA, raises concerns regarding to which extent knowledge and understanding of the local markets will be sufficiently involved in decision making. In addition, it would be beneficial to clarify how to achieve continued growth and development in all regions in EU.

We encourage an organization of the ESAs which allows ESMA and the NCAs to not only maintain but increase cooperation, with the purpose of understanding the specificities and sharing best practices of each other's markets, as part of the work towards increased and appropriate convergence based on what has worked or what is needed in the local markets.

Further, in a crisis situation local authorities will need to take action to support the functioning and the stability of the financial system. This motivates that local authorities are sufficiently involved in the ESAs' decision-making on an ongoing basis in order for European and local regulatory and supervisory activities to be coordinated at all times.

No new direct supervisory powers

ESMA should not take a direct supervisory role in areas where NCAs perform these roles effectively, as this has not been sufficiently justified by the Commission's impact assessment. Before any consideration of transferring these tasks to ESMA, it must be demonstrated that supervisory coordination via ESMA, supervisory colleges and supervisory convergence (both current and strengthened as proposed by the European Commission) across the NCAs has not achieved its objectives.

Supervisory colleges

Supervisory colleges are indeed a method of involving a group of supervisors with knowledge of the local markets in the supervision. Instead of moving to central supervision, the reform should focus on further developing aspects for generally making such colleges more efficient. A suggested way to address the inefficiencies may be to clarify the working methods and the roles of each participant. What would be important is that the lead supervisor has, and takes, a clear role and drives the work in the college. The ESAs also have a natural role to play in supervisory colleges.

SME markets

Especially as regards CMU, ESMA should not have direct supervisory powers. The CMU project focuses on developing capital markets across Europe, in order to improve companies' access to finance, part of which is to increase the share of equity financing available, especially for Small and Medium Sized Enterprises (SMEs).

For anything related to SMEs, local conditions are especially important. Having very successfully operated First North, MTFs targeted at growth companies, for a number of years in the Nordic and Baltic countries, we are convinced that the success of capital markets models for SME financing depends on the regulatory environment being adapted to the local ecosystem. If capital markets are to successfully support SMEs in providing access to finance, to grow and to create jobs, the regulatory environment needs to allow for sufficient local adaptation.

Further, moving the task of approving prospectuses to ESMA, risks having negative effects on the ecosystems around local capital markets, which is absolutely crucial not least for SMEs. Having to interact with ESMA will add costs for advisory services and raise the barrier to list. This is in contradiction to the aims of the CMU project. Prospectuses should be handled close to the company in order to facilitate the process of accessing finance for SMEs.

ESMA needs a strong mandate on implementation of equivalence decisions

We support the proposal to enhance ESMA's role in relation to equivalence. ESMA should play a broader role in assisting the European Commission in preparing equivalence decisions as well as in their implementation. ESMA should closely involve NCAs in assessment of equivalence, given NCAs know best the practical consequences of such decisions on market places.