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ESRB Chair

Data sharing between the European Supervisory Authorities and the ESRB

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Honourable Commissioner, dear Ms McGuinness,

The European Systemic Risk Board (ESRB) is writing with reference to the ongoing legislative process regarding certain reporting requirements in the fields of financial services and investment support (2023/0363(COD)) and to the recent [European Parliament](#) and [Council's](#) first readings of the related proposal. The main objective of the Commission's proposal is to avoid duplicative reporting requests by strengthening the legal basis for data sharing between authorities, including across different sectors. This legislative process also presents an opportunity to improve the monitoring and mitigation of systemic risks to financial stability, and the General Board of the ESRB would like to explain why these improvements matter.

The General Board of the ESRB firmly believes that timely access to granular data¹ is essential for the ESRB to fulfil its broad financial stability mandate. However, the ESRB's access to data is not fully aligned with its objectives in several important areas. The rules governing the ESRB's access to data can be divided into two frameworks: (i) ex ante, whereby the ESRB has access to data on a regular, ongoing basis, i.e. as soon as it is reported; and (ii) ex post, whereby it can only access data through ad hoc requests, which take time to process. As we demonstrate below, the ex ante framework is well aligned with the ESRB's objectives and mandate, while the ex post framework has inherent limitations that hamper the ESRB's ability to continuously monitor and mitigate risks to financial stability. Most importantly, the ex post framework applies to the ESRB's access to certain granular data collected by the European Supervisory Authorities (ESAs).

Granting the ESRB ex ante access to granular data collected by the ESAs as part of structured, regular supervisory reporting should therefore be a priority. In the light of the European Parliament's first

¹ In this letter, the terms "data" and "information" are used somewhat interchangeably; the ESRB Regulation refers to "information", while the specific legal acts mostly refer to "data reported". Information can be defined as the sum of data and knowledge, while data require context and need to be processed, structured, organised and analysed to be understood.

reading, this improvement – referred to as “access by default” – will need to be considered by the EU co-legislators as part of the ongoing legislative process. The enhanced data sharing proposed by the European Parliament would improve the consistency and effectiveness of macroprudential oversight across sectors and strengthen statistical and analytical cooperation to the mutual benefit of the ESRB and the ESAs.

The General Board notes that the discussion among EU co-legislators will also touch upon other elements relating to the broader aim of the proposed regulation. However, the General Board strongly believes that enhancing data sharing between the ESAs and the ESRB is of primary importance for systemic risk monitoring and financial stability. To this end, the remainder of this letter discusses (i) the ESRB’s objectives, mandate and current rules governing access to granular data; (ii) how to better align the ESRB’s data access with its objectives and mandate; and (iii) other matters that would benefit from further clarification.

The ESRB’s objectives, mandate and access to granular data

In line with its objective of contributing to the prevention or mitigation of systemic risks to financial stability,² one of the ESRB’s main tasks is to monitor and assess these risks *in normal times* for the purpose of mitigating the financial system’s exposure to the risk of failure of systemic components and enhancing the financial system’s resilience to shocks.³ Since any type of financial institution, intermediary, market, infrastructure and instrument has the potential to be systemically significant, the ESRB should have access to all the information necessary to perform its duties, while preserving the confidentiality of that information as required.⁴ To achieve this and meet the objectives outlined above, the ESRB is required to *determine and/or collect and analyse all the relevant and necessary information*.⁵ Article 15 of the ESRB Regulation⁶ sets out the key principles governing the ESRB’s access to data:

- The ESAs, the European System of Central Banks (ESCB), the European Commission, the national supervisory authorities and national statistics authorities *shall cooperate closely with the ESRB and shall provide it with all the information necessary for the fulfilment of its tasks in accordance with Union legislation*.
- As regards the ESAs, the ESRB can only access information upon request and must follow a detailed institutional procedure.⁷
- The ESRB should avoid redundant data requests by first relying on existing statistics produced, disseminated and developed by the European Statistical System and the ESCB, which are considered the primary sources of data for the ESRB.⁸

² See Article 3(1) of Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

³ See Recital 10 of Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

⁴ See Recital 27 of Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

⁵ See Article 3(2)(a) and (g) as well as Article 15(2) of Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

⁶ Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

⁷ See Article 15(3) and 15(5)-(7) of Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

⁸ See Article 15(4) of Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

Finally, specific EU legislative acts grant the ESRB direct or indirect access to defined datasets on activities or sectors, thus ensuring that it can detect and address the build-up of risks in a timely manner.

In practice, the ESRB's access to data is currently governed by two distinct frameworks: ex ante and ex post. Under the ex ante framework, granular data are automatically available to the ESRB as soon as it has been reported and subsequently collected. Access to data is continuous, limited legally only by reporting frequency and lag, and technically by the availability of appropriate data infrastructure. Ex ante data access (i) facilitates information extraction without additional delays; and (ii) increases the likelihood of identifying systemic risks before they materialise, building on comprehensive analysis and without needing to determine in advance where and how they could emerge.

Table 1

ESRB ex ante access to specific datasets

Legal basis		Dataset
Specific EU legislative acts	EMIR	Derivatives
	SFTR	Securities financing transactions
	AIFMD	Alternative investment funds
	STS	Securitisation
ECB regulation	AnaCredit (via ECB)	Credit instruments
	SHS (via ECB)	Securities holdings
	CSDB (via ECB)	Securities database

Note: For the purposes of this table, the following abbreviations have been used: EMIR – Regulation (EU) 648/2012 on OTC derivatives, central counterparties and trade repositories, SFTR – Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse, AIFMD - Directive (EU) 2011/61/EU on alternative investment fund managers, STS - Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, AnaCredit – Regulation (EU) 2016/867 of the ECB on the collection of granular credit and credit risk data (ECB/2016/13), SHS – Securities Holdings Statistics, CSDB – Centralised Securities Database.

The ESRB currently benefits from ex ante access to various datasets, as shown in Table 1. More specifically, the ESRB has ex ante access to (i) datasets on specific sectors or activities granted through various EU legal acts outside of the ESRB Regulation, and (ii) datasets shared by the ECB under the general framework of the ESRB Regulation and under Council Regulation (EC) No 2533/98 concerning the collection of statistical information by the European Central Bank.

Under the ex post framework, granular data are shared with the ESRB upon justified ad hoc requests only, and not on a regular, ongoing basis. Most importantly, this framework applies to granular data collected by the ESAs within structured, regular supervisory reporting frameworks such as (i)

COREP/FINREP data reported under CRD/CRR⁹, (ii) data reported under Solvency II¹⁰, and (iii) data reported under MiFID II¹¹ and MiFIR¹². To date, cooperation between the ESAs and the ESRB has been excellent in this regard, despite the operational burden such ad hoc requests entail for all authorities involved, and the ESRB's data requests have been always fulfilled. However, these data requests necessarily entail an institutional process of consultations and approvals, which results in a considerable time lag.¹³

Table 2
Examples of datasets not available to the ESRB ex ante

Legal basis	Sector	Examples
CRD/CRR Solvency II MiFID II/MiFIR	Banking Insurance Markets in financial instruments	<i>FINREP/COREP data</i> <i>Balance sheet data</i> <i>Market liquidity data</i>

The ESRB's experience over more than ten years of working with data has shown that monitoring an increasingly complex, interconnected and fast-moving financial system requires timely access to granular data. Modern financial systems are characterised by their interconnected, evolving and complex nature, with aspirations towards even greater integration, such as that envisioned under the Capital Markets Union (CMU). This interconnectedness facilitates risk sharing across various sectors, enhancing the resilience and efficiency of financial markets. However, it also poses a risk of contagion, where shocks in one sector can quickly propagate and take on cross-sectoral dimensions. To effectively monitor these risks and develop an appropriate policy response, it is crucial to link data across markets and counterparties. This requires granular data that facilitate a comprehensive analysis of how entities are interlinked and how risks can spread throughout the financial system. Moreover, monitoring and assessing systemic risks before they materialise (or *in normal times*¹⁴) requires continuous access to information encompassing the various components of the financial system and their interdependencies, based on a broad set of relevant macroeconomic and micro-financial data and indicators.

⁹ [Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC](#) (OJ, L 176, 27.6.2013); [Regulation \(EU\) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation \(EU\) No 648/2012](#) (OJ, L 176, 27.6.2013).

¹⁰ [Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance \(Solvency II\)](#) (OJ, L 335, 17.12.2009).

¹¹ [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](#) (OJ, L 173, 12.6.2014).

¹² [Regulation \(EU\) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation \(EU\) No 648/2012](#) (OJ, L 173, 12.6.2014).

¹³ To ensure that requests are justified and proportionate, the ESRB must not only explain the systemic relevance and necessity of accessing data concerning individual financial institutions, but also consult the relevant ESA on each request for information of a supervisory nature which is not in summary or aggregate form. As outlined above, this process needs to be followed and governed in institutional terms at the ESRB and at the relevant ESAs. The ESAs have not objected to providing data to the ESRB where requests adhered to this process. It is worth noting that distress can be caused by a single institution, as demonstrated by the 2023 banking turmoil in the United States, which illustrates the importance of having access to data on individual financial institutions. Moreover, the interconnectedness of financial institutions and markets implies that the monitoring and assessment of potential systemic risks must be based on a broad set of relevant macroeconomic and micro-financial data and indicators, including balance sheet data for individual institutions.

¹⁴ See Recital 10 of Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board, which specifies that "*The ESRB's task should be to monitor and assess systemic risk in normal times for the purpose of mitigating the exposure of the system to the risk of failure of systemic components and enhancing the financial system's resilience to shocks. In that respect, the ESRB should contribute to ensuring financial stability and mitigating the negative impacts on the internal market and the real economy. In order to accomplish its objectives, the ESRB should analyse all the relevant information.*"

Therefore, ex ante data access is well aligned with the ESRB's objectives and mandate. By contrast, the ex post framework impairs the ESRB's ability to monitor and identify risks to financial stability in a continuous, pre-emptive manner. Its limitations have been highlighted each time the ESRB has needed to promptly assess and respond to instances of instability. This was the case during the market turmoil of March 2020, the energy crisis of 2022 and the market upheaval of March 2023.¹⁵ Ad hoc requests are also ineffective and inefficient, as they require individual handling and are therefore more resource-intensive. Moreover, the lack of automation, standardisation and continuity in processing ad hoc data requests makes it more difficult to exploit the datasets once they become available.

How to better align the ESRB's access to data with its objectives and mandate: enhancing data sharing between the ESAs and the ESRB

Given all the considerations outlined above, enhancing data sharing between the ESAs and the ESRB is increasingly important for the ESRB to continue delivering on its mandate. The ESRB should, by default, have access to detailed, granular data collected by the ESAs within the structured, regular supervisory reporting framework – i.e. ex ante – on a continuous, timely and regular basis. This exchange of data should align with the ESRB's mandate and encompass all the data it requires to carry out its tasks.

For this reason, the General Board supports the European Parliament's proposal to introduce the principle of data sharing by default for all the ESAs¹⁶, as it introduces an ex ante data-sharing framework between the ESAs and the ESRB. Under the Parliament's proposal, the ESRB would have access to the information it requires without undue delay. This change would mean that data currently received only ex post and sporadically from the ESAs would instead be available immediately and on a continuous basis under the ex ante framework, in line with the other datasets mentioned in Table 1.

The shortcomings in the ESRB's access to data do not fall within the scope of the European Commission's proposal and, as such, are not tackled there. The same is true for the Council's first reading. Like the Commission's initial proposal, the Council aims to establish an additional data sharing framework focused on data reuse, which would allow two or more authorities to share data rather than collecting the same information separately. While this proposal enhances the sharing of data already available to relevant authorities, it does not broaden the ESRB's ex ante data access. Consequently, for the ESRB to make use of this solution, it would need to have access to the relevant data under Union law to request it from the ESAs. Therefore, the datasets listed in Table 2 would remain available only under the current ex post framework.

¹⁵ The examples below illustrate how shortcomings in the legislative framework have impaired the ESRB's ability to analyse risks:

- Due to the lack of ex ante access to the balance sheet data of banks (COREP/FINREP) and insurance corporations (Solvency II), the ESRB was unable to gauge the interplay between asset-side and liability-side risks both during the March 2020 market turmoil and, more recently, following the increases in interest rates and the subsequent March 2023 banking crisis.
- The lack of ex ante access to pre-trade data (reported under MiFIR) impaired the ESRB's ability to analyse developments during the energy crisis in a timely manner, which highlighted the role of market design in influencing market liquidity and its impact on systemic risk. The ESRB can only access post-trade executed transactions and not the comprehensive market liquidity data available through MiFIR, limiting its ability to analyse the interaction between margin requirements and market liquidity, and the impact on the real economy.

¹⁶ See Recital 5c and Article 1(1a) of the [draft European Parliament legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulations \(EU\) No 1092/2010, \(EU\) No 1093/2010, \(EU\) No 1094/2010, \(EU\) No 1095/2010 and \(EU\) 2021/523 as regards certain reporting requirements in the fields of financial services and investment support](#) (Report - A9-0026/2024), which amend Article 15 of Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board.

Aspects of the discussed proposal that would benefit from further clarification

While it is important that the ESRB is able to access ESA data ex ante, the General Board notes that the Parliament's first reading also includes the ECB, alongside the ESAs, in the framework of data sharing by default with the ESRB. It is not necessary to include the ECB in the "access by default" mechanism, as the ESRB already benefits from ex ante access to statistical data collected by the ECB/ESCB. Moreover, the ECB has issued an opinion¹⁷ highlighting its concerns and areas requiring further clarification. The main relevant points raised by the ECB are summarised in the box below. Although the opinion is the result of a separate institutional process from the approval of this letter, the General Board has decided to refer to the ECB's deliberations to ensure consistency and transparency.

Box: Selected elements from the ECB opinion (CON/2024/21) of 21 June 2024 on proposed EU regulation on certain reporting requirements in the fields of financial services and investment support (better data sharing regulation)

This box highlights five key elements of the ECB opinion concerning the European Parliament's first reading position, specifically relating to (i) the information to be shared with the ESRB, and (ii) the Single Integrated Reporting System (SIRS).¹⁸

First, the ECB opinion suggests that the scope of the information to be shared under the Parliament's proposals should be further specified, for instance by limiting its scope to structured, regular supervisory reporting using standard reporting templates, thus excluding ad hoc supervisory information requests and analysis and processed data.

Second, the provisions governing information exchange between the ESAs and the ESRB are considered ambiguous as to the requirements for the regular sharing of confidential information necessary for the ESRB's tasks and for sharing information upon ESRB request, which should be clarified.

Third, the ECB opinion highlights that it is not clear from the wording of the European Parliament's report whether the obligation to share the ECB's information and analysis applies for the purposes of the ESRB's tasks, or whether it also applies in respect of the other authorities' tasks.

Fourth, the proposed amendments to the ESRB Regulation, aimed at facilitating the sharing of supervisory data, should not change the way in which the sharing of confidential statistical information is regulated by other legislation.

Fifth, regarding the establishment of SIRS, the ECB recommends consolidating the projects and tools that are already ongoing within the Union, including the proposed regulation, before expanding efforts on new initiatives that may potentially prove very costly. Furthermore, the ECB opinion considers that additional challenges regarding the proposed establishment of the SIRS relate to its scope and to the ambitious timeline envisaged for its establishment. Finally, the opinion also proposes to clarify that the scope of application of the SIRS is limited to supervisory information and does not encompass the statistical information collected by the ECB on the basis of Article 5 of the Statute of the ESCB and shared with the ESRB under Council Regulation (EU) No 1096/2010.

In line with the ECB opinion, the General Board would like to emphasise the need for clarification regarding the scope of the data to be shared by default between the ESAs and the ESRB. It is also

¹⁷ Opinion of the European Central Bank of 21 June 2024 on a proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) No 1092/2010, (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2021/523 as regards certain reporting requirements in the fields of financial services and investment support (CON/2024/21) (OJ, C/2024/5048, 16.08.2024).

¹⁸ In contrast with this letter, the ECB opinion discusses the Commission's proposal and the European Parliament's first reading in their entirety.

important that, in line with the European Parliament's first reading, the ESRB retain the option to obtain data from the ESAs by request; this should apply to data required by the ESRB to carry out its tasks and not shared by default.

Finally, and also in line with the ECB opinion concerning the European Parliament's proposal to establish the Single Integrated Reporting System, the General Board notes that data sharing and data reporting are two distinct processes that should be considered separately. Enhanced data sharing can and should be implemented as soon as possible, while the Single Integrated Reporting System should be established gradually, taking into account the ongoing projects conducted by the ESAs and the ECB/ESCB, and aligning with the Commission's strategy on supervisory reporting.

The General Board hopes that this legislative process will significantly improve the ESRB's ability to use reported data effectively and enhance its capacity to address systemic risks. The Secretariat of the ESRB stands ready to answer any questions you may have on the General Board's position.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Chiyah', with a stylized, cursive script.