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# The European Systemic Risk Board (ESRB)

## Related links

[The website of the European Systemic Risk Board](#)

[The European Systemic Risk Board](#) has been in operation since 2011 and handles potential dangers to financial stability in the region. The financial supervisory authorities of the member states, including Finantsinspektsioon, have non-voting status within the organisation.

## The mission and objectives of the European Systemic Risk Board

The European Systemic Risk Board is responsible for macro-level supervision of the financial system in the European Union. To prevent wide-ranging problems arising in the financial sector, the European Systemic Risk Board works to avoid and reduce systemic risks that could endanger financial stability in the European Union.

To achieve its objectives, the European Systemic Risk Board:

- defines the information needed for it to do its work and collects and analyses it;
- identifies systemic risks and puts them in order of priority;
- issues risk warnings if the systemic risks are significant, and if necessary publishes those warnings;
- submits, and if necessary publishes, recommendations for remedial action;
- issues confidential warnings to the Council of the European Union of potential emergencies, and gives the Council an assessment of whether a decision is needed that would be addressed to the European Supervisory Authorities and that would declare an emergency;
- monitors the follow-up to its warnings and recommendations;
- works closely with all other members of the European System of Financial Supervision and if necessary passes information on systemic risks to European Supervisory Authorities when they may need it in their work;
- works with the European Supervisory Authorities to develop single quantitative and qualitative indicators of risk for defining and measuring systemic risks;
- participates where necessary in the Joint Committee of the European Supervisory Authorities;
- coordinates its macroprudential work with that of international financial organisations, primarily the International Monetary Fund and the Financial Stability Board, and also with important institutions from third countries;
- carries out various other roles set out in European Union legislation.

## Structure

The European Systemic Risk Board consists of:

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- the General Board
  - the Steering Committee
  - the Advisory Technical Committee
  - the Advisory Scientific Committee
  - the Secretariat

The voting members of the **General Board** are:

- the President and Vice-President of the European Central Bank;
- heads of the central banks of the member states;
- a representative of the European Commission;
- the Chair of the European Banking Authority;
- the Chair of the European Insurance and Occupational Pensions Authority;
- the Chair of the European Securities and Markets Authority;
- The Chair of the Advisory Scientific Committee and two Vice Chairs;
- the Chair of the Advisory Technical Committee.

Non-voting members of the General Board are:

- one high-level representative from each member state, who represents the responsible supervisory authority of the country;
- the Chair of the Economic and Financial Committee (EFC).

The general board takes the decisions that are necessary for the European Systemic Risk Board to be able to do its work.

The steering committee consists of:

- the Chair and first Vice Chair of the European Systemic Risk Board;
- a Vice-President of the European Central Bank
- four general board members, who are members of the Governing Council of the European Central Bank, taking account of the balanced representation of all the member states and the balance of representation between those member states where the euro circulates and those where the euro does not circulate;
- a representative of the European Commission;
- the Chair of the European Banking Authority;
- the Chair of the European Insurance and Occupational Pensions Authority;
- the Chair of the European Securities and Markets Authority;
- the Chair of the Economic and Financial Committee;
- the Chair of the Advisory Scientific Committee;
- the Chair of the Advisory Technical Committee.

The role of the Steering Committee is to prepare the meetings for the General Board.

**The Advisory Technical Committee** consists of one representative each from:

- the central bank of each member state and from the European Central Bank;
- the financial supervisory authority of each member state;
- the European Banking Authority;
- the European Insurance and Occupational Pensions Authority;

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- the European Securities and Markets Authority;
  - the Economic and Financial Committee;
  - the Advisory Scientific Committee;
  - and two from the European Commission.

The General Board nominates the Chair of the Advisory Technical Committee at the proposal of the Chair of the European Systemic Risk Board. The role of the Advisory Technical Committee is to advise and support the European Systemic Risk Board in matters affecting its work.

**The Advisory Scientific Committee** consists of the Chair of the Advisory Technical Committee and 15 experts, who advise and support the European Systemic Risk Board in carrying out its work. The experts are appointed at the proposal of the Steering Committee of the General Board for four years. The General Board also appoints the Chair of the Advisory Scientific Committee and two Vice-Chairs at the proposal of the Chair of the European Systemic Risk Board.

**The Secretariat** handles the day to day work of the ESRB, and provides support in analysis, statistics, administration and logistics.