



Brussels, 24 April 2026
(OR. en)

8367/26

Interinstitutional Files:

2025/0381 (COD)

2025/0382 (COD)

2025/0383 (COD)

EF 121

ECOFIN 494

CODEC 708

ECB

NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: Presidency Steering Note on the Market Integration and Supervision Package
- Policy debate

Encl.:

Presidency Steering Note
on the Market Integration and Supervision Package

5 May 2026 - ECOFIN

I. INTRODUCTION

1. The Market Integration and Supervision Package (MISP) is a key legislative initiative in advancing the Savings and Investments Union (SIU), responding to a strategic context marked by geopolitical uncertainty and persistently weak economic growth.
2. In March 2026, the **European Council** invited the co-legislators to advance work on the package with a view to reaching agreement by the end of the year.
3. As underscored by the Draghi and Letta reports, Europe faces a competitive imperative to urgently mobilize funds to bridge an investment gap of approximately €750–800 billion per year. At the core of the challenge lies the fragmentation and underdevelopment of EU capital markets, which lack the scale that is required to meet the Union’s substantial investment needs.
4. The MISP aims to address these structural shortcomings. By removing barriers that hinder the free flow of capital, it seeks to strengthen the EU’s single market, deepening market integration and stimulating cross-border activity. In so doing, the proposal aims to unlock new financing channels for innovation and provide households and businesses with more attractive savings and investment opportunities.

II. THE COMMISSION'S PROPOSALS

5. The MISP introduces significant institutional changes to the EU supervisory framework, notably a shift towards enhanced direct supervisory responsibilities for the European Securities and Markets Authority (ESMA). Under the proposal, ESMA would assume direct supervision over certain entities with significant cross-border or systemic relevance, as well as for all Crypto-Asset Service Providers. This is accompanied by the introduction of additional intervention and enhanced convergence tools within ESMA's mandate.
6. Reflecting the shift towards direct supervision by ESMA, ESMA's governance would be overhauled, fitted out with a new Executive Board composed of 5 independent members, and charged with taking individual supervisory decisions as well as the possibility to deploy noteworthy convergence and intervention tools.
7. Alongside these institutional reforms, the MISP targets four main areas of capital markets through sector-specific measures:
 - **Trading:** Facilitating the development of pan-European trading venues and improving access to a consolidated view of market liquidity, including through the introduction of a voluntary regime for Pan-European Market Operators (PEMOs);
 - **Post-trading:** Enhancing interoperability and integration across post-trade infrastructures, including both Central Securities Depositories (CSDs) and Central Counterparties (CCPs), to facilitate cross-border clearing and settlement, as well as to upgrade settlement finality rules to a directly applicable Regulation to reduce the uncertainty caused by national laws in the case of insolvency;
 - **Asset management:** Introducing measures to ease market access and facilitate cross-border distribution by fund managers, such as the passporting upon authorisation;
 - **Distributed ledger technology (DLT):** Enhancing the digital asset framework to achieve scalability.

III. STATE OF PLAY IN THE COUNCIL

8. Following their initial adoption by the Commission on 4 December 2025, 13 Council Working Parties have examined the proposals to date. During these exchanges, Member States were invited to share their views and identify key issues requiring clarification. This intense work programme has allowed delegations to engage in a constructive and focused technical examination of the various components of the package.
9. Following the completion of this first reading of the proposal, the Presidency considers that political guidance is required to make further progress on two core institutional elements where views are mixed: the **scope of direct supervision** by ESMA and the **governance** arrangements.

IV. THE SCOPE OF DIRECT SUPERVISION

10. Currently, supervisory duties mostly rest in the hands of National Competent Authorities (NCAs) while ESMA's role is primarily coordination and convergence. Direct EU supervision is at present limited to specific sectors, such as Credit Rating Agencies and Trade Repositories.

11. Through the MISP, the proposal seeks to substantially extend ESMA's scope of direct supervision over key financial market infrastructures based on a mix of qualitative and quantitative criteria specific to each type of entity, including their size, cross-border activity, and importance to the EU economy. Direct supervision would also be extended to all crypto asset service providers. The entities subject to ESMA direct supervision under the Commission proposal would include:

- All **Crypto-Asset Service Providers** (CASPs);
- Significant **trading venues**;¹
- **Pan-European Market Operators** (PEMOs), a new voluntary regime allowing entities operating local markets in more than one Member State to opt into ESMA supervision;
- Significant **Central Securities Depositories** (CSDs);
- Significant **Central Counterparties** (CCPs).

12. In supporting these changes, the proposal argues they are needed to remove supervisory barriers that fragment the market, ensure a more consistent application of EU-wide rules, improve supervisory efficiency by reducing duplication across Member States, offer a holistic supervisory approach for cross-border activities and create the conditions for a genuine single market for capital. In addition, the proposal highlights that crypto-asset service providers are inherently cross-border in nature and represent a new activity where supervisory expertise should be built centrally to avoid fragmentation from the start.

¹ Although ESMA's duties do not extend to market surveillance and issuer oversight, that remain in the hands of national authorities.

13. Nonetheless, this proposed scope has been questioned on several grounds:

- Regarding **crypto-asset service providers**, the proposal covers all crypto-asset service providers raising concerns regarding its proportionality. The discussions to date favour a more targeted approach (e.g. ‘significant only’), that leaves small, purely local providers under national oversight or retaining national supervision;
- In relation to significant **trading venues**, concerns surround the concept and calibration of ‘significance’ as well as the potential impact on local markets and structures. The introduction of the voluntary **Pan-European Market Operators** regime, and ESMA’s resulting direct supervisory responsibility, has likewise been called into question for its potential impact on local markets;
- For significant **Central Securities Depositories and Central Counterparties** concerns have been raised regarding the fiscal and resolution responsibility gap. More specifically while the proposal centralises supervision at the EU level, the financial risk and potential resolution costs in the event of a crisis would remain at the national level.

14. Given the above, the Presidency seeks Ministers' guidance to identifying a feasible scope for ESMA direct supervision, taking into account the diversity of views expressed by Member States.

V. GOVERNANCE

15. The extension of direct supervision to these areas, necessitates according to the proposal a new governance structure for ESMA, notably through the introduction of an independent Executive Board.

16. On the one hand, the Executive Board would be responsible for individual supervisory decisions, making supervision – in the Commission's view – more efficient, impartial and consistent across the EU. The Board of Supervisors (BoS), composed of national competent authorities, would retain a broader strategic role and approve draft regulatory instruments. To ensure the Executive Board functions in line with the strategic orientation of the Board of Supervisors, the latter would be able to object to the main decisions of the Executive Board, for instance related to direct supervision, by a reinforced qualified majority.

17. On the other hand, the Executive Board would be granted significant powers over a suite of convergence and intervention tools, including the conduct of peer reviews, and to enter into mediation and dispute settlement. In certain cases of supervisory shortcomings in cross-border cases or inaction on the part of the home national competent authority, the proposal grants the Executive Board the ability to issue direct instructions to national competent authorities and private entities supervised by the latter. In this context, concerns regarding institutional balance, accountability and the appropriate role of national competent authorities have been raised, in particular in regarding the need to preserve national expertise and supervisory proximity, arguing that the Board of Supervisors should be more closely involved, beyond the possibility to object to the decisions taken by the Executive Board.

18. An equally important point of discussion concerns the operationalisation of direct supervision. The MISP leaves significant discretion to the Executive Board to determine how ESMA will interact with national competent authorities in its day-to-day operations. As it stands, the proposal grants the Executive Board substantial flexibility in determining the modalities and composition of cooperation arrangements with national competent authorities (including setting joint teams, local hubs or other *sui generis* formats). In so doing, the MISP allows the Executive Board to adapt to the needs of the directly supervised sector, as well as to the development of expertise at ESMA level. Nevertheless, this current lack of specificity has been questioned. In particular, Member States have referred to the experience of the Single Supervisory Mechanism (SSM), highlighting the importance of clearly defined cooperation frameworks, in ensuring an effective balance between centralised supervision and national expertise. In particular, the importance of ensuring a sufficiently strong and structural involvement of national competent authorities in ESMA-led supervision has been raised, as well as the need to give due consideration to the overall intent of the proposals to increase supervisory efficiency, reduce costs and the avoidance of duplicative structures.

VI. POLITICAL GUIDANCE

19. In view of the above, the Presidency invites the Ministers to reflect on the following questions with a view to allowing quick progress on the package:

On the scope of direct supervision

a. Do Ministers agree with the proposed scope for direct supervision by ESMA or do Ministers consider a more targeted scope to be more appropriate? If a more targeted approach is preferred, please indicate which sectors, among those included in the MISP, should be directly supervised by ESMA.

- b. *If ESMA's direct supervision over key financial market entities were to be introduced in any of the sectors proposed, how should the concept of "significance" be defined? In particular, should it be based primarily on quantitative criteria, such as cross-border activity? If so, which criteria would Ministers consider essential for identifying the most significant entities?*

On governance

- c. *Which reforms to the ESMA governance do the Ministers consider necessary? Please explain.*

Do Ministers believe that the proposed Executive Board strikes the right balance between efficient decision-making and sufficient involvement of the Board of Supervisors in supervisory decision-making? If not, what adjustments would be needed to ensure a stronger role for the Board of Supervisors?

- d. *How should the future supervisory relationship between ESMA and national competent authorities be organised, in particular for entities subject to direct ESMA supervision? What should be the respective roles of ESMA and national competent authorities in day-to-day supervisory activities? Do Ministers agree that minimising costs and avoiding duplicative structures are important considerations?*
