

Single Supervisory Mechanism (SSM)

Accountability arrangements and legal base for hearings in the European Parliament

State of play - August 2019

Accountability - legal base

What is Accountability?

Accountability means, broadly speaking, that an institution is obliged to demonstrate, review, and take responsibility for the performance of its tasks, both as regards the results achieved and the means used.

What does accountability mean in the context of the Single Supervisory Mechanism?

The Single Supervisory Mechanism (SSM) is the system of banking supervision for Europe, which aims to ensure the safety and soundness of the European banking system, increase financial integration and stability, and ensure consistent supervision.

In that context, the [European Central Bank](#) (ECB) was given a central role for the supervision of euro area banks, on the one hand directly supervising the most important banking groups, on the other hand, as regards the supervision of less significant banks, of coordinating and cooperating with national supervisors and ensuring consistent supervision.

The specific supervisory tasks conferred on the ECB are set out in the [Council Regulation \(EU\) No 1024/2013](#).

According to Art. 20 (1) of that regulation, the ECB was made accountable to the **European Parliament** (EP) which assumed a **strong governance role** in the overall organisational design of the SSM (for more information please see the part on accountability of the ECB and SRB towards the European Parliament in the EGOV briefing "[Single Supervisory Mechanism \(SSM\) - Main Features, Oversight and Accountability](#)"). The ECB is also accountable to the Council (having concluded a [memorandum of understanding](#)) and to national parliaments. The SSM annual report is sent to the Commission as well.

The practical modalities of the exercise of democratic accountability and oversight over the ECB's performance are set out in more detail in an [Interinstitutional Agreement](#) between the EP and the ECB.

Accountability arrangements with the EP

- > The ECB is **accountable to the EP** and Council for the performance of its supervisory tasks [Art. 20 (1)]
- > The ECB has to draft an **annual report** on its supervisory activities [Art. 20 (2)]
- > The annual report must be presented to the EP in a **public hearing** [Art. 20 (3)]
- > The **competent committees** of the EP can invite the Chair of the Supervisory Board of the ECB to a hearing on the execution of its supervisory tasks [Art. 20 (5)]¹
- > The ECB shall **reply** orally or in writing to questions posed by the EP [Art. 20 (6)]
- > The Chair of the Supervisory Board can be asked to take part in **confidential oral discussions** behind closed doors with the Chair and Vice-Chairs of the competent committee of the EP [Art. 20 (8)]



- > The ECB has to cooperate sincerely with any **investigations** by the EP [Art. 20 (9)]

The Interinstitutional Agreement specifies that the Chair of the Supervisory Board shall participate in two *ordinary public hearings* of the competent committee, may be invited to *additional ad-hoc exchanges of views* on supervisory issues, and may be invited to special *confidential meetings* on request of the competent committee, and that the ECB shall provide a comprehensive and meaningful record of the proceedings that enables an understanding of the discussions in the ECB's Supervisory Board.

(1) According to Art. 21, national parliaments of a participating Member State may likewise invite the Chair to participate in an exchange of views in relation to the supervision of credit institutions in that Member State, and may also address written questions to the ECB.

The SSM discloses in its [website](#) the replies to questions of members of parliaments, the annual reports and relevant information on hearings held.

Public accountability hearings in the ECON Committee - track record

Hearings in the ECON committee have taken place on:

21/03/19: Hearing on SSM Annual report	13/06/16: Regular hearing
20/11/28: Regular Hearing	22/03/16: Hearing on SSM Annual report
19/06/18: Regular Hearing	19/10/15: Regular hearing
26/03/18: Hearing on SSM Annual report	25/06/15: Regular hearing
09/11/17: Regular Hearing	31/03/15: Hearing on SSM Annual report
19/06/17: Regular Hearing	03/11/14: Regular hearing
23/03/17: Hearing on SSM Annual report	18/03/14: Regular hearing
09/11/16: Regular hearing	04/02/14: Exchange of views

Appointment procedures

The EP's strong governance role in the overall organisational design of the SSM is furthermore underlined by the fact that the candidate proposed by the ECB for the position of Chair of the Supervisory Board has to be approved by the EP according to Art. 26 (3) of the [Regulation \(EU\) No 1024/2013](#). The Chair's term of office is five years and not renewable.

In that context, the [Interinstitutional Agreement](#) between the EP and the ECB sets out more details of the appointment procedure, in particular that:

- > the ECB shall specify and make public the **criteria for the selection** of the Chair, including the balance of skills, knowledge of financial institutions and markets, and experience in financial supervision and macro-prudential oversight;
- > the ECB shall inform the EP's competent committee of the details two weeks before publishing the vacancy note;
- > the ECB shall inform the EP's competent committee about the **composition of the pool** of applicants and the screening method;
- > the ECB shall provide to the EP's competent committee a shortlist of candidates;
- > following a **hearing** of the candidate, the EP decides on the approval of a candidate through a **vote in the competent committee and in plenary**.

In the past, the EP has inter alia taken the following actions in that respect:

- [29/11/18](#): EP vote on the appointment of Mr Enria as Chair of the ECB's Supervisory Board
- [11/12/13](#): EP plenary vote on the approval of Ms Nouy as the first Chair of the ECB's Supervisory Board

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