

Abstract:

This thesis deals with supervision over the financial market and its legal framework. I chose the topic because I have always been interested in the issue concerning the financial market. This thesis enables readers to get familiarized with the current situation of the financial market supervision in the Czech Republic, European Union and three member states of European Union, i.e. United Kingdom, France and Slovakia.

The Chapter One is an introduction to the theme.

The second chapter deals with the basic terms used in the thesis as financial market, supervision, inspection etc. It is a theoretical part of the thesis.

The third chapter examines relevant legislation of the European Union and it is dedicated to the EU financial supervision. A new structure for EU financial supervision was agreed in 2010 following the adoption of the de Larosière report in November 2008. At the beginning of 2011 the European Systemic Risk Board (ESRB) and three European Supervisory Authorities (ESAs) were established. The purpose of the new structure is to ensure effective surveillance of the EU financial market. The ESRB is responsible for monitoring and assessing potential threats to the stability of the financial system. It can issue risk warnings when necessary, and can make recommendations for remedial action, whose implementation it will monitor. The ESAs will coordinate the work of national supervisors, ensuring agreement and coherent supervision through the use of decisions to national supervisors if necessary. The new authorities will be able to mediate and arbitrate in disagreements between national supervisors, and prevent them from implementing EU rules in an incorrect or inappropriate way. They will also facilitate the work of colleges of supervisors, a vital aspect of policy for cross-border groups.

The fourth chapter describes the Czech system of financial supervision. It concentrates to supervision over credit institutions, capital market, insurance market,

financial conglomerates and also with unauthorised firms. Firms and individuals can only conduct regulated financial services activities in the Czech Republic if they are authorised by Czech National Bank. Everyone can check the register on Czech National Bank websites to ensure the financial services firm is authorised or registered. This part also examines an intent of act regulating supervision over the financial market. The aim of this intent is to ensure a consistent regulation of procedures of the Czech National Bank.

The Czech National Bank is a supervisory authority of the financial market in the Czech Republic. It supervises the banking sector and credit unions, the capital market, the insurance market, bureau-de-change and payment system institutions. The Czech National Bank regulates, supervises and, when appropriate, issues penalties for non-compliance with these rules.

One part of this chapter is dedicated to alternative dispute resolution body in financial market area that is financial ombudsman in the Czech Republic. ADR is now also very popular in the European union. EU is proposing new legislation to help consumers solve their disputes out of court. Action at EU level will ensure that consumers in all EU countries benefit from the same level of protection and have the same access to out-of-court dispute resolution entities. The rules on ADR will ensure that consumers can turn to quality alternative dispute resolution entities for all kinds of contractual disputes that they have with traders – no matter what they purchased and whether they purchased it online or offline. According to the ODR Regulation, an EU-wide online platform will be set up for handling consumer disputes that arise from online transactions.

Chapter Five is subdivided into three parts. Part One describes system of financial market supervision in United Kingdom, Part Two in France, Part Three in the Slovak Republic. Each part mentions financial market supervisory authorities and its powers. I also tried to compare systems of supervision, show similarities and differences between systems in compared countries.

From April 2013 onwards financial services regulation in the UK is operating a twin peaks approach. There are 2 new financial regulators which replace The Financial Services Authority (FSA) – The Financial Conduct Authority (FCA) and The Prudential Regulation Authority (PRA). The FCA is responsible for ensuring the UK's financial markets function well, for the conduct supervision of all UK-based financial services firms. The PRA is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.

In France is also operated a twin peaks approach. The financial supervisory authorities are Autorité des marchés financiers (AMF) and Autorité de contrôle prudentiel (ACP). AMF was established by the Financial Security Act. It was formed from the merger of the Commission des opérations de bourse, the Conseil des marchés financiers and the Conseil de discipline de la gestion financière. AMF comprises a Board, Enforcement Committee and specialised and consultative commissions. AMF is competent to supervise corporate finance activities and disclosures, collective investment funds, market and infrastructure, investment firms, credit institutions authorised to provide investment services, management companies and financial investment advisers. ACP monitors activities of banks and insurance undertakings. It was founded in 2010 by merging the French Banking Commission, the Mutual Insurance Supervisory Authority and the Committee credit institutions and investment firms.

From January 2006 the National Bank of Slovakia supervises financial market in Slovakia. The Financial Market Authority was dissolved and its powers were transferred to the National Bank of Slovakia. The supervision includes on-site and off-site inspections, deciding on applications for grant of permissions, consents as well as imposing sanctions and remedial measures.

Conclusion is drawn in Chapter Six. I tried my hand at a brief evaluation of supervision over the financial market. I show some imperfections in the system of financial market supervision and also in financial market legislation.