

## **Abstract**

This master thesis deals with the arrangement of the supervision of the financial system in the European Union. Its content and structure is strongly tied with two principal supervisory pillars – European System of Financial Supervision (ESFS) and Single Supervisory Mechanism (SSM). The first chapter starts with the historical background of the European financial supervision and proceeds to the recent global Great recession which motivated the reforms that led to the current state of the supervisory structure. The operation of the ESFS and SSM is thoroughly explained in chapters two and three respectively, moreover I cover their interaction with national supervisory authorities and special emphasis is put on the role of the Czech National Bank. Several controversial issues are also reflected in the course of the thesis, ie. rather regulatory than supervisory role of the European supervisory authorities which contradicts the initially declared intentions, their low operability or quite illusory legislative demand of extensive independence of national representatives when they stand for their respective home authorities in the European institutions. The emphasis on the Czech Republic is evident from the sub-chapter regarding the potential entry into the close cooperation with the Single Supervisory Mechanism. I come to a conclusion that it would be better to wait with such entry for the adoption of euro and also that it would require a constitutional amendment with respect to the independence of the Czech National Bank during the fulfilment of its main goal of price stability and close relationship between monetary and macroprudential policy. The chapter four provides the reader with closer insight into the link between monetary and macroprudential policy and continues with critical discussion of the legal basis of the European supervisory authorities which form a part of the ESFS. I describe the development of ruling practice of the European Court of Justice which employs quite benevolent interpretation of essential articles of the Treaty on the Functioning of the EU regarding these supervisory agencies and in my point of view its interpretation might sometimes be against the original purpose of the relevant articles. On the other hand I favour the set up of the macroprudential European Systemic Risk Board or better employment of the tools to harmonise national supervisory practices.

**Keywords:** European System of Financial Supervision, Single Supervisory Mechanism, Supervision, European Union, Macroprudential Policy