



2012 ESMA work programme. March 2012.

On 22 December 2011, ESMA published its work program for 2012, which has been approved by ESMA's Management Board and Board of Supervisor. ESMA, in its second year of operation, has a better staffing position and a new organisational structure that will support better the delivery of this work programme. ESMA's key objectives for 2012 are: a) the introduction of new level III (technical rules) legislation (short selling, European Market Infrastructure Regulation (EMIR), Alternative Investment Fund Managers Directive (AIFMD)); b) fully exercise of its supervisory duties over the rating Agencies; c) the coordination, monitoring and providing analysis of financial markets, as well as development and coordination of responses between National Competent Authorities (NCAs) and other European Supervisory Authorities (ESAs) and; d) the promotion of equivalence in different areas with third country regulators and the representation in global organisations relevant for the regulation of securities markets. The work areas in which ESMA planned activities are divided are:

1. Single Rulebook

The so-called Single Rulebook (technical standards, technical advice, guidelines and recommendations) will contribute to establishing a European single rulebook applicable to all market participants and building a level playing field across the EU. ESMA needs to elaborate around 40 technical standards in 2012; the key ones are in the areas of Over The Counter (OTC) derivatives, post-trading issues, short selling and alternative investment funds. In many of these areas, ESMA will be asked to provide advice to the Commission for delegated acts.

It is expected that ESMA, related to EMIR, determines the detailed technical standards for the requirements of Central Counterparties (CCPs), Trade Repositories (TRs) and the set up for the determination of the derivatives subject to the clearing obligations and, also, that puts out guidelines on interoperability between CCPs. The two other key areas for ESMA will be the development of technical standards on rules for alternative fund managers (AIFMD) and issuers (Prospectus Directive).

ESMA will provide technical advice to the EC in MiFID, MAD, UCITS V (Venture Capital and Social Investment Funds), and Packaged Retail Investment Funds (PRIIPs). The guidelines and recommendations will develop remuneration and supervisory cooperation arrangements (under the AIFMD), on ETFs and structured UCITS and liquidity management. Concerning the MiFID, ESMA will publish recommendation with respect to pre-trade transparency waivers and market micro-structural issues as well as conduct of Business rules and other issues related to investment firms.

Regarding the commodities markets, ESMA will study the inter-relation of commodity markets with financial markets and the regulatory initiatives outsider the UE and the proposals under the review of MiFID and MAD.

2. Contribution to financial stability

ESMA will issue two annual reports and several briefings on the trends, potential risks and vulnerabilities in securities markets per year; in 20102, ESMA will also conduct a stress testing exercise. ESMA will inform on a regular basis the European Institutions, including the Financial Services Committee (FSC), the Economic and

Financial Committee (EFC), the Financial Stability Table of the ECF, other European Supervisory Authorities and European Systemic Risk Board (ESRB). ESMA also intends to bring attention and resources to emergency activities such as coordination with the National Competent Authorities and the other European Supervisory Authorities in response to any crisis situation on the European financial markets, as ESMA has been doing in 2011.

3. Financial consumer protection

ESMA will adopt guidelines and recommendations with a view to promote safe and sound securities markets and convergence of supervisory practices; ESMA, if it identifies products which inherently present serious threats, will issue a warning or advice on temporarily banning. ESMA, through its investor protection Committees (including the recently created Financial Innovation Product), will issue advice the European Institutions and will develop common methodologies for assessing the effect of product characteristics and distribution channels. More specifically, ESMA will provide advice on the PRIIPs Regulation and MiFID and Transparency Directive review, touching issues such as reporting or financial information. ESMA will continue to monitor IFRS developments and its contribution to the important standard setting bodies in terms of accounting.

4. Supervision

ESMA will perform its direct supervisory Powers on the Credit Rating Agencies (CRAs) carrying out verifications/investigations (desk and on-site) on registered CRAs and conducting an ongoing supervision through rating data surveillance, request for information and monthly/quarterly reports. ESMA will maintain a certain repository with information on the past performance of CRAs and on the credit rating issued, will continue working on the endorsement of the supervisory regimes of third countries and will put in place cooperation arrangements with third countries regulators by establishing memoranda of understanding. Besides, in 2012, ESMA will set up the supervisory structure for the direct supervision of trade repositories, for the participation in the supervisory colleges of CCPs, and work on third country CPPs' and TRs' recognition.

5. Convergence

ESMA will conduct, to promote supervisory convergence, peer reviews and will issue reports about MAD use of sanctions, Prospectus Directive good practices, Money Market Fund guidelines, supervisory practices with regard to Market Abuse, supervisory practices as regards Conduct of Business rules. This work will be used to inform its activities in other areas of the programme, including enhancing the single rulebook through issuing guidelines, recommendations and opinions in areas where difference of application exist and where revised legislation might be necessary to align practices. ESMA could also use very practical tools such as the Frequently Asked Questions (FAQs).

6. Operational set-up

ESMA seeks, in 2012, to enhance its internal control capacity specially in the following areas: audit, accounting, security, data protection and ethics. ESMA will conduct a self-assessment of the implementation of the EU Internal Control Standards (ICSs). Also, ESMA will keep improving the IT projects linking more than 100 stakeholders (all EU regulators, CRAs etc), and will strengthen the relationships with EU institutions and with third countries financial markets regulators.

If you want to read the whole document, please, do click on:
<http://www.esma.europa.eu/system/files/esm-2011-330.pdf>