



2013 ESMA work programme. November 2012.

ESMA has published, on 1st October 2012, its work program for 2013, approved (along with a 2013-2015 multi annual work programme) by ESMA's Board of Supervisor on 24th September. The work programme describes the strategy and the goals and deliverables ESMA pretends to achieve in 2013. The objectives and priorities for next year are based on three key elements:

1. New and revised legislation. ESMA will continue to overhaul MiFID (which will be superseded by a revised MiFID 2 and by a new Regulation MiFIR) and the Market Abuse Directive (MAD) (replaced by a reviewed MAD 2 Directive and by a new Regulation MAR). Other key texts that are also planned for working in are: a new Credit Rating Agencies Regulation (CRA III), the revision of the Transparency Directive, the Regulations on Venture Capital and Social Entrepreneurship Funds (VC&SEF), and Central Securities Depositories Regulation. In order to build the single rulebook, ESMA will develop technical and implementing standards and issue guidelines and advice. At the same time, ESMA will promote supervisory convergence of national supervisory activity and implementation of EU regulation.

2. Supervisory role on Credit Rating Agencies (CRAs) and Trade Repositories (TRs). 2013 will be the second year in which ESMA will exercise its supervisory duties for CRAs and will also begin supervising the Trade Repositories under the terms of the European Market Infrastructure Regulation (EMIR) and will coordinate supervisory colleges for Central Counterparties (CCPs).

3. Coordination, monitoring and analysis of financial markets. ESMA will continue to actively monitor developments in financial markets, provide analysis and drive and coordinate appropriate responses to the markets infrastructures innovations in cooperation with the national competent authorities and other EU institutions; therefore, a substantial parte of ESMA'S resources will be allocated in this area.

In order to enable ESMA to deliver its 2013 work programme, it will need to increase its staffing and budget accordingly: staff numbers are expected to grow from 101 to 160 and the budget from 20.2 millions to approximately 28 millions. ESMA's revenues come from the EC, the national competent authorities and CRAs fees and, next year for the first time, funding will also be generated from Trade Repositories fees contribution.

The work areas in which ESMA has planned activities are divided into:

a. Single Rulebook. As it has already been remarked, MiFID and MAD reviews are the main projects that ESMA will have to undertake in 2013, assuming political agreement is reached by the end of 2012; concretely, the main topics ESMA will have to deal with are: new rules applying to high-frequency trading, an enhanced legal framework for trading commodity derivatives, rules for pre and post transparency for a large number of asset classes, investor protection, quality of trade data and extension of the TREM (Transaction Reporting Exchange Mechanism) and of the RDS (Reference Data System). Related to Investment Fund, ESMA is expected to develop the Alternative Investment Funds Managers Directive (AIFMD) issuing draft regulatory technical standards on types of AIFM and guidelines on remuneration. In Corporate Finance, ESMA will continue the development of technical standards contemplated by the amended Prospectus Directive (in particular, ESMA will have to deal with the notifications of approved prospectuses concerning pan European offerings and admission to trading of securities) and the development of the new Transparency Directive. Also, ESMA expects to work on the implementation of the CRA III Regulation such as the extension of the scope of the CEREP (Central Repository for Credit Rating Agencies) and the setting-up of a website to ensure transparency on structure finance products. ESMA will develop technical standards in relation to audit matters and organise a new coordination role for Audit Oversight bodies.

b. Supervision. ESMA will continue to monitor the CRAs with a combination of desk-based reviews and on-site inspections and assembling and analysing market data with an IT system. This system will be fully operational by 2013 allowing a more effective pre-screening of CRAs and facilitating the identification of potential new risk areas. On the other hand, the implementation of EMIR will contribute to ESMA's assumption of direct responsibilities:

determination of OTC derivatives subject to clearing obligation, register for the clearing obligation, participation in the supervisory colleges for CCPs, recognition of third country CCPs and TRs, registration and supervision of TRs, and possible direct reporting to ESMA of derivatives transactions that cannot be registered by TRs.

c. Financial consumer protection and financial innovation. ESMA will intensify its analytical work on financial innovation identifying consumer trends by examining 2012 consumer complaints and sales activity on financial products, will adopt a very proactive role in addressing any effective or potential threat to investor protection, will step up the coordination of the regulatory and supervisory treatment of innovative financial activities and, also, will get involved in consumer financial education.

d. Contribution to financial stability. ESMA will continue providing analysis to identify potential risk and vulnerabilities and impact analysis on potential adverse market developments, and will inform the EU Institutions, the ESAs and the European Systemic Risk Board (ESRB) on a regular and ad hoc basis about its findings. ESMA will also consider how to enhance data received in areas such as high frequency trading or hedge funds; another area of interest for ESMA in 2013 will be the “shadow banking” where both enhanced transparency and monitoring will be required. ESMA will issue at least two reports in 2013 in cooperation with others ESAs through the Joint Committee.

e. Convergence. ESMA will conduct peer reviews on supervisory practices with regard to conduct of business rules under MiFID, supervisory practices with regard to high-frequency trading guidelines and to Best Execution. ESMA will investigate cases of breach of Union law and will mediate to resolve disagreements between competent authorities in cross border situations. Also, it will continue to monitor further developments of the International Finance Reporting Standards (IRFSs) and will contribute to their application in the EU. Besides, ESMA will play its part in the ESA’s Joint Committee which is like to include work on financial conglomerates, bilateral margining of OTC derivatives, credit ratings and Packaged Retail Investment Products (PRIPs), and will support the EC -together with other ESAs- in the preparation of a report on the review of the European System of Financial Supervision (ESFS).

f. ESMA as an organisation. As indicated above, ESMA’s tasks and powers will also dictate the IT programme which is expected to include projects for EMIR, register require by Omnibus I and II Directive, adaptation to MiFID II of the existing Transaction Reporting Exchange Mechanism (TREM), AIFMD register, and a new version of the Central Repository of Credit Ratings (CEREP).

If you want to read the document, please, do click on: http://www.esma.europa.eu/system/files/2012-631_0.pdf