



ESMA 2016 work programme. November 2015.

ESMA published its work programme (07/10/2015) for 2016, describing its priorities and the activities it shall carry out in order to meet its **objectives** of enhancing investor protection and promoting stable and orderly financial markets. ESMA's **priorities** for 2016, in line with its Strategic Orientation 2016-2020 (15/06/2015), confirm the shifted focus of activities, in the sense that the volume of regulatory activity decreases in order to increase activities aimed at achieving convergence of supervisory practices.

The key priorities are focused on:

1. **Supervisory convergence:** it is the core focus of ESMA's activities and consists of the uniform application and supervision of the EU rules. ESMA will publish a work programme on supervisory convergence and will collaborate with other National Competent Authorities (NCAs) and the Joint Committee of the European Supervisory Authorities (ESA) in order to progress in achieving consistency among the different sectors (banking, securities and insurance).
2. Development of **MiFID II and MiFIR:** Guidelines and Q&As will be published and level 2 (technical standards) regulatory activity is still pending.
3. **Databases creation and management:** The MiFID II/MiFIR requirements on the collection and reporting of data pursuant to the 2015-2017 work programme on reporting systems shall be complied with. Furthermore, ESMA will complete its computer projects aimed at carrying out an improved supervision of Credit Rating Agencies, and will continue to develop two projects that it is carrying out on behalf of NCAs: the Financial Instruments Reference Data System and the Access to Trade Repositories.

The work programme is based on a budget of € 40,437,589 and a staff of 210 as per the budget approved by the Board of Supervisors (05/02/2015) and subsequently submitted to the EU institutions. The EC has proposed a budget of € 38,122,405 that, if accepted, shall entail a cut of € 2.3 million. The work programme has provided for this contingency, and ESMA has identified areas where work might not be carried out as planned, affecting computer projects, translations, planning activities and peer reviews. On the date of publication of the work programme, the EC action plan for building the Capital Markets Union (CMU) was being finalised, therefore the programme does not include potential new tasks for ESMA arising from that document and the accompanying initiatives. During the first quarter of 2016, ESMA will publish on its website the full regulatory work programme with the list of technical standards, advice and guidelines it will issue, and also the supervisory convergence work programme with all the detailed actions to be carried out. The **4 main activities** are:

1.- Completing a single rulebook.

ESMA foresees issuing provisions of level 2 (technical standards) and level 3 (guidelines) to develop the following: Regulation on Credit Rating Agencies (8 provisions, of which 5 on the information to be submitted on

structured finance instruments), MiFID II/MiFIR (14 provisions, of which 2 on the obligation of derivatives of being subject to the obligation of trading in regulated markets, multilateral trading facilities and organised trading facilities), the transparency Directive (on the common format for disclosing information), the future Regulation on benchmarks (26 provisions dealing with several matters, including the integrity of benchmarks and international cooperation), the future Regulation on Money Market Funds and the Directive on Alternative Investment Fund Managers (depositaries and passports to third country managers), the future Regulation on securities financing transactions, EMIR Regulation (classes of derivatives subject to the clearing obligation), the PRIIPS Regulation (2 provisions on improvement of quality and comparability of information provided to retail investors). ESMA will perform an analysis of the impact of the short selling Regulation.

2.- Assessing risks to investors, markets and financial stability.

ESMA will analyse the financial markets risk (by means of 2 reports on trends, risks and vulnerabilities, 4 risk maps, impact analysis and stress tests), will strengthen the centralised management of databases and will carry out statistical analyses of the latter and, lastly, will develop a framework and methodology for the use of the intervention powers provided by MiFIR.

3.- Promoting supervisory convergence.

ESMA will carry out peer reviews and will issue guidelines, Q&As, opinions, and recommendations on best practices. Among others, ESMA will publish a Q&A on product governance in MiFID II/MiFIR, guidelines on asset segregation in the AIFMD (Alternative Investment Fund Managers Directive) and 3 guidelines developing MAR (Market Abuse Regulation). ESMA will continue the peer reviews on the application of the transparency and prospectus Directive. It will also draft a Memorandum of Understanding for the exchange of information with third countries in relation to market abuse. ESMA will also work on the following: computer projects for Rating Agencies and for markets, convergence reports on the application of EMIR, improvements in corporate governance (review of proxy advisors, study of information on director's remuneration and use of forms for complying with the information requirements of the transparency Directive), and the contribution to the consistent implementation of the Audit Regulation.

In the relations with third countries, ESMA will give advice on the possible exemption from compliance for third-country AIF Managers, will continue with the recognition of Central Counterparties and Central Securities Depositories of third countries, and will start to establish cooperation agreements (as required by MiFIR) with the competent authorities of the countries having been recognised as equivalent by the EC.

4.- Direct supervision of specific financial entities.

ESMA will effect an internal reorganisation at the end of 2015 to unify the direct supervision of Credit Rating Agencies and Trade Repositories. For the supervision of Agencies, the new Credit Ratings Data Reporting System (RADAR) is the result of merging the European Ratings Platform, the fees database and two existing systems, CEREP and SOCRAT.

The **Joint Committee of ESMA, EBA and EIOPA** has also presented a **joint work programme** for 2016 with the following activities: 1) work on investor protection and financial innovation (PRIIPS Regulation standards, study of automated financial advice, implementation of guidelines on claim management and challenges related to the use of "big data"); 2) cross-sectoral risk analyses; and 3) regulatory work on securitisation, money laundering, financial conglomerates and initial margin models in the EMIR Regulation.

Useful links:

[ESMA's Work Programme for 2016.](#)

[Work programme of the Joint Committee of ESAs for 2016.](#)