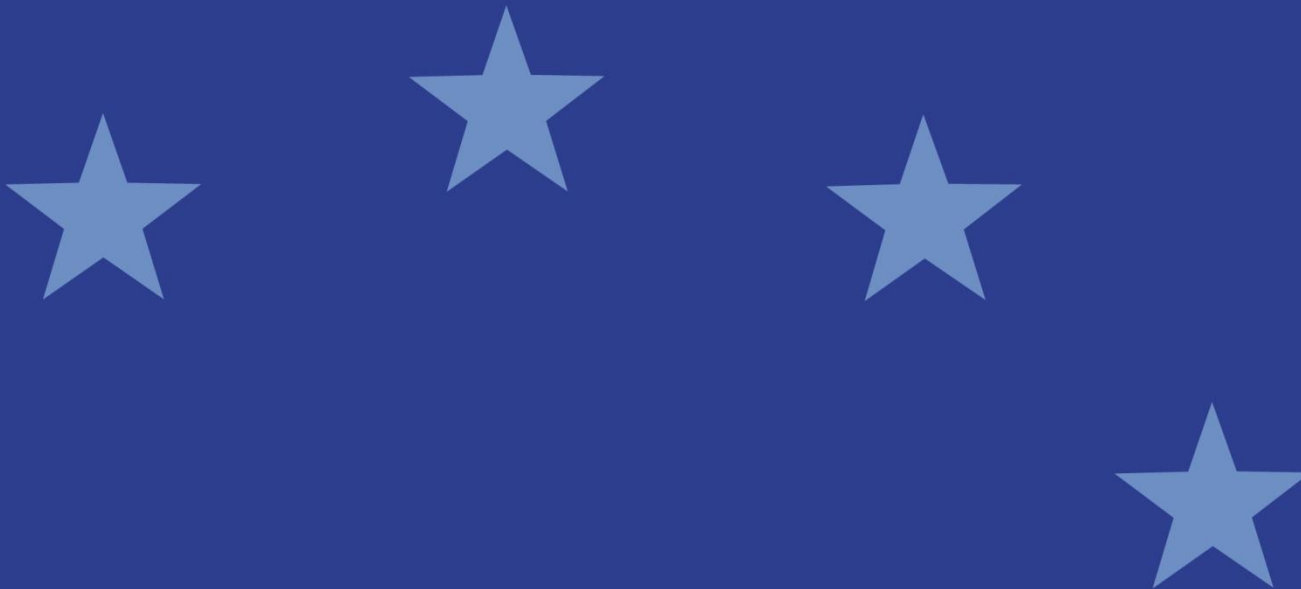




European Securities and
Markets Authority

ESMA – key priorities

Steven Maijoor, ESMA Chair





Outline

- ESMA's mission
- 2015 priorities
- EMIR implementation



ESMA – the EU’s financial market regulator

ESMA's mission is to *enhance investor protection and promote stable and orderly financial markets*

Mission consists of our three objectives:

- Investor protection
- Orderly markets
- Financial stability

Achieved through four activities:

- Assessing risks to investors, markets and financial stability
- Completing a single rulebook for EU financial markets
- Promoting supervisory convergence
- Supervising specific financial entities



Governance

Management Board

Ensuring that the Authority is run effectively and can perform the tasks assigned to it

Composition:
Chair
6 BoS members
European Commission

Board of Supervisors

Key decision-making body

Chair
Heads of NCAs
EBA
EIOPA
ESRB
European Commission
EFTA states as observer

Standing Committees

Key preparation bodies

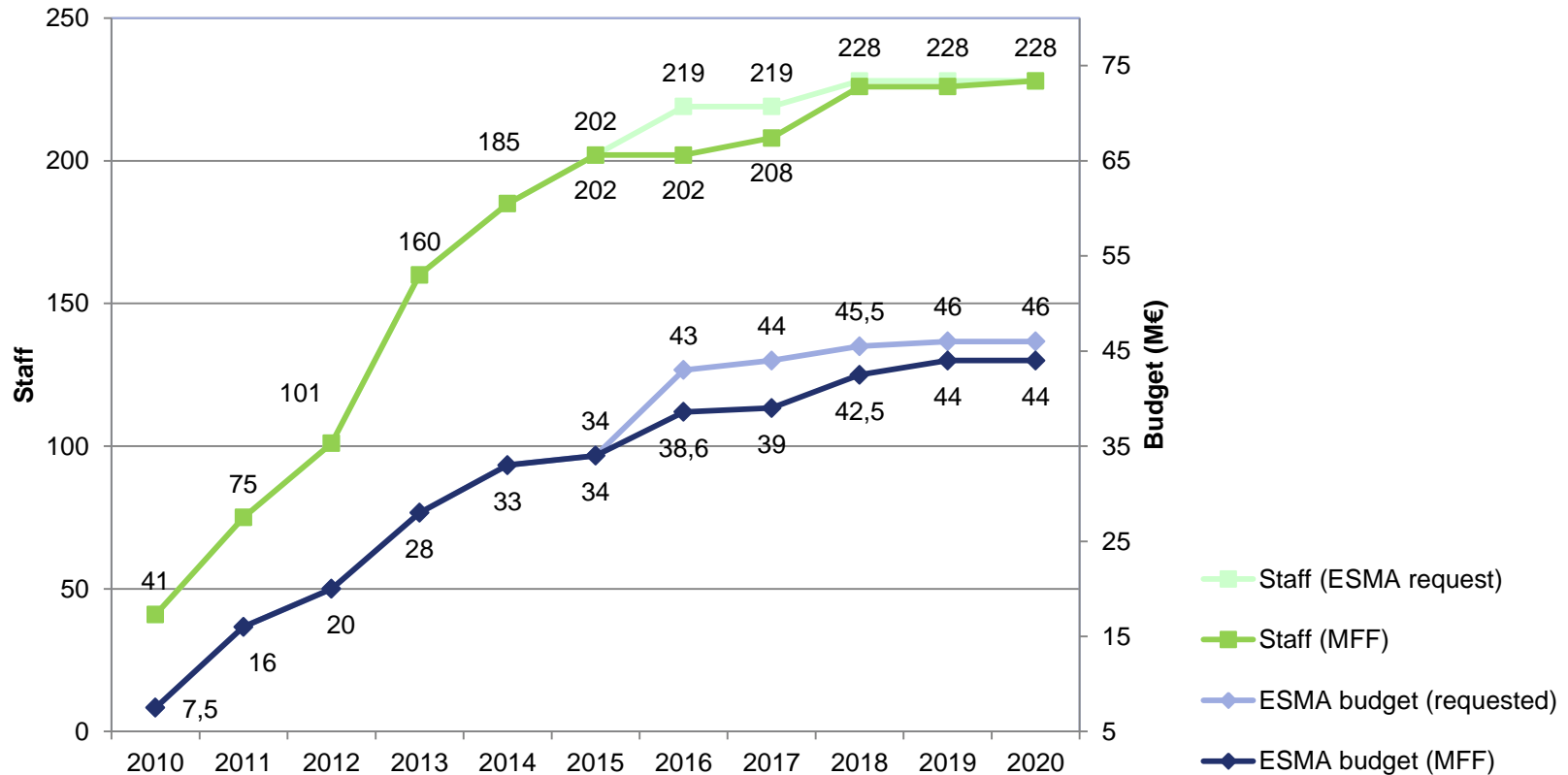
Board of Appeal

Securities and Markets Stakeholder Group

Consultative Working Groups



Evolution of ESMA resources





Key 2015 activities (1/2)

- **Completing Single Rulebook**
 - MiFID II and MAD/MAR
 - Credit Rating Agencies Regulation
 - Central Securities Depository Regulation
- **Supervising specific financial entities**
 - Credit Rating Agencies (CRAs): 23 registered + 4 certified
 - 6 Trade Repositories (TRs)
- **Promoting Supervisory Convergence**
 - Peer reviews (e.g. prospectus supervision), on-site visits
 - Waivers, Opinions, Common Enforcement Priorities
 - Central Counterparties (CCP): non-voting member in (18) colleges

- Assessing risks to investors, markets and financial stability
 - Identifying trends, risks and vulnerabilities
 - Important for sound policy-development
 - EU IT projects
- Investor protection
 - Overall ESMA objective, including empowerment of retail investors
 - Investor warnings (online investing, complex products, investing in contingent convertible instruments...)
 - Key Investment Document (KID)
 - PRIIPs implementation together with EBA and EIOPA
 - Peer reviews (Clear, fair and not misleading information, Best Execution...)



Capital Markets Union

- Accelerated integration at level of 28 Member-States
- Maximum benefits of alternative funding for the real economy, more equity
- Aim of CMU at the heart of ESMA's objectives and activities
- Four building blocks:

**Greater
diversity in
financing**

**Increasing
efficiency of
EU capital
markets**

**Increasing
attractiveness
of EU for
investors**

**Strengthening
and
harmonisation
of supervision**

At the Pittsburgh Summit in September 2009, the G20 Leaders agreed that:

All standardized OTC derivative contracts should be **traded on exchanges or electronic trading platforms**, where appropriate, and **cleared** through central counterparties by end-2012 at the latest. OTC derivative contracts should be **reported** to trade repositories.



From a European Union perspective, the European Markets Infrastructure Regulation (**EMIR**) has been the main response to the financial crisis (the trading obligation is covered under MiFIR/MiFID II) in line with the G20 objectives:

New common legal framework



New standards to improve the resiliency of financial market infrastructures



Greater use of financial market infrastructures

ESMA role

- Standard setting
- Coordination and Supervision
- Convergence

EMIR implementation: key milestones

Risk Mitigation Techniques

- Daily mark-to-market and timely confirmation requirements applicable
- Portfolio reconciliation, portfolio compression and dispute resolution requirements applicable

- ✓ 15 March 2013
- ✓ 15 September 2013

Trade Reporting

- 6 Trade Repositories registered
- Initial launch with trade reporting requirement excluding valuation data
- Second phase with trade reporting requirement including valuation data
- ≈ 300 m reports per week / 11,5 Bn reports in year 1
- Primary data source for the clearing obligation, MiFIR liquidity analyses and EMIR review

- ✓ Nov./Dec. 2013
- ✓ 12 February 2014
- ✓ 11 August 2014

EU CCP Authorisations

- 16 CCP authorisations
- 5 authorisations for extension of activities and services
- several validations for significant model changes

- ✓ March 2014 and on-going since

4 Clearing Obligation procedures launched

Interest Rate (2)



- 1st Consulted (11-Jul-14)
- 51 responses
- Final Report (1-Oct-14)
- Opinion (29-Jan-15)
- Final RTS adoption pending

- 2nd Consultation (11-May-15)
- 21 responses

Credit (1)



- Consulted (11-Jul-14)
- 35 responses
- Final report pending validation of the IRS RTS

NDF (1)



- Consulted (1-Oct-14)
- 38 responses
- Feedback statement (4-Feb-15)
- Possible Final report in future but not now



EMIR review

- **The European Commission shall review EMIR and prepare a general report for the European Parliament and the Council of the European Union**
- ESMA submitted four reports to the European Commission on 13 August 2015:
 1. The systemic importance of the transactions of non-financial firms in OTC derivatives and the impact of EMIR on their use of OTC derivatives;
 2. The efficiency of margining requirements to limit pro-cyclicality;
 3. The evolution of CCP's policies on collateral margining and securing requirements and the specific provisions on segregation, portability and default procedures;
 4. Additional issues: the clearing obligation, the third country recognition process, trade reporting and trade repositories...



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