



European Securities and
Markets Authority

Final Accounts of the European Securities and Markets Authority

Financial Year 2016






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Document approval

	Person	Role	Date	Signature
Prepared by	Stefan Meert	Senior Accounting Officer	05.05.2017	
Signed by	Stefan Meert	Senior Accounting Officer	12.05.2017	
Signed by	Verena Ross	Executive Director	12.05.17	

Statement of the Accounting Officer

The final accounts of the European Securities and Markets Authority for the year 2016 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings, and in accordance with Title IX of the Decision on the Financial Regulation of the European Securities and Markets Authority.

I acknowledge my responsibility for the preparation and presentation of the final accounts of the European Securities and Markets Authority in accordance with Article 68 of the Financial Regulation and with Article 50 of the Decision on the Financial Regulation of the European Securities and Markets Authority.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the assets and liabilities of the European Securities and Markets Authority and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the European Securities and Markets Authority.

A handwritten signature in blue ink, consisting of a large, stylized initial 'S' followed by a long horizontal line that tapers to the right.

Stefan Meert

Senior Accounting Officer

Presentation of the organisation

Introduction

The European Securities and Markets Authority was established by Regulation (EU) n° 1095/2010 of the European Parliament and the Council 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision n° 716/2009/EC and repealing Commission Decision 2009/77/EC.

The accounts of the European Securities and Markets Authority are kept in accordance with the Decision on the Financial Regulation of ESMA as adopted by its Management Board and its Implementing Rules.

In accordance with Article 147 of Council Regulation No 966/2012 (Financial Regulation) and Article 98 of the Decision on the Financial Regulation of the European Securities and Markets Authority, the following final accounts together with the reports on the implementation of the budget of the European Securities and Markets Authority have been drawn up.

Legal status and principal office

The Authority is a body of the Union as referred to in article 208 of The Financial Regulation (EC, Euratom) n°966/2012 of the Council of 25 October 2012. It has legal personality. The Authority is represented by its Chair, Mr Steven MAIJOOR, and its management is entrusted to the Executive Director, Mrs Verena ROSS, both appointed by the Authority's Board of Supervisors.

The Authority's headquarters are located in Paris, France, 103 rue de Grenelle.

The Protocol on the Privileges and Immunities of the European Union applies to the Authority.

Governing structure

ESMA's governing structure consists of a Board of Supervisors and a Management Board.

The Board of Supervisors is composed of the heads of the 28 national authorities competent for the supervision of financial markets participants in each EU Member State. The European Commission, the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Systemic Risk Board are non-voting Members. The heads of the national competent authorities for the supervision of financial markets participants from Iceland, Norway and Liechtenstein are also non-voting members.

The Board of Supervisors gives guidance to the work of the Authority and has key decision-making responsibilities.

The Management Board is composed of the Chair and six members selected from the Board of Supervisors and the Executive Director and the European Commission as non-voting



member. The Vice-Chair is an observer. The Management Board deals with the management of the Authority.

Both the Board of Supervisors and the Management Board are chaired by the Chair while the Executive Director is entrusted with the management of the Authority and participates in Board meetings.

Further information sources

More information on the Authority's administrative and operational activities, organisational chart, applicable legislation, Board of Supervisors and Management Board is available on the Authority's web site <http://www.esma.europa.eu> and in its annual report.

Legal Base for Drawing up the Annual Accounts

The final accounts of ESMA have been established in accordance with the following legislation:

- The Decision on the Financial Regulation of ESMA as adopted by its Management Board and its Implementing Rules (ESMA/2014/MB/38).
- The Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework Financial Regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council.
- The accounting rules, methods and guidelines as adopted and provided by the Accounting Officer of the Commission.

PART I

1 Financial Statements

1.1 Balance sheet

	Notes n°	31.12.2016	31.12.2015
A. NON CURRENT ASSETS			
Intangible assets	2.1.	6.813.891,02	6.012.653,28
Property, plant and equipment	2.2.	1.703.444,40	1.717.339,13
Land and buildings		330.896,00	405.239,00
Plant and equipment		5.733,00	7.208,00
Computer hardware		549.761,40	369.983,13
Furniture		317.788,00	365.409,00
Other fixtures and fittings		499.266,00	569.500,00
Long term receivables and recoverables		0,00	0,00
TOTAL NON CURRENT ASSETS		8.517.335,42	7.729.992,41
B. CURRENT ASSETS			
Exchange receivables and recoverables	2.3.	1.052.153,97	1.011.982,59
Current receivables		771,77	0,00
Deferred charges		1.031.544,99	971.341,06
Sundry receivables		19.837,21	40.641,53
Other receivables		0,00	0,00
Accrued income with consolidated entities		0,00	0,00
Non - exchange receivables and recoverables	2.4.	506.858,72	1.139.773,17
Current receivables Member States		506.615,30	1.139.358,25
Other receivables		243,42	414,92
Cash and cash equivalents	2.5.	7.257.101,73	7.129.280,66
TOTAL CURRENT ASSETS		8.816.114,42	9.281.036,42
TOTAL ASSETS		17.333.449,84	17.011.028,83

	Notes n°	31.12.2016	31.12.2015
A. NET ASSETS	2.6.	8.065.594,89	9.595.646,72
Accumulated surplus/deficit		9.595.646,72	7.865.421,86
Accrual result of the year – profit+/loss-		-1.530.051,83	1.730.224,86
B. NON CURRENT LIABILITIES		0,00	0,00
C. CURRENT LIABILITIES		9.267.854,95	7.415.382,11
Current provisions	2.7.	0,00	0,00
Current provisions – legal cases		0,00	0,00
Current payables	2.8.	12.745,22	1.273.474,64
Current payables – vendors		3.205,18	1.165.777,09
Current payables – member states		0,00	0,00
Current payables - others		1.532,04	34.330,38
Current payables with consolidated entities		8.008,00	73.367,17
Sundry payables		5.095,69	169.781,41
Sundry payables		0,00	159.955,81
Sundry payables with consolidated entities		5.095,69	9.825,60
Account payable with consolidated entities		329.203,59	438.888,38
Pre-financing received from consolidated entities (EC) – budget outturn 2014		329.203,59	438.888,38
Accrued charges and deferred income	2.9.	8.920.810,45	5.533.237,68
Accrued charges		3.452.144,46	1.971.104,53
Accrued charges with consolidated entities		0,00	0,00
Other passive accruals & deferrals		2.948,00	0,00
Deferred income		5.465.717,99	3.562.133,15
TOTAL LIABILITIES		17.333.449,84	17.011.028,83

1.2 Statement of Financial Performance

	Note	2016	2015
Non-exchange revenue		26.054.046,45	23.819.668,43
Revenue from consolidated EC entities (EU subsidy)		9.873.796,41	11.639.668,62
Contributions NCAs		16.180.250,04	12.179.999,81
Contributions MS NCAs		15.733.281,82	14.153.059,00
Contributions non-MS NCAs		446.968,22	402.075,54
Deduction surplus		0,00	-2.375.134,73
Exchange revenue		10.905.783,56	9.885.793,54
Exchange revenue - Fees from Supervised Entities		10.550.292,98	9.752.296,98
CRA Fees		8.726.322,98	7.621.316,98
TR Fees		1.823.970,00	2.130.980,00
Contributions NCAs		295.693,16	64.710,85
Contributions NCAs IT-delegated projects		2.428.770,00	2.708.543,00
Deferred income NCAs IT-delegated projects		-2.133.076,84	-2.643.832,15
Other exchange revenue		59.797,42	68.785,71
Fixed assets related revenue		- 2.759,60	-958,91
Other administrative revenue		56.586,90	0,00
Exchange rate differences gains		5.970,12	7.428,62
Revenue from consolidated entities		0,00	62.316,00
TOTAL OPERATING REVENUE	3.1	36.959.830,01	33.705.461,97
Administrative expenses	3.2	-36.954.757,73	-30.541.981,24
Staff expenses		-20.282.501,22	-16.367.081,93
Staff expenses with other consolidated entities		-182.191,80	-188.391,19
Fixed asset related expenses		-2.058.146,66	-1.584.065,08
Other administrative expenses		-14.431.918,05	-12.402.443,04
Operational expenses	3.3	-1.533.554,93	-1.445.879,38
Other operational expenses		-1.533.554,93	-1.445.879,38
TOTAL OPERATING EXPENSES		-38.488.312,66	-31.987.860,62
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		-1.528.482,65	1.717.601,35
Financial revenues		139,07	14.044,74
Financial expenses		-1.708,25	-1.421,23
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		-1.569,18	12.623,51
ECONOMIC RESULT OF THE YEAR		-1.530.051,83	1.730.224,86

1.3 Cash Flow Statement

	2016	2015
Cash Flows from ordinary activities		
Economic result of the year	-1.530.051,83	1.730.224,86
Operating activities		
Amortisation (intangible fixed assets) +	1.539.622,75	1.160.282,92
Depreciation (tangible fixed assets) +	459.435,58	405.938,16
Increase/(decrease) in Provisions for risks and liabilities	0,00	0,00
Increase/(decrease) in Value reduction for doubtful debts	0,00	0,00
(Increase)/decrease in Stock	0,00	0,00
(Increase)/decrease in Long term Pre-financing	0,00	0,00
(Increase)/decrease in Short term Pre-financing	0,00	0,00
(Increase)/decrease in Long term Receivables	0,00	0,00
(Increase)/decrease in Short term Receivables	592.743,07	187.783,34
(Increase)/decrease in Receivables related to consolidated EC entities	0,00	0,00
Increase/(decrease) in Other Long term liabilities	0,00	0,00
Increase/(decrease) in Accounts payable	2.027.516,80	2.050.289,08
Increase/(decrease) in Liabilities related to consolidated EC entities	-175.043,96	0,00
(Gains)/losses on sale of Property, plant and equipment	0,00	0,00
Net cash Flow from operating activities	2.914.222,41	5.534.518,36
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-2.785.546,80	-3.127.044,52
Proceeds from tangible and intangible fixed assets (+)	-854,54	17.844,00
Net cash flow from investing activities	-2.786.401,34	-3.109.200,52
Increase/(decrease) in Employee benefits	0,00	0,00
Net increase/(decrease) in cash and cash equivalents	127.821,07	2.425.317,84
Cash and cash equivalents at the beginning of the period	7.129.280,66	4.703.962,82
Cash and cash equivalents at the end of the period	7.257.101,73	7.129.280,66

1.4 ESMA – Statement of changes in net assets

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2015	0,00	0,00	7.865.421,86	1.730.224,86	9.595.646,72
Changes in accounting policies					
Balance as of 1 January 2016 (if restated)	0,00	0,00	7.865.421,86	1.730.224,86	9.595.646,72
Allocation of the Economic Result of Previous Year			1.730.224,86	-1.730.224,86	0,00
Economic result of the year			0,00	-1.530.051,83	-1.530.051,83
Balance as of 31 December 2016	0,00	0,00	9.595.646,72	-1.530.051,83	8.065.594,89

2 Notes to the Financial Statements

2.1 Accounting Policies

General

In accordance with Article 147 of Council Regulation No 966/2012 and Article 98 of the Decision on the Financial Regulation of ESMA, the final accounts together with the reports on implementation of the budget of European Securities and Markets Authority have been drawn up.

The accounts are drawn up in accordance with the accounting rules and methods adopted by the Accounting Officer of the Commission as stated in article 143 and 208 of the Financial Regulation. These financial statements are prepared on the basis of the EU Accounting Rules as adopted by the Commission's Accounting Officer which adapt the International Public Sector Accounting Standards (and in some cases International Financial Reporting Standards) to the specific environment of the EU, while the reports on implementation of the budget continue to be primarily based on movements of cash.

The objective of the financial statements is to provide information about the financial position, performance and cash-flows of an entity that is useful to a wide range of users.

The accounting system of the European Securities and Markets Authority comprises general accounts and budget accounts. These accounts are kept in euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.¹ The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

The European Securities and Markets Authority financial statements have been drawn up using the methods of preparation as set out in the accounting rules laid down by the European Commission's Accounting Officer.

The accounting principles to be applied in drawing up the financial statements are:

- ✓ Going concern basis
- ✓ Prudence
- ✓ Consistent accounting methods
- ✓ Comparability of information
- ✓ Materiality
- ✓ No netting
- ✓ Reality over appearance

¹ This differs from cash-based accounting because of elements such as carryovers.

✓ Accrual-based accounting

The financial statements are presented in euro, the functional and reporting currency. Foreign currency transactions are translated into euro using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the economic outturn account.

Balance Sheet

Assets are resources controlled by the European Securities and Markets Authority as a result of past events and from which future economic benefits or service potential are expected to flow.

➤ Intangible assets.

Acquired computer software licences are stated at cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful life, being 4 years.

With the entry into force of EU accounting rule n° 6 on internally developed intangible assets costs directly linked to an internally developed intangible asset, providing they meet the necessary criteria, must be capitalised as assets under construction. Once the project goes live, the resulting asset will be amortised over its useful life. In addition the amount of research expenses incurred on IT projects and development costs not capitalised (e.g. for small projects below threshold) must be disclosed in the financial statements. It must be noted that the threshold for capitalising these costs has been set at 150 000 EUR for the Authority

➤ Property, plant and equipment

In compliance with the accounting rules, fixed assets are considered as such when their nominal value is equal or above €420 and their useful life is greater than one year. The assets are reflected in the balance sheet at year end for their net value. The depreciation method used is the straight-line method and pro rata temporis from the month of first use or delivery of the asset in the Authority premises.

The assets registration system, integrated in the Authority's accounting systems, is identical to the one used by the European Commission (ABAC Assets). It is operational since July 2011.

All property, plant and equipment are stated at historical costs less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and its cost can be measured reliably. Repairs

and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

TABLE OF DEPRECIATION RATES

Intangible assets

Software for personal computers and servers	25%
Other intangible fixed assets	25%

Tangible assets

<u>Buildings</u>	4%
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Plant and equipment

Tools for industry and workshops	12,5%
Specific electric equipment	25%

Furniture and vehicles

Office, laboratory and workshop furniture	10%
Electrical office equipment, printing and mailing equipment	12,5%/25%
Furniture for restaurant/cafeteria/bar area	10%/12,5%
Vehicles	25%

Computer hardware

Computers, servers, accessories, data transfer equipment,	25%
Copying equipment, digitising and scanning equipment	25%

Other fixtures and fittings

Telecommunications equipment	25%
Audiovisual equipment	25%
Computer books, CDs, DVDs	25% / 33%
Health and safety equipment	12,5% /25%
Other	10%

<u>Tangible fixed assets under construction</u>	0%
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Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

➤ Receivables.

Receivables are carried at original amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that ESMA will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

➤ Cash and cash equivalents

Cash and cash equivalents are financial instruments and classified as available for sale financial assets. They include cash at hand and deposits held at call with banks.

➤ Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date.

➤ Payables

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the Authority.

➤ Accrued and deferred income and charges

Following the accrual accounting principle, transactions and events are recognised in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. Revenue is also accounted for in the period to which it relates.

Statement of Financial Performance

➤ Revenues and expenses

Revenues and expenses are accounted for in accordance with the accrual accounting basis principle.

Non-exchange revenue makes up the vast majority of ESMA's revenue and includes mainly the EU subsidy and the contributions from the National Competent Authorities.

Exchange revenue is the revenue from the sale of goods and services. It is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest income consist of received bank interest

Contingent Assets and Liabilities

➤ Contingent assets

A contingent asset is a possible right that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable

➤ Contingent liability

A possible obligation, that arises from past events, and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority; or

A present obligation that arises from past events but is not recognized either because it is unlikely that the Authority will use its own resources to settle the obligation or because the value of the obligation cannot be measured with sufficient reliability.

A commitment for future funding represents a legal or constructive commitment, usually contractual, that the Authority has entered into and which may require a future outflow of resources

Guarantees are possible assets or obligations that arise from past events and whose existence will be confirmed by the occurrence or non-occurrence of the object of the guarantee. It can thus be qualified as a contingent asset or liability. A guarantee is settled when the object of the guarantee no longer exists

2.2 Intangible assets

		Internally generated Computer Software	Other Computer Software	Intangible assets under constructions	Total
Gross carrying amounts 01.01.2016		5.850.929,70	952.619,66	1.719.122,46	8.522.671,82
Additions	+		82.506,35	2.243.608,45	2.326.114,80
Disposals	-		-46.005,91		-46.005,91
Transfer between headings	+/-	1.685.337,97	-5.920,20	-1.685.337,97	-5.920,20
Other changes	+/-		85.882,38		85.882,38
Gross carrying amounts 31.12.2016		7.536.267,67	1.069.082,28	2.277.392,94	10.882.742,89
Accumulated amortisation and impairment		-1.709.943,65	-800.074,89	0,00	-2.510.018,54
Amortisation	-	-1.332.342,31	-224.532,35		-1.556.874,66
Write-back of amortisation	+		17.251,91		17.251,91
Disposals	+				0,00
Impairment	-				0,00
Write-back of impairment	+				0,00
Transfer between headings	+/-		-5.920,20		-5.920,20
Other changes	+/-		-13.290,38		-13.290,38
Accumulated amortisation and impairment 31.12.2016		-3.042.285,96	-1.026.565,91	0,00	-4.068.851,87
Net carrying amounts 31.12.2016		4.493.981,71	42.516,37	2.277.392,94	6.813.891,02

Other computer software

In the course of 2016 the Authority has purchased some new licenses for software for a total amount of € 82.506,35 €.

Internally generated computer software

In the course of 2016 the following internally generated intangible fixed assets have been capitalised. Here below a detailed breakdown can be found:

Name of the project	Description	Development cost capitalised (in €)
	Balance as per 01.01.2016	5.850.929,70
CRA3T	CRAs III Transparency System allowing the reception, storage and publication of data from CRAs (Ratings and Fees) as required by the CRA III regulation	1.247.753,01
TRACE (phase I)	Access to Trade Repositories for data queries submission by NCAs, distribution of those queries to Trade Repositories (TRs), receiving the queries results from TR and deliver them to NCAs	437.584,96
	Balance as per 31.12.2016	7.536.267,67

Intangible assets under constructions

During 2016, the Authority has started/continued the development of a number of IT-systems which are expected to go live in the course of 2017 or beyond. Below an overview can be found of the capitalised internal and external development costs at the end of 2016 for the development of these IT-systems.

Project Code	Description	Development cost capitalised (in €) – 2016
FIRDS	Financial Instruments Reference Data System for collection of reference and transparency data from trading venues and NCAs, performing transparency calculations and publication of reference data and calculations results as required by the MIFIR regulation	1.783.426,07

CODER	System aimed at weekly collection and publication of Commodity Derivatives Position Reports (MIFID II Art. 57)	237.937,00
DVCAP	Volume Cap Mechanism: system aimed at the collection and publication of trading across Europe per Equity Instruments and percentage of trading under transparency waivers (MIFIR art. 5/22)	256.029,87
Balance as per 31.12.2016		2.277.392,94

In addition in the course of 2016 the Authority has incurred € 128.016 of development costs related to the upgrade of the Transaction Reporting Exchange Mechanism (TREM). Since this is an upgrade of an existing system and the total projected development cost will not exceed € 150.000 no capitalisation of the development cost was done.

2.3 Property, plant and equipment

Tangible (fixed) assets at ESMA consist of leasehold improvements, technical equipment, vehicles, furniture, kitchen and cafeteria equipment, computer hardware and telecommunication and audio-visual equipment.

In the course of 2016 the Authority has mainly purchased computer tablets, printer, other computer equipment, some furniture and iPhones for a total amount of € 459.432.

		Buildings	Plant and Equipment	Computer hardware	Furniture	Other Fixtures and	Total
Gross carrying amounts 01.01.2016		744.105,38	11.790,52	999.692,23	665.942,41	919.823,41	3.341.353,95
Additions	+			376.323,74	10.521,00	72.587,26	459.432,00
Disposals	-			-17.881,28	-6.011,14		-23.892,42
Transfer between headings	+/-			5.920,20			5.920,20
Other changes	+/-			8.505,37			8.505,37
Gross carrying amounts 31.12.2016		744.105,38	11.790,52	999.692,23	665.942,41	919.823,41	3.341.353,95
Accumulated amortisation and impairment 01.01.2016		-338.866,38	-4.582,52	-629.709,10	-300.533,41	-350.323,41	-1.624.014,82
Amortisation	-	-74.343,00	-1.475,00	-195.736,74	-55.819,00	-136.867,26	-464.241,00
Write-back of amortisation	+			1.117,28	3.688,14		4.805,42
Disposals	+						
Impairment	-						
Write-back of impairment	+						
Transfer between headings	+/-			5.920,20			5.920,20
Other changes	+/-			-4.390,50		-5.954,00	-10.344,50
Accumulated amortisation and impairment 31.12.2016		-413.209,38	-6.057,52	-822.798,86	-352.664,27	-493.144,67	-2.087.874,70
Net carrying amounts 31.12.2016		330.896,00	5.733,00	549.761,40	317.788,00	499.266,00	1.703.444,40

2.4 Exchange Receivable and recoverable

	31/12/2016	31/12/2015
Current receivables	771,77	0,00
Sundry receivables	19.837,21	40.641,53
Deferred charges	1.031.544,99	971.341,06
TOTAL	1.052.153,97	1.011.982,59

- The sundry receivables mainly relate to amounts to be recovered from staff members.
- The deferred charges consist of prepaid rent for the first quarter of 2017.

2.5 Non exchange receivables and recoverable

	31/12/2016	31/12/2015
VAT refund	506.615,30	1.139.358,25
Other receivables	243,42	414,92
TOTAL	506.858,72	1.139.773,17

The European Securities and Markets Authority pays the invoices from local suppliers with Value Added Tax (VAT) and claims the VAT refund from the Host State on a quarterly basis. The outstanding amount at year-end amounts to € 506.615,30. The decrease as compared to 2015 is mainly due to a quicker refund by the French VAT Authorities.

The total of other receivables relate to salary payments made to staff members previously employed by the Commission and/or other agencies and to be recovered from the latter for total amount of € 243,42.

2.6 Cash and cash equivalents

The cash and cash equivalents position of the Authority at 31 December 2016 amount to 7.257.101,73 € on the current account of ESMA with ING.

	2016	2015
Bank account ING Belgium – accrued	0,00	3.224,93
Bank account ING – Income	0,00	6,76
Bank account ING Belgium	7.257.101,73	7.126.042,97
Total	7.257.101,73	7.129.280,66

2.7 Net Assets

The equity of the Authority amounts to € 8.065.594,89 of which:

- € 9.595.646,72 are the accumulated surplus from previous years;
- € -1.530.051,83 is the accrual result of 2016.

2.8 Provision for risks and charges

No short-term provision for outstanding salary payments has been made in 2016 since the yearly adaptation was included in the December salary payment.

2.9 Current Payables

- The total amount of current payables as per 31.12.2016 can be broken down as follows € 4.737,22 representing current payables to third parties and € 8.008,00 representing current payables to consolidated entities.
- € 5.095,69 representing payables to consolidated entities for staff members previously employed by the Commission and/or other agencies and to be paid to the latter.

2.10 Accrued charges and deferred income

The total amount of accrued charges and deferred income as per 31.12.2016 can be broken down as follows

- € 3.452.144,46 representing accrued charges for goods and services provided to the Authority in 2016 but not registered as invoiced at year end. This amount also includes a provision of € 422.365,98 for untaken leave of staff members.
- € 688.809,00 representing the reduction on the rental costs to be spread over the remaining years of the rental contract.
- € 4.776.908,99 representing the deferred income relating to the NCAs contributions received to execute the IT-delegated tasks.
- € 2.948 representing an amount to be recovered from a former staff member following a Court's judgement.

Accrued expenses	31/12/2016	31/12/2015	% change
Accrued expenses	3.452.144,46	1.971.104,53	+75%
Accrued expenses based on carry-over analysis	3.029.778,48	1.616.118,26	+87%
Accrual for untaken holidays	422.365,98	354.986,27	+19%

Accrued expenses based on carry-over analysis	31/12/2016	31/12/2015	% change
Title 1 – Staff	213.332,32	243.143,94	- 12%
Title 2 – Buildings, equipment and miscellaneous expenditure	641.302,13	481.837,00	+ 33%
Title 3 – Operational expenditure	1.721.869,40	741.326,69	+ 132%
Title 4 – Delegated projects	453.274,63	149.810,63	+ 203 %
Total	3.029.778,48	1.616.118,26	+ 87%

The increase in the accrued expenses is mainly due to an increase in the accrual for IT-expenses in Title 3 and 4 that were delivered in the course of 2016 but for which the quarterly invoice was only received in January 2017. Indeed in the course of January 2017 an amount of € 775 974,17 has already been paid for IT-services provided in 2016.

Accrual for untaken holidays	31/12/2016	31/12/2015	% change
Number of days not taken	1.489	1.298	+ 15%
Accrued amount	422.365,98	354.986,27	+ 19%

The increase in the accrual for untaken holidays can mainly be explained by an increase in the number of untaken days.

3 Notes to the Statement of Financial Performance

3.1 Operating revenue

The total operating revenue of the Authority consists mainly of contributions received from the National Competent Authorities, the Commission and fees received from supervised entities (Credit Rating Agencies (CRA) and Trade Repositories (TR)). As compared to 2015 the total operating revenue of the Authority has increased by 10%. This increase is a combination of a decrease in the EC-contribution, an increase of the NCA's contribution and an increase of the fees received from supervised entities. The funds received from the NCAs specifically to be used for the IT-delegated tasks entrusted to the Authority by them have been almost completely been considered as deferred income.

Type of revenue	2016	2015	% change
Non-exchange	26.054.046,45	23.819.668,43	+ 9%
Exchange	10.905.783,56	9.885.793,54	+ 10%
TOTAL	36.959.830,01	33.705.461,97	+ 10%

3.2 Administrative expenses

These include staff expenses, costs relating to intangible assets and property, plant and equipment (mainly depreciation) and other expenses.

Type of Expense	2016	2015	% change
Staff expenses	-20.464.693,02	-16.555.473,12	+ 24%
Fixed asset related expenses	-2.058.146,66	-1.584.065,08	+ 30%
Other administrative expenses	-14.431.918,05	-12.402.443,04	+ 16%
TOTAL	-36.954.757,73	-30.541.981,24	+ 21%

As compared to 2015 there has been an increase of 21% which can be explained by:

- The reason for the significant increase in staff expenses of 24% is twofold. In 2016 there was a significant increase in staff (see also table below). Second, the Authority paid in 2016 for the first time the employer's pension contribution (approximately 1,6 MEUR) for the staff members working on the NCA and fee-related activities.
- An increase of 30% in depreciation of intangible and tangible fixed assets mainly as a result of the amortisation of the capitalised internally generated intangible assets.

- An increase of 16% in other administrative expenses. This can mainly be explained by the increase of maintenance costs for the existing IT-systems. In addition some costs were incurred for the migration of the IT-hosting services.

Average number of employees

	2016 ²	2015
Temporary agents	136	126
Contract agents	45	31
SNE	23	20
TOTAL	204	177

3.3 Operating Expenses

The operating expenses have remained more or less stable in 2016 as compared to 2015.

4 Notes to the Cash Flow Statement

Cash flow information is used to provide a basis for assessing the ability of ESMA to generate cash and cash equivalents, and its needs to utilise those cash flows.

The cash flow statement is prepared using the indirect method. This means that the economic result of the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

Cash flows arising from transactions in a foreign currency are recorded in the EU's reporting currency (euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cash flow

The presented cash flow statement reports cash flows during the period classified by operating and investing activities (ESMA does not have financing activities).

4.1 Operating Activities

Operating activities are the activities of the EU that are not investing activities. These are the majority of the activities performed.

² Post actually filled as per 31.12.2016

4.2 Investing Activities

Investing activities are the acquisition and disposal of intangible assets and property, plant and equipment and of other investments which are not included in cash equivalents. The objective is to show the real investments made by ESMA.

5 Contingent Assets and Liabilities and Other Significant Disclosures

5.1 Contingent Liabilities

5.1.1 Other Contingent liabilities

These relate to potential costs which might be incurred if and when ESMA would leave its present premises. An exact amount cannot be calculated as there are variable factors laid down in the rent agreement. The current lease contract of ESMA is due to end by 2020. There is no planned change of premises until at least this date. Therefore the probability of such expenditure in the near future is very low.

In addition ESMA provided the landlord of its premises with a bank guarantee for the lease contracts.

5.1.2 Contingent liabilities amounts relating to legal cases

There is currently one pending legal case concerning one staff member before the General Court contesting a previous judgement in favour of the Agency. More specifically the staff member does not agree with the total amount to be paid. To date only half of the claimed amount has been paid by the staff member.

5.2 Other significant Disclosures

5.2.1 Operating Leases

Assets subject to an operating lease are regarded as rentals.

Description	Charges paid in 2015	Charges to be paid next year	Charges to be paid later than one year	Total charges to be paid
Rent 1	3.549.446,40	4.013.205,24	12.039.615,72	16.052.820,96
Total Rent	3.549.446,40	4.013.205,24	12.039.615,72	16.052.820,96

5.2.2 Outstanding Commitments not yet expensed (Carryovers)

Unconsumed budgetary commitments for future funding (C8 + R0 carry-forward) have been registered by the Authority with an amount of € 6.697.343,35 at year end, of which € 3.037.786,48 (or 45%) relate to 2016. Additional expenditure of € 3.659.556,87 is expected for 2017, whereby budgetary commitments have been registered but do not have any impact on the 2016 accruals based accounting

	2016	2015
Automatic carryovers C1	4.686.739,13	5.139.444,44
Automatic carryovers R0	2.010.604,22	379.497,57
Accrued expenses	-3.037.786,48	-1.849.428,27
Outstanding commitments not yet expensed	3.659.556,87	3.669.513,74

The amount disclosed above is the budgetary RAL ("Reste à Liquider") less related amounts that have been included as expenses in the 2016 statement of financial performance. The budgetary RAL is an amount representing the open commitments for which payments and/or de-commitments have not yet been made.

6 Financial Instruments

Financial instruments comprise cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities. Financial instruments give rise to liquidity, credit, interest rate and foreign currency risks, information about which and how they are managed is set out below (*prepayments, accrued income, accruals and deferred income are not included*).

The carrying amounts of financial instruments are as follows:

	2016	2015
Financial assets		
Exchange receivables and recoverables	19.837,21	40.641,53
Non - exchange receivables and recoverables	506.858,72	1.139.773,17
Cash and deposits	7.257.101,73	7.129.280,66
Total monetary assets (A)	7.783.797,66	8.309.695,36
Financial liabilities		
Current payables	12.745,22	1.273.474,64
Sundry payables	5.095,69	169.781,41
Accounts payables with consolidated entities	329.203,59	438.888,38
Total monetary liabilities (B)	347.044,50	1.882.144,43
Total net financial instruments (A) – (B)	7.436.753,16	6.427.550,93

Liquidity risk

Liquidity risk is the risk that arises from the difficulty of selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation. Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

The Authority manages liquidity risk by continually monitoring forecast and actual cash flows.

Bank accounts opened in the name of the Authority may not be overdrawn.

Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the internal control standards, and audit principles.

EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

Credit risk

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation.

The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Treasury resources are kept with commercial banks. Contributions are requested 2 times a year based on cash forecasts.

In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which the Authority is exposed:

All commercial banks are selected by call for tenders. The minimum short term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be accepted in specific and duly justified circumstances.

The maximum exposure to credit risk is:

	2016	2015
Exchange receivables and recoverables	19.837,21	40.641,53
Non-exchange receivables and recoverables	506.858,72	1.139.773,17
Cash and deposits	7.257.101,73	7.129.280,66
Total monetary assets (A)	7.783.797,66	8.309.695,36
Impairment (C)	0,00	0,00
Guarantees (E)	0,00	0,00
Total credit risk (A+C+E)	7.783.797,66	8.309.695,36

Interest rate risk

Interest rate risk is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa.

Interest rate risk at the Authority arises from cash. It is recognised that interest rates fluctuate and the Authority accepts the risk and does not consider it to be material.

The Authority's treasury does not borrow any money; as a consequence it is not exposed to interest rate risk. It does, however, earn interest on balances it holds on its banks accounts. The Authority has therefore put in place measures to ensure that interest earned on its bank accounts regularly reflects market interest rates, as well as their possible fluctuation.

Overnight balances held on commercial bank accounts earn interest on a daily basis. This is based on variable market rates to which a contractual margin (positive or negative) is applied. For most of the accounts, the interest calculation is linked to the EONIA (Euro overnight index average) or EURIBOR (Euro Interbank Offer Rate) and is adjusted to reflect any fluctuations of this rate. In case the resulting interest rate to be applied is less than 0, then a fixed rate is applied for a certain period of time. As a result no risk exists that the Authority earns interest at rates lower than market rates.

Foreign currency risk

Currency risk is the risk that the EU's operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another.

Most financial assets and liabilities are in euro, so in these cases the Authority has no foreign currency risk.

When miscellaneous receipts are received in currencies other than euro, they are converted into euro and transferred to accounts held in euro.

At the end of 2016 the Authority had no outstanding receivables in foreign currency and no material outstanding payable balance in foreign currency.

Fair value

The estimated fair values of all financial instruments of the Authority are equal/approximate to their book values as at 31 Dec 2016. All financial assets and liabilities are receivable or repayable on demand or within one year.

7 Changes in Accounting Policies

There have been no changes in accounting policies for the financial year 2016.

8 Related Party Disclosure

The related parties of the Authority are the key management personnel. Transactions between the Authority and the key management personnel take place as part of the normal operations and as this is the case, no specific disclosure requirements are necessary for these transactions in accordance with the EU Accounting rules

Highest grade description	Grade	Number of persons of this grade
Chair	AD16	1
Executive Director	AD15	1

9 Events after the Balance Sheet Date

At the date of issue of the accounts, no material issue came to the attention of the Accounting officer of the Authority or were reported to him/her that would require separate disclosure under that section.



Reports on Implementation of the Budget of ESMA

1 Budgetary Structure and Principles

The budgetary accounts are kept in accordance with the Financial Regulation and its rules of application. The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the implementation of the Authority's Decision.

Every year, the Authority estimates its revenue and expenditure for the year and draws up a draft budget which it sends to the Commission. The Commission then sends it to the budgetary authority. On the basis of this draft budget, the Council draws up its position which is then the subject of negotiations between the two arms of the budgetary authority. The President of the Parliament declares that the joint draft has been finally adopted, thus making the budget enforceable. The task of executing the budget is the responsibility of the Authority.

The budget structure for the Authority consists of administrative and operational appropriations and has non-differentiated appropriations for titles I to III and differentiated appropriations for title IV.

Origin of Appropriations

The main source of appropriations is the Authority's budget for the current year. However, there are other types of appropriations resulting from the provisions of the Financial Regulation. They come from previous financial years or outside sources:

- **Initial budget appropriations** adopted for the current year can be supplemented with transfers between lines and by amending budgets.
- **Appropriations carried over** from previous year or made available again also supplement the current budget. These are:

(i) non-differentiated payment appropriations which may be carried over automatically for one financial year only;

(ii) appropriations carried over by decision of the Authority in one of two cases: if the preparatory stages have been completed or if the legal base is adopted late.

Assigned revenue which is made up of:

(i) internal assigned revenue such as refunds where the amounts are assigned revenue on the budget line which incurred the initial expenditure and may be carried over for one year only;

(ii) external assigned revenue

Composition of Appropriations Available

Initial budget = appropriations voted in year N-1;

Final budget appropriations = initial budget appropriations adopted + amending budget appropriations + transfers + additional appropriations;

Additional appropriations = assigned revenue (see above) + appropriations carried over from the previous financial year.

Calculation of the Budget Result

The revenue entered in the accounts is the amount actually received during the course of the year. For the purposes of calculating the budget result for the year, expenditure comprises payments made against the year's appropriations plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations means payments that are made by the accounting officer by 31 December of the financial year.

The following are added to or deducted from the resulting figure:

the net balance of cancellations of payment appropriations carried over from previous years and any payments which, because of fluctuations in the euro rate, exceed non-differentiated appropriations carried over from the previous year; and the balance of exchange-rate gains and losses recorded during the year.

Payment appropriations carried over include: automatic carryovers and carryovers by decision. The cancellation of unused payment appropriations carried over from the previous year shows the cancellations on appropriations carried over automatically and by decision. It also includes the decrease in assigned revenue appropriations carried over to the next year in comparison with the previous year.

Budgetary principles

The budget of the Authority has been established in compliance with the principles of unity, budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in the Financial Regulation of the Authority.

1.1 Budget result

1.1.2016 – 31.12.2016

		2016	2015
REVENUE			
Contributions from MS NCAs	+	15.733.281,82	11.777.924,27
Commission subsidy received by the Authority for 2015	+	10.203.000,00	9.703.422,27
Budgetary surplus	+	0,00	2.375.134,73
Contributions from Observer NCAs	+	446.968,22	402.075,54
Fees from Supervised Entities	+	10.550.292,98	9.752.296,98
NCA contributions for delegated tasks	+	2.428.770,00	2.708.543,00
Other Fee income	+	19.500,00	0,00
Other revenue	+	39.679,13	105.539,31
TOTAL REVENUE (a)		39.421.492,15	36.824.936,10
EXPENDITURE			
Title I: Staff			
Payments	-	20.978.727,66	17.556.744,76
Appropriations carried over	-	301.941,89	555.710,99
Title II: Administrative Expenses			
Payments	-	6.218.185,45	6.270.201,82
Appropriations carried over	-	1.337.776,48	2.193.972,15
Title III: Operating Expenditure			
Payments	-	4.961.879,38	4.688.992,05
Appropriations carried over	-	3.072.750,24	2.308.938,37
Title IV: Delegated Tasks Expenditure			
Payments	-	1.303.013,78	734.678,91
Appropriations carried over	-	3.564.698,38	2.365.317,09
TOTAL EXPENDITURE (b)		41.738.973,26	33.029.257,58
OUTTURN FOR THE FINANCIAL YEAR (a-b)		-2.317.481,11	150.379,96
Cancellation of unused payment appropriations carried	+	367.520,86	567.061,99
Adjustment for carry-over from the previous year of	+	2.284.494,16	55.326,12
Exchange differences for the year (gain +/-loss -)	+/-	-5.330,32	-8.098,58
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		329.203,59	764.669,49
Balance year N-1	+/-	438.888,38	-325.781,11
Positive balance from year N-1 reimbursed in year N to the	-	-438.888,38	0,00
Result used for determining amounts in general accounting		329.203,59	438.888,38
Commission subsidy - Authority registers accrued revenue and Commission accrued expense		9.873.796,41	11.639.668,62
Pre-financing remaining open to be reimbursed by Authority to Commission in year N+1		329.203,59	438.888,38

1.2 Reconciliation of Accrual Result with Budget Result

	2016	2015
ACCRUAL RESULT OF THE YEAR	-1.530.051,83	1.730.224,86
Adjustments for accrual items (items included in the accrual result but not in the budget result)		
Accrual Cut-off (reversal 31.12.N-1)	-2.030.752,70	-2.924.093,20
Accrual Cut-off (cut-off 31.12.N)	3.447.155,96	2.030.752,70
Unpaid invoices at year end but booked in charges	8.965,02	542,10
Depreciation/amortisation of intangible and tangible assets	2.027.069,66	1.584.065,08
Recovery Orders issued in year N and not yet cashed	-771,77	13.719,00
Payments made from carry-over of payment appropriations	4.771.923,58	5.330.811,80
Other	1.872.423,56	2.305.919,02
Adjustments for budgetary items (items included in the budget result but not in the accrual result)		
Asset acquisitions (less unpaid amounts)	-2.940.809,51	-2.967.084,76
New prefinancing received in year N and remaining open as at 31.12.2015	329.203,59	438.888,38
Budgetary recovery orders issued before year N and	0,00	22.475,00
Payment appropriations carried over to year N+1	-8.277.166,99	-7.423.938,60
Cancellation of unused carried over payment appropriations from previous year	367.520,86	567.061,99
Adjustment for carry-over from the previous year of appropriations available at 31.12.N arising from assigned revenue	2.284.494,16	55.326,12
Total	329.203,59	764.669,49
BUDGET RESULT OF THE YEAR	329.203,59	764.669,49

The accrual result of the year is calculated on the basis of accrual accounting principles. The budget result is however based on modified cash accounting rules, in accordance with the Financial Regulation. As the accrual result and the budget result both cover the same underlying operational transactions, it is a useful control to ensure that they are reconcilable.

The actual budgetary revenue for a financial year corresponds to the revenue collected from entitlements established in the course of the year and amounts collected from entitlements established in previous years. Therefore the entitlements established in the current year but not yet collected are to be deducted from the accrual result for reconciliation purposes as they do not form part of budgetary revenue. On the contrary the entitlements established in previous years and collected in current year must be added to the accrual result for reconciliation purposes.

The net accrued expenses mainly consist of accruals made for year-end cut-off purposes, i.e. eligible expenses incurred by beneficiaries of EU funds but not yet reported to the Agency. While accrued expenses are not considered as budgetary expenditure, payments made in the current year relating to invoices registered in prior years are part of current year's budgetary expenditure.

The net effect of pre-financing is the combination of (1) the new pre-financing amounts paid in the current year and recognised as budgetary expenditure of the year and (2) the clearing of the pre-financing paid in current year or previous years through the acceptance of eligible costs. The latter represent an expense in accrual terms but not in the budgetary accounts since the payment of the initial pre-financing had already been considered as a budgetary expenditure at the time of its payment.

Besides the payments made against the year's appropriations, the appropriations for that year that are carried to the next year also need to be taken into account in calculating the budget result for the year. The same applies for the budgetary payments made in the current year from carry-overs and the cancellation of unused payment appropriations.

The movement in provisions relates to year-end estimates made in the accrual accounts (employee benefits mainly) that do not impact the budgetary accounts. Other reconciling amounts comprise different elements such as asset depreciation, asset acquisitions, capital lease payments and financial participations for which the budgetary and accrual accounting treatments differ.

1.3 Comparison of Budget and Actuals

1.3.1 Appropriations of the current budget – fund source C1

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Actual Committed	Actual Paid
TITLE I - STAFF EXPENDITURE							
	11. Staff in active employment	19.382.000,00		848.902,00	20.230.902,00	20.230.900,45	20.131.179,17
1100	Staff salaries, allowances, insurance and	17.500.000,00		791.673,00	18.291.673,00	18.291.672,03	18.291.672,03
1120	Local salaries	300.000,00		(17.000,00)	283.000,00	283.000,00	183.278,72
1133	Contribution to the Community pension	1.582.000,00		74.229,00	1.656.229,00	1.656.228,42	1.656.228,42
	12. Expenditure relating to staff management and recruitment	354.000,00		(70.132,00)	283.868,00	283.867,09	237.609,50
1200	Expenditure relating to staff management and recruitment	354.000,00		(70.132,00)	283.868,00	283.867,09	237.609,50
	14. Socio-medical infrastructure	405.000,00		(42.160,00)	362.840,00	362.840,00	310.917,24
1400	Medical service	55.000,00		(33.160,00)	21.840,00	21.840,00	7.234,15
1420	Canteen	350.000,00		(9.000,00)	341.000,00	341.000,00	303.683,09
	16. Training	340.000,00		(735,00)	339.265,00	339.073,48	235.033,22
1600	Training	340.000,00		(735,00)	339.265,00	339.073,48	235.033,22
	TOTAL TITLE I	20.481.000,00		735.875,00	21.216.875,00	21.216.681,02	20.914.739,13

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Actual Committed	Actual Paid
TITLE II - INFRASTRUCTURE AND ADMIN. EXPENDITURE							
	20. Rental of building and associated costs	4.940.000,00		(153.000,00)	4.787.000,00	4.785.099,76	4.554.024,61
2000	Rental of building	4.370.000,00		(154.835,00)	4.215.165,00	4.215.163,74	4.215.163,74
2020	Maintenance, works - refurbishment	90.000,00		(25.000,00)	65.000,00	63.101,02	55.334,34
2090	Other expenditure on buildings, security and moving services	480.000,00		26.835,00	506.835,00	506.835,00	283.526,53
	21. Information and communication technology	1.820.000,00		159.684,00	1.979.684,00	1.978.307,60	1.082.147,39
2100	Internal IT and telecommunications	1.820.000,00		159.684,00	1.979.684,00	1.978.307,60	1.082.147,39
	23. Current administrative expenditure	955.000,00		(187.621,59)	767.378,41	767.099,39	564.659,63
2300	Facility management services	480.000,00		(5.360,59)	474.639,41	474.639,41	380.659,18
2304	Services on administrative matters	350.000,00		(169.500,00)	180.500,00	180.500,00	72.040,51
2305	Subscriptions	120.000,00		(12.761,00)	107.239,00	107.109,55	107.109,51
2308	Library Expenditure	5.000,00		-	5.000,00	4.850,43	4.850,43
	27. Representation expenses, receptions and events	14.000,00		(1.194,00)	12.806,00	10.517,62	9.916,22
2700	Representation expenses, receptions and events	14.000,00		(1.194,00)	12.806,00	10.517,62	9.916,22
	TOTAL TITLE II	7.729.000,00		(182.131,59)	7.546.868,41	7.541.024,37	6.210.747,85

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Actual Committed	Actual Paid
TITLE III - OPERATING EXPENDITURE							
	31. Training costs	140.000,00		(52.946,00)	87.054,00	87.053,23	60.019,00
3100	Training costs	140.000,00		(52.946,00)	87.054,00	87.053,23	60.019,00
	32. IT project costs	5.350.000,00		64.977,96	5.414.977,96	5.411 615,38	3.002.476,70
3200	IT project costs	5.350.000,00		64.977,96	5.414.977,96	5.411 615,38	3.002.476,70
	34. Studies and legal advice	200.000,00		(118.000,00)	82.000,00	81.780,00	27.550,00
3400	Legal advice	200.000,00		(118.000,00)	82.000,00	81.780,00	27.550,00
	35. Access to data for Economic Research	517.095,00		(52.974,00)	464.121,00	464.120,10	463.120,10
3500	Access to data for Economic Research	517.095,00		(52.974,00)	464.121,00	464.120,10	463.120,10
	36. Mission expenses	900.000,00		(193.600,00)	706.400,00	706.400,00	576.897,40
3600	Mission expenses	900.000,00		(193.600,00)	706.400,00	706.400,00	576.897,40
	37. Information and publishing	590.000,00		83.119,00	673.119,00	673.118,39	393.906,49
3700	Translation and interpretation	470.000,00		143.740,00	613.740,00	613.740,00	345.403,10
3701	Communication services	120.000,00		(60.621,00)	59.379,00	59.378,39	48.503,39
	38. Meeting expenses	500.000,00	5.364,00	(196.820,37)	308.543,63	308.542,52	281.809,69
3800	General meeting expenses	350.000,00	5.364,00	(153.071,00)	202.293,00	202.293,00	177.831,43
3810	Stakeholder groups – consultations	90.000,00		(21.300,00)	68.700,00	68.700,00	66.428,74
3820	Governance	40.000,00		(6.049,37)	33.950,63	33.950,63	33.950,63
3830	Board of Appeal costs	20.000,00		(16.400,00)	3.600,00	3.598,89	3.598,89
	39. Services on operational matters	370.000,00		(87.500,00)	282.500,00	282.500,00	156.100,00
3900	Services on operational matters	370.000,00		(87.500,00)	282.500,00	282.500,00	156.100,00
	TOTAL TITLE III	8.567.095,00	5.364,00	(553.743,41)	8.018.715,59	8.015.129,62	4.961.879,38

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Actual Committed	Actual Paid
TITLE IV – DELEGATED TASKS							
	40. Single Interface to Trade	22.000,00			22.000,00	22.000,00	20.729,52
4000	Single Interface to Trade Repositories	22.000,00			22.000,00	22.000,00	20.729,52
	41. Instruments Reference Data				132.448,00	132.448,00	132.448,00
4100	Instruments Reference Data				132.448,00	132.448,00	132.448,00
	TOTAL TITLE IV	154.448,00			154.448,00	154.448,00	153.177,52
	TOTAL BUDGET 2016 – C1	36.931.543	5 364,00		36.936.907,00	36.927.283,01	32.240.543,88

1.3.2 Appropriations of the current budget – fund source R0

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Not established	Additional funds	Transfers	Final budget available
TITLE IV – DELEGATED TASKS						
	40. Single Interface to Trade Repositories	278.000,00	(196.815,00)			81.185,00
4000	Single Interface to Trade Repositories	278.0000,00	(196.815,00)			81.185,00
	41. Instruments Reference Data	2.183.199,00		164.386,00		2.347.585,00
4100	Instruments Reference Data	2.376,199,00		164.386,00		2.347.585,00
	TOTAL TITLE IV	2.461.199,00	(196.815,00)			2.428.770,00
	TOTAL BUDGET 2016 C1 + R0	39.392.742,00	(191.451,00)	164.386,00		39.365.677,00

1.4 Budget Implementation

EXPLANATORY NOTES

Management Systems

ABAC - The accounting and budgetary information is integrated in one system which has SAP as a back-end for the accounting part. The reporting system for ABAC which is used by ESMA is ABAC Datawarehouse. The workflow system in ABAC allows the authorising officer to ensure that the “four eyes” principle has been observed for each transaction. To manage its inventory in accordance with the requirements of the Financial Regulation, the Agency uses ABAC Assets.

Nomenclature

The nomenclature of appropriations is as follows:

- C1: Current Appropriations
- C3: Appropriations non automatically carried over
- C4: Appropriations Internal Assigned Revenue
- C5: Appropriations Internal Assigned Revenue (carried over)
- C8: Appropriations automatically carried forward
- IC1: Universal income voted in the budget
- IC4: Internal assigned revenue
- R0: External assigned revenue

2 Annex to the Budget Accounts

2.1 Budgetary Tables (01.01.2016 – 31.12.2016)

BUDGET IMPLEMENTATION CREDIT OF THE YEAR – Fund Source: C1

Title I: Staff Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-1100	Basic salaries	18.291.673,00	18.291.672,03	100,00%	18.291.672,03	100,00%	-
A-1120	Local salaries	283.000,00	283.000,00	100,00%	183.278,72	64,76%	99.721,28
A-1133	Contribution to the Community pension scheme	1.656.229,00	1.656.228,42	100,00%	1.656.228,42	100,00%	-
A-1200	Expenditure relating to staff management	283.868,00	283.867,09	100,00%	237.609,50	83,70%	46.257,59
A-1400	Medical service	21.840,00	21.840,00	100,00%	7.234,15	33,12%	14.605,85
A-1420	Canteen	341.000,00	341.000,00	100,00%	303.683,09	89,06%	37.316,91
A-1600	Training	339.265,00	339.073,48	99,94%	235.033,22	69,28%	104.040,26
Title I: Staff Expenditure		21.216.875,00	21.216.681,02	100,00 %	20.914.739,13	98,58 %	301.941,89

Title II: Infrastructure and Administrative Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-2000	Building rental, charges and taxes	4.215.165,00	4.215.163,74	100,00%	4.215.163,74	100,00%	-
A-2020	Maintenance, works and refurbishment	65.000,00	63.101,02	97,08%	55.334,34	85,13%	7.766,68
A-2090	Other expenditure on buildings, security and moving services	506.835,00	506.835,00	100,00%	283.526,53	55,94%	223.308,47
A-2100	Internal ICT and telecommunications	1.979.684,00	1.978.307,60	99,93%	1.082.147,39	54,66%	896.160,21
A-2300	Facility management services	474.639,41	474.639,41	100,00%	380.659,18	80,20%	93.980,23
A-2304	Services on administrative matters	180.500,00	180.500,00	100,00%	72.040,51	39,91%	108.459,49
A-2305	Subscriptions	107.239,00	107.109,55	99,88%	107.109,51	99,88%	0,04
A-2308	Library expenditure	5.000,00	4.850,43	97,01%	4.850,43	97,01%	-
A-2700	Representation expenses, receptions and events	12.806,00	10.517,62	82,13%	9.916,22	77,43%	601,40
Title II: Infrastructure and Administrative Expenditure		7.546.868,41	7.541.024,37	99,92 %	6.210.747,85	82,30 %	1.330.276,52

Title III: Operating Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B3-100	Training costs	87.054,00	87.053,23	100,00%	60.019,00	68,94%	27 034,23
B3-200	IT project costs	5.414.977,96	5.411.615,38	99,94%	3.002.476,70	55,45%	2 409 138,68
B3-400	Legal advice	82.000,00	81.780,00	99,73%	27.550,00	33,60%	54 230,00
B3-500	Access to data for Economic	464.121,00	464.120,10	100,00%	463.120,10	99,78%	1 000,00
B3-600	Mission expenses	706.400,00	706.400,00	100,00%	576.897,40	81,67%	129 502,60
B3-700	Translation and interpretation	613.740,00	613.740,00	100,00%	345.403,10	56,28%	268 336,90
B3-701	Communication services	59.379,00	59.378,39	100,00%	48.503,39	81,68%	10 875,00
B3-800	General meeting expenses	202.293,00	202.293,00	100,00%	177.831,43	87,91%	24 461,57
B3-810	Stakeholder group - Consultations	68.700,00	68.700,00	100,00%	66.428,74	96,69%	2 271,26
B3-820	Governance	33.950,63	33.950,63	100,00%	33.950,63	100,00%	-
B3-830	Board of Appeal costs	3.600,00	3.598,89	99,97%	3.598,89	99,97%	-
B3-900	Services on operational matters	282.500,00	282.500,00	100,00%	156.100,00	55,26%	126 400,00
Title III: Operating Expenditure		8.018.715,59	8.015.129,62	99,96 %	4.961.879,38	61,88%	3.053.250,24

Title IV: Delegated Tasks Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B4-000	Single Interface to Trade Repositories	22.000,00	22.000,00	100,00 %	20.729,52	100,00 %	1.270,48
B4-100	Instruments Reference Data	132.448,00	132.448,00	100,00 %	132.448,00	76,33 %	0,00
Title IV: Delegated Tasks Expenditure		154.448,00	154.448,00	100,00 %	153.177,52	79,35 %	1.270,48
TOTAL FUND SOURCE C1		36.936.907,00	36.927.283,01	99,97 %	32.240.543,88	87,29 %	4.686.739,13

BUDGET IMPLEMENTATION CREDITS OF THE YEAR – Fund Source: C4

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed	Paid (3)	% Paid (3/1)	R A L (2-3)
A-1100	Basic salaries	21.377,53	21.377,53	100,00%	21.377,53	100,00%	0,00
Title I: Staff Expenditure		21.377,53	21.377,53	100,00 %	21.377,53	100,00	0,00
A-2100	Internal ICT and telecommunications	7.437,60	7.437,60	100,00%	7.437,60	100,00%	0,00
A-2304	Services on administrative matters	7.500,00	0,00	0,00%	0,00	0,00%	0,00
Title II: Infrastructure and Administrative Expenditure		14.937,60	7.437,60	49,79 %	7.437,60	49,79 %	0,00
B3-900	Services on operational matters	19.500,00	0,00	0,00%	0,00	0,00%	0,00
Title III: Operating Expenditure		19.500,00	0,00	0,00 %	0,00	0,00%	0,00
TOTAL FUND SOURCE C4		55.815,13	28.815,13	51,63 %	28.815,13	51,63 %	0,00

BUDGET IMPLEMENTATION CREDITS OF THE YEAR – Fund Source: C5

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed	Paid (3)	% Paid (3/1)	R A L (2-3)
A-1100	Basic salaries	42.611,00	42.611,00	100,00%	42.611,00	100,00%	0,00
Title I: Staff Expenditure		42.611,00	42.611,00	100,00%	42.611,00	100,00%	0,00
TOTAL FUND SOURCE C5		42.611,00	42.611,00	100,00%	42.611,00	100,00%	0,00

BUDGET IMPLEMENTATION CREDITS OF THE YEAR – Fund Source: C8

Title I: Staff Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-1120	Local salaries	144.656,59	135.942,87	93,98 %	135.942,87	93,98 %	0,00
A-1200	Expenditure relating to staff	87.247,74	72.039,32	82,57 %	72.039,32	82,57 %	0,00
A-1400	Medical Service	11.060,89	10.832,42	97,93 %	10.832,42	97,93 %	0,00
A-1420	Canteen	87.064,77	85.927,25	98,69 %	85.927,25	98,69 %	0,00
A-1600	Training	225.681,00	195.228,12	86,51 %	195.228,12	86,51 %	0,00
Title I: Staff Expenditure		555.710,99	499.969,98	89,97 %	499.969,98	89,97 %	0,00

Title II: Infrastructure and Administrative Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-2000	Building rental, charges and taxes	126.882,54	15.635,29	12,32 %	15.635,29	12,32 %	0,00
A-2020	Maintenance, works and refurbishment	2.632,33	1.231,33	46,78 %	1.231,33	46,78 %	0,00
A-2090	Other expenditure on buildings, security and moving services	54.713,76	54.712,48	100,00 %	54.712,48	100,00 %	0,00
A-2100	Internal ICT and telecommunications	1.217.159,13	1.185.722,24	97,42 %	1.185.722,24	97,42 %	0,00
A-2300	Facility management services	3.253,04	1.966,20	60,44 %	1.966,20	60,44 %	0,00
A-2304	Services on administrative matters	782.195,56	764.844,80	97,78 %	764.844,80	97,78 %	0,00
A-2305	Subscriptions	4.900,00	4.900,00	100,00 %	4.900,00	100,00 %	0,00
A-2308	Library expenditure	1.919,44	1.810,42	94,32 %	1.810,42	94,32 %	0,00
Title II: Infrastructure and Administrative		2.193.655,80	2.030.822,76	92,58 %	2.030.822,76	92,58 %	0,00

Title III: Operating Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B3-100	Training costs	35.920,00	33.928,14	94,45 %	33.928,14	94,45 %	0,00
B3-200	IT project costs	1.760.783,07	1.736.129,35	98,60 %	1.695.803,03	96,31 %	40.326,32
B3-400	Legal advice	900,00	270,00	30,00 %	270,00	30,00 %	0,00
B3-500	Access to data for Economic Research	100.362,00	99.207,95	98,85 %	99.207,95	98,85 %	0,00
B3-600	Mission expenses	134.808,05	82.513,11	61,21 %	82.513,11	61,21 %	0,00
B3-700	Translation and interpretation	33.229,85	33.229,85	100,00 %	33.229,85	100,00 %	0,00
B3-701	Communication services	84.780,28	83.016,13	97,92 %	83.016,13	97,92 %	0,00
B3-800	General meeting expenses	66.923,05	51.478,80	76,92 %	51.478,80	76,92 %	0,00
B3-810	Stakeholder group - Consultations	13.763,77	13.763,77	100,00 %	13.763,77	100,00 %	0,00
B3-820	Governance	7.380,95	7.273,16	98,54 %	7.273,16	98,54 %	0,00
B3-830	Board of Appeal costs	9.188,70	0,00	0,00 %	0,00	0,00 %	0,00
B3-900	Services on operational matters	61.215,00	59.823,97	97,73 %	59.823,97	97,73 %	0,00
Title III: Operating Expenditure		2.309.254,72	2.200.634,23	95,30 %	2.160.307,91	93,55 %	40.326,32

Title IV: Delegated Tasks Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B4-100	Instruments Reference Data	80.822,93	80.822,93	100,00 %	80.822,93	100,00 %	0,00
Title IV: Delegated Tasks Expenditure		80.822,93	80.822,93	100,00 %	80.822,93	100,00 %	0,00
TOTAL FUND SOURCE C8		5.139.444,44	4.812.249,90	93,63 %	4.771.923,58	92,85 %	40.326,32

BUDGET IMPLEMENTATION CREDITS OF THE YEAR AND PREVIOUS YEARS – Fund Source: R0

Title IV: Delegated Tasks Expenditure

Budget line	Description	Commitment Appropriations carried over from Last year (LY)	Commitment Appropriations Current year (CY)	Total Commitment Appropriations (1)	Commitment CY (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B4-000	Single Interface to Trade Repositories	638.106,76	81.185,00	719.291,76	526.408,43	73,18%	249.159,47	34,64%	277.248,96
B4-100	Instruments Reference Data	1.646.387,40	2.347.585,00	3.993.972,40	2.634.032,05	65,95%	900.676,79	22,55%	1.733.355,26
Title IV: Delegated Tasks Expenditure		2.284.494,16	2.428.770,00	4.713.264,16	3.160.440,48	67,05 %	1.149 836,26	24,40%	2.010.604,22
TOTAL FUND SOURCE R0		2.284.494,16	2.428.770,00	4.713.264,16	3.160.440,48	67,05 %	1.149 836,26	24,40%	2.010.604,22

3 ESMA's Management Board Members

(December 2016)

ESMA	Chair	Steven Maijor
Portugal	Comissão do mercado de valores mobiliários (CMVM)	Gabriela Figueiredo Dias
Austria	Finanzmarktaufsicht (FMA)	Klaus Kumpfmüller
France	Autorité des Marchés Financiers (AMF)	Gérard Rameix
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Elisabeth Roegele
Ireland	Central Bank of Ireland	Cyril Roux
Poland	Komisji Nadzoru Finansowego (KNF)	Marek Szuszkiewicz
ESMA	Executive Director (non-voting Member)	Verena Ross
European Commission	(non-voting Member)	Martin Merlin
ESMA	Vice-Chair (Observer)	Anneli Tuominen

4 Establishment plan 2016

Function group and grade	2016			
	Authorised under the EU Budget		Filled as at 31/12/2016	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD16		1		1
AD15		1		1
AD14				
AD13		2		1
AD12		4		1
AD11		7		3
AD10		10		7
AD9		22		14
AD8		28		32
AD7		24		30
AD6		17		20
AD5		10		13
Total AD		127		123
AST11				
AST10				
AST9				
AST8				
AST7		2		
AST6		2		
AST5		4		2
AST4		4		6
AST3		1		2
AST2				1
AST1				2
Total AST		13		13
Grandtotal		140		136