

Final Accounts of the European Securities and Markets Authority

Financial Year 2019






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Document approval

	Person	Role	Date	Signature
Prepared By	Stefan Meert	Senior Accounting Officer	06.05.2020	
Signed by	Stefan Meert	Senior Accounting Officer	18.06.2020	
Signed by	Verena Ross	Executive Director	18.06.2020	

Statement of the Accounting Officer

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Securities and Markets Authority (ESMA) in accordance with Article 102 of the Framework Financial Regulation ('FFR') and I hereby certify that the annual accounts of ESMA for the year 2019 have been prepared in accordance with Title IX of the FFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show ESMA's assets and liabilities and the budgetary implementation. 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 ESMA.

A handwritten signature in black ink, appearing to be 'Stefan Meert', is located below the text. The signature is stylized and written in a cursive-like font.

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 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council C/2018/8599 (OJ L 122, 10.5.2019, p.1-38) 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 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council C/2018/8599 (OJ L 122, 10.5.2019, p.1-38). 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, 201-203 rue de Bercy.

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 national authorities competent for the supervision of financial markets participants in each EU Member State and the Chair of ESMA. 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, membership of the Board of Supervisors and Management Board is available on the Authority's web site <https://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 on 1st of October 2019 (ESMA63-313-528)
- Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council C/2018/8599 (OJ L 122, 10.5.2019, p.1-38).
- 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°	31.12.2019	31.12.2018
A. NON CURRENT ASSETS			
Intangible assets	2.2.	5 149 755	7 482 702
Property, plant and equipment	2.3.	6 035 420	1 306 549
Land and buildings		0	290 368
Plant and equipment		350	2 784
Computer hardware		291 654	446 626
Furniture		420 664	261 338
Other fixtures and fittings		5 322 752	305 433
Long term receivables and recoverables		0	0
TOTAL NON CURRENT ASSETS		11 185 175	8 789 251
B. CURRENT ASSETS			
Exchange receivables and recoverables	2.4.	523 147	1 176 496
Current receivables		0	39 226
Deferred charges		501 940	1 079 446
Sundry receivables		21 208	57 824
Non - exchange receivables and recoverables	2.5.	315 556	869 963
Current receivables Member States		313 455	869 023
Other receivables with consolidated entities		2 101	940
Cash and cash equivalents	2.6.	6 261 957	6 849 514
TOTAL CURRENT ASSETS		7 100 660	8 895 973
TOTAL ASSETS		18 285 835	17 685 224

	Notes n°	31.12.2019	31.12.2018
A. NET ASSETS	2.7.	4 950 938	6 898 837
Accumulated surplus/deficit		6 898 836	7 995 251
Accrual result of the year – profit+/loss-		- 1 947 898	- 1 096 414
B. NON CURRENT LIABILITIES		0	0
C. CURRENT LIABILITIES		13 334 897	10 786 387
Current provisions	2.8.	0	400 000
Accounts payable	2.9.	438 292	2 821 797
Current payables – vendors		101 757	2 186
Current payables - others		0	588
Current payables with consolidated entities		134 165	14 963
Sundry payables		0	2 475 000
Sundry payables with consolidated entities		7 724	0
Pre-financing received from consolidated entities (EC) – budget outturn 2019		194 645	329 060
Accrued charges and deferred income	2.10.	12 896 605	7 564 590
TOTAL LIABILITIES		18 285 835	17 685 224

1.2 Statement of Financial Performance

	Note	2019	2018
Non-exchange revenue		33 635 704	30 387 868
Revenue from consolidated EC entities (EU subsidy)		13 488 856	11 636 758
Contributions NCAs		20 146 848	18 751 110
Contributions MS NCAs		19 659 349	18 430 646
Contributions non-MS NCAs		558 504	517 986
Deduction surplus		-71 005	- 197 522
Exchange revenue		14 985 630	14 800 507
Exchange revenue - Fees from Supervised Entities		11 527 275	11 409 959
CRA Fees		8 867 936	8 861 908
TR Fees		2 459 339	2 548 051
SFTR fees		200 000	0
Contributions NCAs		3 445 976	3 380 317
Contributions NCAs IT-delegated projects		2 048 634	2 167 976
Deferred income NCAs IT-delegated projects		1 397 342	1 212 341
Other exchange revenue		12 379	10 231
Fixed assets related revenue		0	0
Other administrative revenue		12 357	4 292
Exchange rate differences gains		22	5 939
TOTAL OPERATING REVENUE	3.1	48 621 334	45 188 375
Administrative expenses	3.2	- 49 644 153	- 45 201 302
Staff expenses		- 26 859 878	- 24 543 202
Staff expenses with other consolidated entities		- 232 239	-215 388
Fixed asset related expenses		- 4 433 118	- 3 679 143
Other administrative expenses		- 18 118 917	-16 763 569
Operational expenses	3.3	- 918 238	-1 075 561
Other operational expenses		- 918 238	-1 075 561
TOTAL OPERATING EXPENSES		- 50 562 391	-46 276 863
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		- 1 941 057	-1 088 488
Financial revenues		0	0
Financial expenses		- 6 841	-7 926
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		- 6 841	-7 926
ECONOMIC RESULT OF THE YEAR		- 1 947 898	-1 096 414

1.3 Cash Flow Statement

	2019	2018
Cash Flows from ordinary activities		
Economic result of the year	- 1 947 898	-1 096 414
Operating activities		
Amortisation (intangible fixed assets) +	3 327 369	2 882 409
Depreciation (tangible fixed assets) +	718 333	793 451
Increase/(decrease) in Provisions for risks and liabilities	-400 000	400 000
Increase/(decrease) in Value reduction for doubtful debts	0	0
(Increase)/decrease in Stock	0	0
(Increase)/decrease in Long term Pre-financing	0	0
(Increase)/decrease in Short term Pre-financing	0	0
(Increase)/decrease in Long term Receivables	0	0
(Increase)/decrease in Short term Receivables	1 254 755	496 120
(Increase)/decrease in Receivables related to consolidated EC entities	0	0
Increase/(decrease) in Other Long term liabilities	0	0
Increase/(decrease) in Accounts payable	2 955 998	701 698
Increase/(decrease) in Liabilities related to consolidated EC entities	-7 488	210 719
(Gains)/losses on sale of Property, plant and equipment		
Net cash Flow from operating activities	7 848 967	5 484 397
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	- 6 829 042	- 2 002 971
Proceeds from tangible and intangible fixed assets (+)	387 416	6 629
Net cash flow from investing activities	- 6 441 626	- 1 996 342
Increase/(decrease) in Employee benefits	0	0
Net increase/(decrease) in cash and cash equivalents	-587 557	2 391 641
Cash and cash equivalents at the beginning of the period	6 849 514	4 457 873
Cash and cash equivalents at the end of the period	6 261 957	6 849 514

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 2018	0	0	7 995 251	-1 096 414	6 898 836
Changes in accounting policies	0	0	0	0	0
Balance as of 1 January 2019 (if restated)	0	0	7 995 251	-1 096 414	6 898 836
Allocation of the Economic Result of Previous Year	0	0	-1 096 414	1 096 414	0
Economic result of the year	0	0	0	-1 947 898	- 1 947 898
Balance as of 31 December 2019	0	0	6 898 836	-1 947 898	4 950 938

2 Notes to the Financial Statements

2.1 Accounting Policies

General

In accordance with in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council C/2018/8599 (OJ L 122, 10.5.2019, p.1-38) 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 97 of the Framework 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

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

- ✓ Reality over appearance
- ✓ 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

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%

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%
Other	10%
Fit-out works buildings	duration of lease agreement

<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 fees received from supervised entities: credit rating agencies, trade repositories and securities financing transactions.

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 01.01.2019		13 500 646	1 088 431	1 937 846	16 526 924
Additions	+	0	0	994 422	994 422
Disposals	-	0	-1 413	0	0
Transfer between headings	+/-	396 924	0	- 396 924	0
Other changes	+/-	0	0	- 736 870	- 736 870
Gross carrying amounts 31.12.2019		13 897 571	1 087 018	1 798 474	16 784 475
Accumulated amortisation and impairment 01.01.2019		- 8 142 369	-901 852	0	-9 044 222
Amortisation	-	- 2 501 149	-89 350	0	-2 590 499
Write-back of amortisation	+	0	0	0	0
Disposals	+	0	1 413	0	0
Impairment	-	0	0	0	0
Write-back of impairment	+	0	0	0	0
Transfer between headings	+/-	0	0	0	0
Other changes	+/-	0	0	0	0
Accumulated amortisation and impairment 31.12.2019		-10 643 518	-989 789	0	-11 634 720
Net carrying amounts 31.12.2019		3 254 053	97 229	1 798 474	5 149 755

Internally generated computer software

In the course of 2019 the following internally generated intangible fixed assets have been capitalised. Below a detailed breakdown of the systems that went live in 2019 can be found:

Name of the project	Description	Development cost capitalised (in €)
	Balance as per 01.01.2019	
CODER	System aimed at weekly collection and publication of Commodity Derivatives Position Reports (MIFID II Art. 58)	396 924
	Balance as per 31.12.2019	396 924

Intangible assets under constructions

During 2019, the Authority has started/continued the development of a number of IT-systems which are expected to go live in the course of 2020 or beyond. Below an overview can be found of the capitalised internal and external development costs at the end of 2019 for the development of these IT-systems.

Project Code	Description	Development cost capitalised (in €) – 2019
CSDRS	Central Securities Depositories Regulation: System that should enable CSDs (under Article 7) operating settlement systems across the EU to report specifically on settlement fails and to enable settlement internalisers (under Article 9) to report to their respective competent authorities the aggregated volume and value of all securities transactions that they settle outside securities settlement systems on a quarterly basis.	403 671
BENCH	Benchmark Regulation: Public Register of Administrators and third country Benchmarks (articles 30 – 35)	273 095

TRACE (Phase 4)	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 (Phase 4)	240 400
MOFUN	Money Markets Fund Regulation: a central public register identifying each MMF authorised, the manager of an MMF and the competent authority of the MMF, as well as a central database for MMF reports.	295 142
STSRE	STS Register and sanctions database to be provided by ESMA following the securitisation regulation.	162 603
PROSP	Prospectus III regulation: Amended Register that will provide market participants with easy and free access to a large range of data about public offers and admissions to trading in the EEA as well as to all prospectus documents in one central location.	423 563
Balance as per 31.12.2019		1 798 474

In addition, in the course of 2019 the Authority has incurred € 476 199 of development costs mainly related to the AZURE project (migration to new infrastructure provider) and € 155 576 of development costs in order to prepare ESMA's systems for Brexit. Whilst the first is not a development of an IT-system as such but rather related to the hosting of ESMA's IT-infrastructure, the latter is to be considered as an upgrade/change to existing systems. In the light of this both costs incurred do not need to be capitalized but rather expensed directly.

Finally, € 736 870 of development costs incurred in previous years for RPTCF and CODER (article 57) have been impaired due to the fact that both systems are not used at this point. It should be noted that the other part of the CODER system relating to MIFID II art.58 has been capitalized.

2.3 Property, plant and equipment

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

In the course of 2019, the Authority has mainly purchased computer tablets, video-conference equipment and furniture for a total amount of € 409 620. In addition, the fit-out works for its new premises amounting to € 5 425 000 have been capitalised. The latter did not generate any cash outflow since they were deducted from the total rent-free period amount negotiated with the landlord.

		Buildings	Plant and Equipment	Computer hardware	Furniture	Other Fixtures and Fittings	Total
Gross carrying amounts 01.01.2019		1 225 662	11 791	1 855 095	699 352	1 014 973	4 806 873
Additions	+	0	0	107 105	285 932	5 441 583	5 834 619
Disposals	-	- 1 225 662	-10 771	- 684 092	- 251 834	- 794 529	- 2 877 808
Transfer between headings	+/-	0	0	0	0	0	0
Other changes	+/-	0	0	0	0	0	0
Gross carrying amounts 31.12.2019		0	1 019	1 278 108	733 451	5 662 027	7 763 684
Accumulated amortisation and impairment 01.01.2019		-935 294	- 9 007	- 1 408 469	-438 014	- 709 540	- 3 500 323
Amortisation	-	- 176 387	- 1 026	- 251 237	-65 534	- 224 149	-718 333
Write-back of amortisation	+	0	0	0	0	0	0
Disposals	+	1 111 681	9 363	673 252	190 762	594 414	2 490 392
Impairment	-	0	0	0	0	0	0
Write-back of impairment	+	0	0	0	0	0	0
Transfer between headings	+/-	0	0	0	0	0	0
Other changes	+/-	0	0	0	0	0	0
Accumulated amortisation and impairment 31.12.2019		0	- 669	- 986 454	- 312 787	- 339 275	- 1 728 265
Net carrying amounts 31.12.2019		0	350	291 654	420 664	5 322 752	6 035 420

2.4 Exchange Receivable and recoverable

	31/12/2019	31/12/2018
Current receivables	0	39 226
Sundry receivables	21 208	57 824
Deferred charges	501 940	1 079 446
Other receivables	0	0
TOTAL	523 147	1 176 496

- ✚ The sundry receivables mainly relate to amounts to be recovered from staff members.
- ✚ The deferred charges consist of prepaid annual licence costs for IT-software and rent of audio-visual equipment. At the end of 2018 the deferred charges mainly related to the prepaid rent for Q1 2019. No such prepayment has been done at the end of 2019.

2.5 Non exchange receivables and recoverable

	31/12/2019	31/12/2018
VAT refund	313 455	869 023
Other receivables	2 101	940
TOTAL	315 556	869 963

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 € 313 455. The decrease as compared to 2018 is mainly due to:

- ✚ the fact that in 2019 the French government has reimbursed the receivable VAT amount of EUR 356 629 relating to Q3 2019 VAT before the end of the year whereas this was not the case in 2018.

It should be noted that this amount includes € 45 911 of VAT paid for catering services for which the request for reimbursement was rejected by the French VAT authorities. However the Agency is, with the help of the legal service of the European Commission, trying to recover this amount from the French VAT authorities.

2.6 Cash and cash equivalents

The cash and cash equivalents position of the Authority at 31 December 2019 amounts to € 6 261 957 on the current accounts of ESMA with ING. The decrease as compared to 2018 is a combination of:

- ✚ The reimbursement in 2019 of the fines received in 2018 for an amount of € 2 475 000 following an appeal by the banks involved
- ✚ An increase in the outstanding balance on the current bank account of € 1 887 443 which can be explained by the absence of the prepayment of the rent for Q1 2020 and the lower payment implementation rate in 2019²

	2019	2018
Bank account ING – Income	0	2 475 000
Bank account ING Belgium	6 261 957	4 374 514
Total	6 261 957	6 849 514

2.7 Net Assets

The equity of the Authority amounts to € 4 950 938 of which:

- € 6 898 836 are the accumulated surplus from previous years;
- € -1 947 898 is the economic result of 2019.

This negative economic result is mainly caused by:

- ✚ Recording of full amount of 2019 rent for new premises for a total amount of € 1 467 650 whereas only € 172 054 was recorded as a corresponding income
- ✚ Impairment of capitalised development costs for IT-systems RPCTF and CODER 57 for a total amount of € 736 870

2.8 Provision for risks and charges

In 2019 ESMA has paid the amount of € 400 000 to the former landlord reducing thereby the provision made in 2018 to cover for the costs relating to the works to be done in the course of 2019 in order to ensure that ESMA's complies with the provision in its lease agreement stating that ESMA should re-instate the building in its original state at the end of the lease agreement.

² Amount carried forward from 2019 to 2020 is approximately 1,1 MEUR higher as the amount carried forward from 2018 to 2019.

2.9 Accounts payable

- ✚ The total amount of current payables as per 31.12.2019 can be broken down as follows € 101 757 representing current payables to third parties, € 134 165 representing current payables to consolidated entities, € 7 724 representing sundry payables with consolidated entities and € 194 645 representing the budget outturn to be reimbursed to the Commission in 2020.

2.10 Accrued charges and deferred income

The total amount of accrued charges and deferred income as per 31.12.2019 can be broken down as follows

- ✚ € 3 119 037 representing accrued charges for goods and services provided to the Authority in 2019 but not registered as invoiced at year end. This amount also includes a provision of € 580 925 for untaken leave of staff members.
- ✚ € 6 720 596 representing the reduction on the rental costs to be spread over the remaining years of the rental contract. This amount includes € 5 425 000 corresponding to the cost of the fit-out works done in ESMA's new premises and the 2019 rent. The total amount corresponding to the rent-free period that ESMA has obtained as part of the lease agreement for its new premises is € 9 947 041. The difference of € 3 226 445 will be deducted by the landlord from the yearly rental payment spread over the duration of the lease agreement.
- ✚ € 2 744 253 representing the deferred income relating to the NCAs contributions received to execute the IT-delegated tasks.

Accrued expenses	31/12/2019	31/12/2018	% change
Accrued expenses	3 119 037	3 181 170	-2 %
Accrued expenses based on carry-over analysis	2 538 112	2 623 634	-3 %
Accrual for untaken holidays	580 925	557 536	4 %

Accrued expenses based on carry-over analysis	31/12/2019	31/12/2018	% change
Title 1 – Staff	189 659	207 501	-9 %
Title 2 – Buildings, equipment and miscellaneous expenditure	477 570	233 208	105 %
Title 3 – Operational expenditure	1 564 765	1 568 162	0 %
Title 4 – Delegated projects	306 118	614 763	-50 %
Total	2 538 112	2 623 634	-3 %

Although the level of the total accrued expenses has remained in line with last year some changes are visible within the different titles.

- ✚ Title I: Building charges incurred in 2018 but for which the invoice has only been received in January 2019. This was not the case at end of 2019.
- ✚ Title II: IT-expenses (security contract with Airbus) and costs (architect and IT-connectivity) related to the new premises incurred in 2019 but for which the invoice was only received in January 2020.
- ✚ Title IV: Quicker reception and processing of mainly maintenance costs as compared to development costs in 2018.

Accrual for untaken holidays	31/12/2019	31/12/2018	% change
Number of days not taken	1 846	1 964	-6 %
Accrued amount	580 925	557 536	4 %

Although the number of days not taken has decreased as compared to 2019 the accrued amount has increased. This can be explained by:

- ✚ Increase in salary costs per grade mainly due to an increase of the weighting coefficient
- ✚ Different distribution in the number of days not taken by grade whereby the number of days not taken by staff members belonging to a higher grade increased and hence the bigger impact on the accrued amount.

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 2018 the total operating revenue of the Authority has increased by 8%. This increase is mainly due to an increase of the NCA's contribution and the contribution of the EC, the latter of which included an advance of € 1 045 000 for EMIR 2.2 and of € 191 000 for Cross-Border Funds Distribution.

Type of revenue	2019	2018	% change
Non-exchange	33 635 704	30 387 868	11 %
Exchange	14 985 630	14 800 507	1 %
TOTAL	48 621 334	45 188 375	8 %

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	2019	2018	% change
Staff expenses	- 27 092 117	- 24 758 590	9%
Fixed asset related expenses	- 4 433 118	- 3 679 143	20%
Other administrative expenses	- 18 118 917	- 16 763 569	8%
TOTAL	- 49 644 153	- 45 201 302	10%

As compared to 2018 there has been an increase of 10% which can be explained by:

- ✚ An increase in staff expenses, which can be explained by the annual indexation of 2.7% paid out in December 2019 and the full-year impact of the total number of staff which remained constant in 2019 throughout the whole year whereas in 2018 there was a gradual increase in the number of staff from 210 at the beginning of the year to 231 at the end of the year.
- ✚ An increase of 20% 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 8% in other administrative expenses due to dual in rental costs for premises in Q4 2019. In 2019 a full year rent was paid for ESMA's old premises and in addition the cost for the rental of the new building for the last quarter of 2019 was also accounted for.

Number of employees (posts actually filled as per year-end)

	2019	2018
Temporary agents	155	149
Contract agents	68	68
SNE	9	14
TOTAL	232	231

3.3 Operating Expenses

The decrease in operating expenses (€ 918 238 in 2019 as compared to € 1 075 561 in 2018) is mainly due to the difference in accrued expenses which was lower in 2019 as compared to 2018.

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.

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 Contingent liabilities amounts relating to legal cases

There are currently 2 pending staff cases for which the Court has not yet rendered a decision and one case where ESMA has asked to intervene but for which the Court has not yet decided upon the application.

5.2 Other significant Disclosures

5.2.1 Operating Leases

Assets subject to an operating lease are regarded as rentals.

Description	Charges paid in 2019	Charges to be paid next year	Charges to be paid later than one year	Total charges to be paid
Rent 1 (SCI Grenelle – old building)	5 033 589	0	0	0
Rent 2 (Ibox – new building)	0 ³	4 435 864	35 486 912	39 922 776
Total Rent	5 033 589	4 435 864	35 486 912	39 922 776

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 € 5 839 574 at year end, of which € 2 672 277 (or 46%) relate to 2019. Additional expenditure of € 3 114 199 is expected for 2020, whereby budgetary commitments have been registered but do not have any impact on the 2019 accruals based accounting.

	2019	2018
Automatic carryovers C1	5 073 310	4 678 639
Automatic carryovers R0	713 166	1 160 935
Accrued expenses	-2 672 277	- 2 638 598
Outstanding commitments not yet expensed	3 114 199	3 200 976

The amount disclosed above is the budgetary RAL ("Reste à Liquider") less related amounts that have been included as expenses in the 2019 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.

³ ESMA's rental charges for Q 2019 for the new building were € 1 467 650. However the latter did not generate any cash outflow since they were deducted from the total rent-free period amount negotiated with the landlord.

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:

	2019	2018
Financial assets		
Exchange receivables and recoverables	23 309	97 990
Non - exchange receivables and recoverables	313 455	869 023
Cash and deposits	6 261 957	6 849 514
Total monetary assets (A)	6 598 720	7 816 527
Financial liabilities		
Accounts payable	438 292	2 821 797
Total monetary liabilities (B)	438 292	2 821 797
Total net financial instruments (A) – (B)	6 160 429	4 994 730

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:

	2019	2018
Exchange receivables and recoverables	23 309	97 990
Non-exchange receivables and recoverables	313 455	869 023
Cash and deposits	6 261 957	6 849 514
Total monetary assets (A)	6 598 720	7 816 527
Impairment (C)	0	0
Guarantees (E)	0	0
Total credit risk (A+C+E)	6 598 720	7 816 527

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. As of the end of 2019 ESMA is facing a negative interest rate on its current bank accounts.

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 2019 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 2019. 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 2019.

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

During the first half of 2020, the coronavirus outbreak has had huge impacts on the EU economy. As a non-adjusting event, the outbreak of the coronavirus does not require any adjustments to the figures reported in these annual accounts. For subsequent reporting periods, COVID-19 may affect the recognition and measurement of some assets and liabilities on the balance sheet and also of some revenue and expenses recognised in the statement of

financial performance. Following an internal analysis the following elements of the financial statements have been identified as being potentially affected:

Revenues

Following the feedback received from the different organisations (European Commission, National Competent Authorities, Credit Rating Agencies and Trade Repositories) contributing to ESMA's budget no impact on the 2020 income is to be expected.

Expenses

It is most likely that ESMA will see a decrease in the administrative and operational expenses for 2020 due to a lower implementation rate of the budget. Based upon the information available at the date of signature of these annual accounts, the related financial effects cannot be reliably estimated.

Balance sheet

At this stage ESMA does not foresee any material impact on any of the balance sheet items.

Budgetary impact

It is foreseeable that ESMA will have a lower implementation rate of its budget and therefore will end up with a higher amount of carry-overs at year-end. However through a regular budgetary review and the resulting budgetary amendments ESMA will try to keep the level of carry-overs to an acceptable level. Based upon the information available at the date of signature of these annual accounts, the related financial effects cannot be reliably estimated.



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 mandate.

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

1.1.2019 – 31.12.2019

		2019	2018
REVENUE			
Contributions from MS NCAs	+	19 590 305	18 233 123
Commission subsidy received by the Authority for 2019	+	13 612 496	11 768 296
Budgetary surplus	+	71 005	197 522
Contributions from Observer NCAs	+	556 543	517 986
Fees from Supervised Entities	+	11 527 275	11 444 959
NCA contributions for delegated tasks	+	2 087 860	2 128 750
Other revenue	+	13 965	5 476
TOTAL REVENUE (a)		47 459 449	44 296 113
EXPENDITURE			
Title I: Staff			
Payments	-	27 574 644	25 233 088
Appropriations carried over	-	284 661	290 873
Title II: Administrative Expenses			
Payments	-	6 818 780	6 199 643
Appropriations carried over	-	1 272 903	967 460
Title III: Operating Expenditure			
Payments	-	5 686 522	5 821 952
Appropriations carried over	-	3 522 551	3 394 778
Title IV: Delegated Tasks Expenditure			
Payments	-	2 720 472	3 293 666
Appropriations carried over	-	718 353	1 186 562
TOTAL EXPENDITURE (b)		48 598 886	46 388 023
OUTTURN FOR THE FINANCIAL YEAR (a-b)		-1 139 437	-2 091 910
Cancellation of unused payment appropriations carried over from previous year	+	173 108	282 132
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising	+	1 161 381	2 145 425
Exchange differences for the year (gain +/-loss -)	+/-	-407	-6 586
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		194 645	329 060
Balance year N-1	+/-	329 060	118 341
Positive balance from year N-1 reimbursed in year N to the	-	-329 060	-118 341
Result used for determining amounts in general accounting		194 645	329 060
Commission subsidy - Authority registers accrued revenue and Commission accrued expense		13 488 856	11 636 758
Pre-financing remaining open to be reimbursed by Authority to Commission in year N+1		194 645	329 060

1.2 Reconciliation of Accrual Result with Budget Result

	2019	2018
ACCRUAL RESULT OF THE YEAR	- 1 947 898	-1 096 414
Adjustments for accrual items (items included in the accrual result but not in the budget result)		
Accrual Cut-off (reversal 31.12.N-1)	- 3 181 171	- 3 157 713
Accrual Cut-off (cut-off 31.12.N)	3 238 239	3 181 171
Unpaid invoices at year end but booked in charges	9 091	5 063
Depreciation/amortisation of intangible and tangible assets	4 433 118	3 672 243
Provisions	- 400 000	400 000
Recovery Orders issued in year N and not yet cashed	0	-39 226
Payments made from carry-over of payment appropriations	4 505 530	3 855 521
Other	- 833 422	-1 446 655
Adjustments for budgetary items (items included in the budget result but not in the accrual result)		
Asset acquisitions (less unpaid amounts)	- 1 398 736	-1 996 872
New prefinancing received in year N and remaining open as at 31.12.2019	194 645	329 060
Budgetary recovery orders issued before year N and	39 226	35 000
Payment appropriations carried over to year N+1	- 5 798 467	-5 839 674
Cancellation of unused carried over payment appropriations from previous year	173 108	282 132
Adjustment for carry-over from the previous year of appropriations available at 31.12.N arising from assigned revenue	1 161 381	2 145 425
Total	194 645	329 060
BUDGET RESULT OF THE YEAR	194 645	329 060

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	24 724 373	889 497	1 115 868	26 729 738	26 739 738	26 739 738
1100	Staff salaries, allowances, insurance and grants	22 657 000	936 000	939 077	24 532 077	24 532 077	24 532 077
1120	Temporary workers	40 000	0	-21 822	18 178	18 178	18 178
1133	Contribution to the Community pension scheme	2 027 373	-46 503	198 613	2 179 483	2 179 483	2 179 483
	12. Expenditure relating to staff management and recruitment	380 000	0	-54 700	325 300	325 227	214 810
1200	Expenditure relating to staff management and recruitment	380 000	0	-54 700	325 300	325 227	214 810
	14. Socio-medical infrastructure	537 000	0	31 407	568 407	568 407	489 549
1400	Medical service	40 000	0	21 244	61 244	61 244	45 012
1410	Schools and kindergartens	60 000	0	163	60 163	60 163	60 163
1420	Canteen and associated services	437 000	0	10 000	447 000	447 000	384 374
	16. Training	350 000	0	-115 047	234 953	234 953	139 566
1600	Training	350 000	0	-115 047	234 953	234 953	139 566
	TOTAL TITLE I	25 991 373	889 497	977 528	27 858 398	27 858 325	27 573 664

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	7 425 000	0	-350 892	7 074 108	7 074 108	6 392 199
2000	Building rental, charges and taxes	5 500 000	0	-356 518	5 143 482	5 143 482	4 940 889
2020	Maintenance, works and refurbishment	52 000	0	-13 747	38 253	38 253	28 253
2090	Other expenditure on buildings, security and moving services	1 873 000	0	19 373	1 892 373	1 892 373	1 423 057
	21. Information and communication technology	300 000	0	54 421	354 421	354 182	159 696
2100	ICT office equipment	300 000	0	54 421	354 421	354 182	159 696
	23. Current administrative expenditure	774 500	0	-105 915	668 585	657 399	263 293
2300	Facility management services	330 000	0	-115 000	215 000	204 065	137 902
2304	Services on administrative matters	383 000	0	19 360	402 360	402 108	74 563
2305	Subscriptions	60 000	0	-10 010	49 990	49 990	49 990
2308	Library Expenditure	1 500	0	-265	1 235	1 235	838
	27. Representation expenses, receptions and events	5 000	0	0	5 000	5 000	2 598
2700	Representation expenses, receptions and events	5 000	0	0	5 000	5 000	2 598
	TOTAL TITLE II	8 504 500	0	-402 385	8 102 115	8 090 689	6 817 786

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Actual Committed	Actual Paid
TITLE III - OPERATING EXPENDITURE							
	31 Training costs	35 000	0	-34 160	840	840	840
3100	Training costs	35 000	0	-34 160	840	840	840
	32 IT project costs	7 650 000	0	-405 430	7 244 570	7 244 570	4 481 063
3200	IT costs	7 650 000	0	-405 430	7 244 570	7 244 570	4 481 063
	34 Studies and legal advice	200 000	0	-139 668	60 332	60 332	50 582
3400	Legal advice	200 000	0	-139 668	60 332	60 332	50 582
	35 Access to data for Economic Research	450 000	0	-31 515	418 485	408 485	251 963
3500	Access to data for Economic Research	450 000	0	-31 515	418 485	408 485	251 963
	36 Mission expenses	515 000	0	-2 804	512 196	512 196	418 599
3600	Mission expenses	515 000	0	-2 804	512 196	512 196	418 599
	37 Information and publishing	444 000	0	114 757	558 757	558 757	182 539
3700	Translation and interpretation	400 000	0	126 500	526 500	526 500	150 937
3701	Communication services	44 000	0	-11 743	32 257	32 257	31 602
	38 Meeting expenses	381 000	0	-56 117	324 882	324 882	258 867
3800	General meeting expenses	230 000	0	-21 065	208 935	208 935	164 689
3810	Stakeholder groups – Consultations	80 000	0	-10 000	70 000	70 000	49 031
3820	Governance	33 000	0	-6 319	26 681	26 681	25 881
3830	Board of Appeal costs	38 000	0	-18 733	19 267	19 267	19 267
	39 Services on operational matters	86 000	0	1 021	87 021	87 020	42 069
3900	Services on operational matters	86 000	0	1 021	87 021	87 020	42 069
	TOTAL TITLE III	9 761 000	0	-553 917	9 207 083	9 197 082	5 686 522

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	65 000	0	-21 226	43 774	43 774	38 588
4000	Single Interface to Trade Repositories	65 000	0	-21 226	43 774	43 774	38 588
	41 Instruments Reference Data	146 256	0	0	146 256	146 256	146 256
4100	Instruments Reference Data	146 256	0	0	146 256	146 256	146 256
	TOTAL TITLE IV	211 256	0	-21 226	190 030	190 030	184 844
	TOTAL BUDGET 2019 – C1	44 468 129	889 497	0	45 357 626	45 336 126	40 262 816

1.3.2 Appropriations of the current budget – fund source R0

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Not established	Transfers	Final budget available
TITLE IV – DELEGATED TASKS						
	40. Single Interface to Trade Repositories	235 000	-57 016	0	0	177 984
4000	Single Interface to Trade Repositories	235 000	-57 016	0		177 984
	41. Instruments Reference Data	1 843 744	0	0	0	1 843 744
4100	Instruments Reference Data	1 843 744	0	0	0	1 843 744
	TOTAL TITLE IV	2 078 744	-57 016	0	0	2 021 728
	TOTAL BUDGET 2019 C1 + R0	46 546 873	832 481	0	0	47 379 354

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 (01.01.2019 – 31.12.2019)

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	Staff salaries, allowances, insurance and grants	24 532 077	24 532 077	100.00%	24 532 077	100.00%	0
A-1120	Temporary workers	18 178	18 178	100.00%	18 178	100.00%	0
A-1133	Contribution to the Community pension scheme	2 179 483	2 179 483	100.00%	2 179 483	100.00%	0
A-1200	Expenditure relating to staff management and recruitment	325 300	325 227	99.98%	214 810	66.03%	110 417
A-1400	Medical service	61 244	61 244	100.00%	45 012	73.50%	16 232
A-1410	Schools and kindergartens	60 163	60 163	100.00%	60 163	100.00%	0
A-1420	Canteen and associated services	447 000	447 000	100.00%	384 374	85.99%	62 626
A-1600	Training	234 953	234 953	100.00%	139 566	59.40%	95 387
Title I: Staff Expenditure		27 858 398	27 858 325	100.00%	27 573 664	98.98%	284 661

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	5 143 482	5 143 482	100.00%	4 940 889	96.06%	202 593
A-2020	Maintenance, works and refurbishment	38 253	38 253	100.00%	28 253	73.86%	10 000
A-2090	Other expenditure on buildings, security and moving services	1 892 373	1 892 373	100.00%	1 423 057	75.20%	469 316
A-2100	ICT office equipment	354 421	354 182	99.93%	159 696	45.06%	194 486
A-2300	Facility management services	215 000	204 065	94.91%	137 902	64.14%	66 163
A-2304	Services on administrative matters	402 360	402 108	99.94%	74 563	18.53%	327 545
A-2305	Subscriptions	49 990	49 990	100.00%	49 990	100.00%	0
A-2308	Library expenditure	1 235	1 235	100.00%	838	67.82%	397
A-2700	Representation expenses, receptions and events	5 000	5 000	100.00%	2 598	51.96%	2 402
Title II: Infrastructure and Administrative Expenditure		8 102 115	8 090 689	99.86%	6 817 786	84.15%	1 272 903

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	840	840	100.00%	840	100.00%	0
B3-200	IT costs	7 244 570	7 244 570	100.00%	4 481 063	61.85%	2 763 507
B3-400	Legal advice	60 332	60 332	100.00%	50 582	83.84%	9 750
B3-500	Access to data for Economic Research	418 485	408 485	97.61%	251 963	60.21%	166 522
B3-600	Mission expenses	512 196	512 196	100.00%	418 599	81.73%	93 597
B3-700	Translation and interpretation	526 500	526 500	100.00%	150 937	28.67%	375 563
B3-701	Communication services	32 257	32 257	100.00%	31 602	97.97%	655
B3-800	General meeting expenses	208 935	208 935	100.00%	164 689	78.82%	44 246
B3-810	Stakeholder group - Consultations	70 000	70 000	100.00%	49 031	70.04%	20 969
B3-820	Governance	26 681	26 681	100.00%	25 881	97.00%	800
B3-830	Board of Appeal costs	19 267	19 267	100.00%	19 267	100.00%	0
B3-900	Services on operational matters	87 021	87 020	100.00%	42 069	48.34%	44 952
Title III: Operating Expenditure		9 207 084	9 197 082	99.89%	5 686 522	61.76%	3 510 560

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	43 774	43 774	100.00%	38 588	88.15%	5 186
B4-100	Instruments Reference Data	146 256	146 256	100.00%	146 256	100.00%	0
Title IV: Delegated Tasks Expenditure		190 030	190 030	100.00%	184 844	97.27%	5 186
TOTAL FUND SOURCE C1		45 357 626	45 336 126	99.95%	40 262 816	88.77%	5 073 310

BUDGET IMPLEMENTATION CREDITS OF THE YEAR – Fund Source: C4

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-1100	Staff salaries, allowances, insurance and grants	980	980	100.00%	980	100.00%	0
Title I: Staff Expenditure		980	980	100 00%	980	100 00%	0
A-2090	Other expenditure on buildings, security	367	367	100.00%	367	100.00%	0
A-2100	ICT office equipment	627	627	100.00%	627	100.00%	0
Title II: Infrastructure and Administrative Expenditure		994	994	100 00%	994	100 00%	0
B3-400	Legal advice	11 991	0	0.00%	0	0.00%	0
Title III: Operating Expenditure		11 991	0	0 00%	0	0 00%	0
TOTAL FUND SOURCE C4		13 965	1 974	14.14%	1 974	14.14%	0

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	Temporary workers	4 876	4 830	99.05%	4 830	99.05%	46
A-1200	Expenditure relating to staff management and recruitment	88 676	74 823	84.38%	74 823	84.38%	13 854
A-1400	Medical Service	9 513	9 513	100.00%	9 513	100.00%	0
A-1420	Canteen and associated services	71 554	36 881	51.54%	36 881	51.54%	34 673
A-1600	Training	116 154	109 904	94.62%	109 904	94.62%	6 250
Title I: Staff Expenditure		290 773	235 950	81.15%	235 950	81.15%	54 823

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	99 983	99 983	100.00%	99 983	100.00%	0
A-2020	Maintenance, works and refurbishment	9 297	8 304	89.32%	8 304	89.32%	993
A-2090	Other expenditure on buildings, security and moving services	281 022	276 419	98.36%	276 419	98.36%	4 602
A-2100	Internal ICT and telecommunications	123 139	112 041	90.99%	112 041	90.99%	11 097
A-2300	Facility management services	129 369	107 095	82.78%	106 945	82.67%	22 425
A-2304	Services on administrative matters	320 934	320 574	99.89%	310 497	96.75%	10 437
A-2305	Subscriptions	3 217	3 180	98.86%	3 180	98.86%	37
A-2700	Representation expenses, receptions and events	500	152	30.30%	152	30.30%	349
Title II: Infrastructure and Administrative		967 460	927 748	95.90%	917 521	94.84%	49 939

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)
B3-200	IT costs	2 801 652	2 765 622	98.71%	2 743 956	97.94%	57 697
B3-400	Legal advice	213 100	212 413	99.68%	212 413	99.68%	687
B3-500	Access to data for Economic Research	99 948	97 704	97.75%	97 704	97.75%	2 244
B3-600	Mission expenses	53 028	52 898	99.75%	52 898	99.75%	130
B3-700	Translation and interpretation	138 879	136 663	98.40%	136 663	98.40%	2 215
B3-800	General meeting expenses	52 277	51 503	98.52%	51 503	98.52%	774
B3-820	Governance	6 641	6 595	99.30%	6 595	99.30%	46
B3-830	Board of Appeal costs	29 252	29 252	100.00%	29 252	100.00%	0
Title III: Operating Expenditure		3 394 778	3 352 651	98.76%	3 330 984	98.12 %	63 793

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	12 985	8 433	64.94%	8 433	64.94%	4 553
B4-100	Instruments Reference Data	12 642	12 642	100.00%	12 642	100.00%	0
Title IV: Delegated Tasks Expenditure		25 627	21 075	82.23%	21 075	82.23%	4 553
TOTAL FUND SOURCE C8		4 678 639	4 537 423	96.98%	4 505 530	96.30 %	173 108

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 (1-3)
B4-000	Single Interface to Trade Repositories	436 085	244 116	680 201	413 585	60.80%	274 727	40.39%	405 474
B4-100	Instruments Reference Data	724 850	1 843 744	2 568 594	2 530 794	98.53%	2 260 902	88.02%	307 692
Title IV: Delegated Tasks Expenditure		1 160 935	2 087 860	3 248 795	2 944 379	90.63%	2 535 629	78.05%	713 166
TOTAL FUND SOURCE R0		1 160 935	2 087 860	3 248 795	2 944 379	90.63%	2 535 629	78.05%	713 166

3 ESMA's Management Board Members

(December 2019)

Steven Maijoor	Chair	ESMA
Elisabeth Roegele	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Germany
Sebastian Albella Amigo	Comisión Nacional del Mercado de Valores	Spain
Robert Ophèle	Autorité des Marchés Financiers (AMF)	France
Derville Rowland	Central Bank of Ireland	Ireland
Gabriela Figueiredo Dias	Comissão do mercado de valores mobiliários (CMVM)	Portugal
Erik Thedéen	Finansinspektionen (FI)	Sweden
Verena Ross	Executive Director (non-voting Member)	ESMA
Ugo Bassi - Director	(non-voting Member)	European Commission
Anneli Tuominen	Vice-Chair (observer)	Finland

4 Establishment plan 2019

Function group and grade	2019			
	Authorised under the EU Budget		Filled as at 31/12/2019	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD16		1		1
AD15		2		1
AD14		6		
AD13		2		
AD12		7		5
AD11		14		1
AD10		17		10
AD9		39		31
AD8		30		33
AD7		58		25
AD6		10		13
AD5		11		26
Total AD		197		146
AST11				
AST10				
AST9				
AST8		2		
AST7		3		
AST6		3		
AST5		3		4
AST4		1		3
AST3		1		
AST2				
AST1				2
Total AST		13		9
Grand total		210		155