

Spotlight on Markets – June 2023

ESMA DATA STRATEGY 2023-2028

- ESMA in 2022 - Focus on financial stability and investor protection
- Overview of national rules governing fund marketing
- ESAs consultation on the first batch of DORA policy products

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ESMA Data Strategy 2023-2028

The European Securities and Markets Authority (ESMA) published its Data Strategy for 2023-2028. Over the coming five years, ESMA will work to facilitate the use of new data-related technologies, reduce reporting compliance costs by regulated entities, enable the effective use of data at both EU and national level; and make data more broadly available to the public.

I am pleased to present our new Data Strategy through which ESMA will strengthen its role both as a supervisor and as a data and information hub in the EU.'

We want to contribute to reducing the compliance burden for companies and facilitate data reporting by means of increased standardisation and the use of modern IT solutions across the reporting process and the entire data lifecycle.







Our goal is to provide easier access to financial data, both through enhanced data sharing with authorities across the EU and at national level. Initiatives such as ESAP will provide access to financial data to the wider market, including retail investors.



Verena Ross, ESMA Chair

Objectives of ESMA's Data Strategy

Over the next five years, ESMA intends to:

-  **Become an enhanced data hub**
Bolster ESMA as EU securities markets data hub, focusing on improved data and information accessibility, interoperability and usability, and achieving synergies and economies of scale;
-  **Ensure access to data of public interest**
Contribute to providing easily accessible and usable information to the market participants, including to retail investors, in machine readable formats and via user-friendly search and analytical interfaces;
-  **Promote data-driven supervision**
Enable cutting-edge, smart and effective data-driven supervision by joint developments and use of novel technologies;
-  **Increase data collaboration**
Achieve better data standardisation, quality and reusability, and to promote the adoption of innovative technologies;
-  **Produce efficient data policy output**
Reduce the compliance burden for reporting entities by reducing duplicative and inconsistent requirements, optimising reporting flows, effective and efficient data sharing, and exploiting emerging technologies; and
-  **Facilitate systematic data use**
Establish processes, methodologies and tools enabling systematic use of data for evidence-based policy development, supervision and risk assessment.

ESMA in 2022 - Focus on financial stability and investor protection

The European Securities and Markets Authority (ESMA) published its **Annual Report for 2022**. It sets out the key achievements of the authority in fulfilling its mission of enhancing investor protection and promoting stable and orderly financial markets in the European Union (EU) during a transformative year.

ESMA's key achievements in 2022 included developing its new Strategy which will guide its work over the years 2023-2028. ESMA also delivered extensive work throughout the year to respond to the consequences of the Russian invasion of Ukraine.

2022 was also a significant year from the supervisory convergence perspective, with several Common Supervisory Actions, three major peer reviews including one detailing the actions undertaken by NCAs linked to relocations following Brexit, and ESMA issuing its first recommendations to a national competent authority under article 16 of its Founding Regulation.



[Watch it now](#)

“During 2022 ESMA designed its new strategic orientation for the next five years. We will remain focused on our core mission of enhancing investor protection, promoting orderly financial markets and safeguarding financial stability. Along with increased use of data in ESMA’s work, the areas of sustainable finance and technological innovation will shape our work going forward.”

ESMA’s work last year was marked once again by significant and unexpected external events, of which the Russian invasion of Ukraine was not the least. Besides the human suffering unleashed by the war in Ukraine, it also added to uncertainty and volatility in financial markets, with a particular impact on commodity and energy markets in Europe.

I would like to thank my colleagues in the ESMA Board of Supervisors and Management Board, and in particular Erik Thedéen, our outgoing Vice-Chair, and Vojtěch Belling, our new Vice-Chair, for their support.”

Verena Ross, ESMA Chair

“In 2022 ESMA reinforced its role as a supervisor, taking on several new mandates including becoming the supervisor of the administrator of Euribor, the EU critical benchmark and of the largest EU data reporting service providers (DRSPs).”

For the organisation, the development of our new Strategy was an opportunity to review how to best deliver on the ambitious roadmap we have set for ourselves, whilst being able to adapt to a rapidly changing environment. I would like to warmly thank all ESMA staff for their remarkable commitment and for bringing their expertise to the task day after day. I am immensely grateful to them all for their hard work, which has led ESMA through another successful year.”

Natasha Cazenave, ESMA Executive Director

ESMA's achievements in 2022

In order to promote market integrity, investor protection, and financial stability in the European Union, ESMA delivered on its mandate throughout the year, and examples of key deliverables include:

- Peer reviews on the supervision of cross-border services, on prospectus and on the Brexit relocation process
- Responses to the geopolitical challenges of the Russian invasion and ensuing the energy crisis
- The first ever mystery shopping exercise coordinated amongst multiple NCAs.

ESMA had three cross cutting priorities for 2022: supporting the development of sound capital markets, promoting sustainable finance and innovation and fostering innovation and digitalisation. Examples of outputs include:

- Technical input on investor protection aspects of the MiFID II/MiFIR review and the proposed Listing Act
- A three-year sustainable finance roadmap
- Call for evidence on greenwashing, analysis of ESG disclosures in CRA press releases and a consultation on guidelines on ESG terms used in funds names
- A warning to investors about the risks of crypto-assets, and
- Call for evidence, a report and Q&As to support to the implementation of a distributed ledger technology (DLT) pilot regime.

Overview of national rules governing fund marketing

The European Securities and Markets Authority (ESMA) submitted to the European Parliament, the Council and the European Commission its second report on national rules governing the marketing of investment funds under the Regulation on cross-border distribution of funds.

The key-findings are the following:

- The transposition of the Directive on cross-border distribution of funds and the entry into force of the ESMA Guidelines on funds' marketing communications helped reach a greater level of harmonisation in areas where national divergences existed (identified in the first ESMA Report submitted in 2021)
- Despite the powers NCAs have under the Regulation, it is apparent that only a limited number of NCAs carried out any ex-ante verifications of marketing communications, while an increasing number of NCAs reported carrying out ex-post verifications.

In this report, ESMA provides an overview of the marketing requirements across Member States, and analyses the effects of national laws, regulations and administrative provisions governing the marketing communications for investment funds. The report is based on responses provided by National Competent Authorities (NCAs) to two questionnaires prepared by ESMA.

Next steps

ESMA will submit to the European Parliament, the Council and the Commission a new iteration of the report in two years.

ESAs consultation on the first batch of DORA policy products

The European Supervisory Authorities (EBA, EIOPA and ESMA – the ESAs) launched a public consultation on the first batch of policy products under the Digital Operational Resilience Act (DORA). This includes four draft regulatory technical standards (RTS) and one set of draft implementing technical standards (ITS). These technical standards aim to ensure a consistent and harmonised legal framework in the areas of ICT risk management, major ICT-related incident reporting and ICT third-party risk management. The consultation runs until **11 September 2023**.



The Digital Operational Resilience Act (DORA), which entered into force on 16 January 2023 and will apply from 17 January 2025, aims to enhance the digital operational resilience of entities across the EU financial sector and to further harmonise key digital operational resilience requirements for all EU financial entities. This regulatory framework covers key areas such as ICT risk management, ICT-related incident management and reporting, digital operational resilience testing and the management of ICT third-party risk.

DORA has mandated the ESAs to jointly develop altogether 13 policy instruments in two batches. The first batch of technical standards, on which the ESAs launched a public consultation today and which are to be submitted by 17 January 2024, are the following:

- RTS on ICT risk management framework and RTS on simplified ICT risk management framework;
- RTS on criteria for the classification of ICT-related incidents;
- ITS to establish the templates for the register of information;
- RTS to specify the policy on ICT services performed by ICT third-party providers.

Further information on the draft technical standards can be found in the [Introductory note](#).

Consultation process

Comments to this consultation can be sent to the ESAs on the links available on the [consultation page](#). Please note that the deadline for the submission of comments is 11 September 2023. All contributions received will be published following the end of the consultation, unless requested otherwise.

A [public hearing](#) will be organised in the form of a webinar on 13 July 2023 from 09:00 to 18:00 CET. The ESAs invite interested stakeholders to register using the [Registration form](#) by 16:00 CET on 10 July 2023. The dial-in details will be communicated to the registered participants in due time.

Legal basis and next steps

These draft technical standards have been developed in accordance with Articles 15, 16(3), 18(3), 28(9) and 28(10) of DORA (Regulation (EU) 2022/2554). The ESAs expect to submit these draft technical standards to the European Commission by 17 January 2024.

ESMA measures to reduce volatility in trading of energy derivatives

The European Securities and Markets Authority (ESMA) published its Report on the implementation and functioning of the Intra-day Volatility Management Mechanism (IVM). Following an assessment of the IVMs introduced by trading venues and identification of differences in the approaches taken in their implementation and calibration, ESMA finds that they have been adequately set up. ESMA however also highlights some practical challenges.

The IVM aims at limiting extreme volatility of prices in energy derivatives markets within one day. ESMA finds them adequately calibrated, with the caveat of the assessment having been done in a period with no evidence of protracted volatility episodes affecting energy commodity derivatives trading.

In addition, ESMA has analysed how IVMs function in comparison with existing circuit breakers under MiFID II to assess the effectiveness added by the IVMs in managing volatility. ESMA find significant practical challenges in the implementation of IVMs for illiquid trading venues. ESMA suggests that the already existing circuit breakers under MiFID II could deliver on the objective to limit excessive intra-day price volatility. To ensure the appropriate implementation and application of circuit breakers by trading venues under MiFID II, ESMA is working on further guidance to be issued in the second half of 2023.

Next steps

The EU Regulation introducing an IVM mechanism to protect Union citizens and the economy against excessively high energy prices was adopted by the Council of the EU on 19 December 2022 and requires ESMA to provide an assessment of the implemented IVMs.

ESMA will continue requesting updates on the implemented IVMs from trading venues on a quarterly basis as per the Regulation and monitoring developments in the trading of energy commodity derivatives.

Publications

Click to read the news items

Date

- 1 Jun** ESAs put forward common understanding of greenwashing and warn on risks
- 6 Jun** Money market funds stress tests – overall resilience whilst LVNAVs exceed threshold in liquidity and credit risk scenarios
- 6 Jun** ESMA publishes follow-up report to the peer review on the Guidelines on ETFs and other UCITS issues
- 9 Jun** ESA's Board of Appeal dismissed request for suspension in the appeal by Euroins Insurance Group AD against EIOPA
- 15 Jun** ESMA launches Data Strategy for the next five years
- 16 Jun** ESMA in 2022 - Focus on financial stability and investor protection
- 16 Jun** ESMA launches Call for Evidence on sustainability in suitability and product governance
- 19 Jun** ESAs consult on the first batch of DORA policy products
- 23 Jun** ESMA publishes Guidelines on templates for summary resolution plans and for written arrangements for resolution colleges
- 30 Jun** ESMA finds adequate setup of measures to reduce volatility in trading of energy derivatives
- 3 Jul** ESMA publishes second overview of national rules governing fund marketing

Speaking appearances

by ESMA Staff in July

Date

4 Jul

Paris Finance Forum
- Verena Ross, ESMA Chair

5 Jul

Entre greenwashing et greenhushing, quelle voie pour instaurer la confiance ? La Banque Postale
- Natasha Cazenave, ESMA Executive Director

6 Jul

EFFAS Summer School
- Isabelle Grauer-Gaytnor, Acting Head of Investor Protection and Sustainable Finance Department

11 Jul

OMFIF Roundtable Exploring the competitiveness of European financial services
- Jakub Michalik, Acting Head of Governance & External Affairs Department

13 Jul

5th JRC Summer School on Sustainable Finance
- Patrik Karlsson and Alessandro d' Eri

Consultations

Click on the consultation

Closing date


- 24 Aug** Consultation on the draft regulatory technical standards under the revised ELTIF Regulation
- 11 Sep** Consultation on the first batch of Digital Operational Resilience Act (DORA) policy products
- 15 Sep** Call for Evidence on sustainability in suitability and product governance


Hearings

Have you missed the latest hearings?

23 Jan

Open hearing on the consultation on ESG terms in funds' names

 recording

 presentation


6 Feb


Joint ESAs public event on DORA – Technical discussion

 presentations: ESAs | European Commission

6 Jun

Review of the SFDR disclosures – public event on the European Supervisory Authorities' consultation

 recording

 presentation

Open vacancies

All open vacancies can be found on [ESMA's recruitment portal](#)

Deadline

16 Aug	Head of Investigation Unit
17 Aug	Senior Officer (CCP profile)
31 Dec	Seconded National Experts (multiple profiles)
31 Dec	Traineeship Notice - Support functions profile
31 Dec	Traineeship Notice - Economics, Data and IT profile
31 Dec	Traineeship Notice - Regulation, Supervision and Policy profile

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ESMAComms



European Securities and Markets Authority (ESMA)