

# ESMA activities snapshot

**1 October 2023 – 30 September 2024**

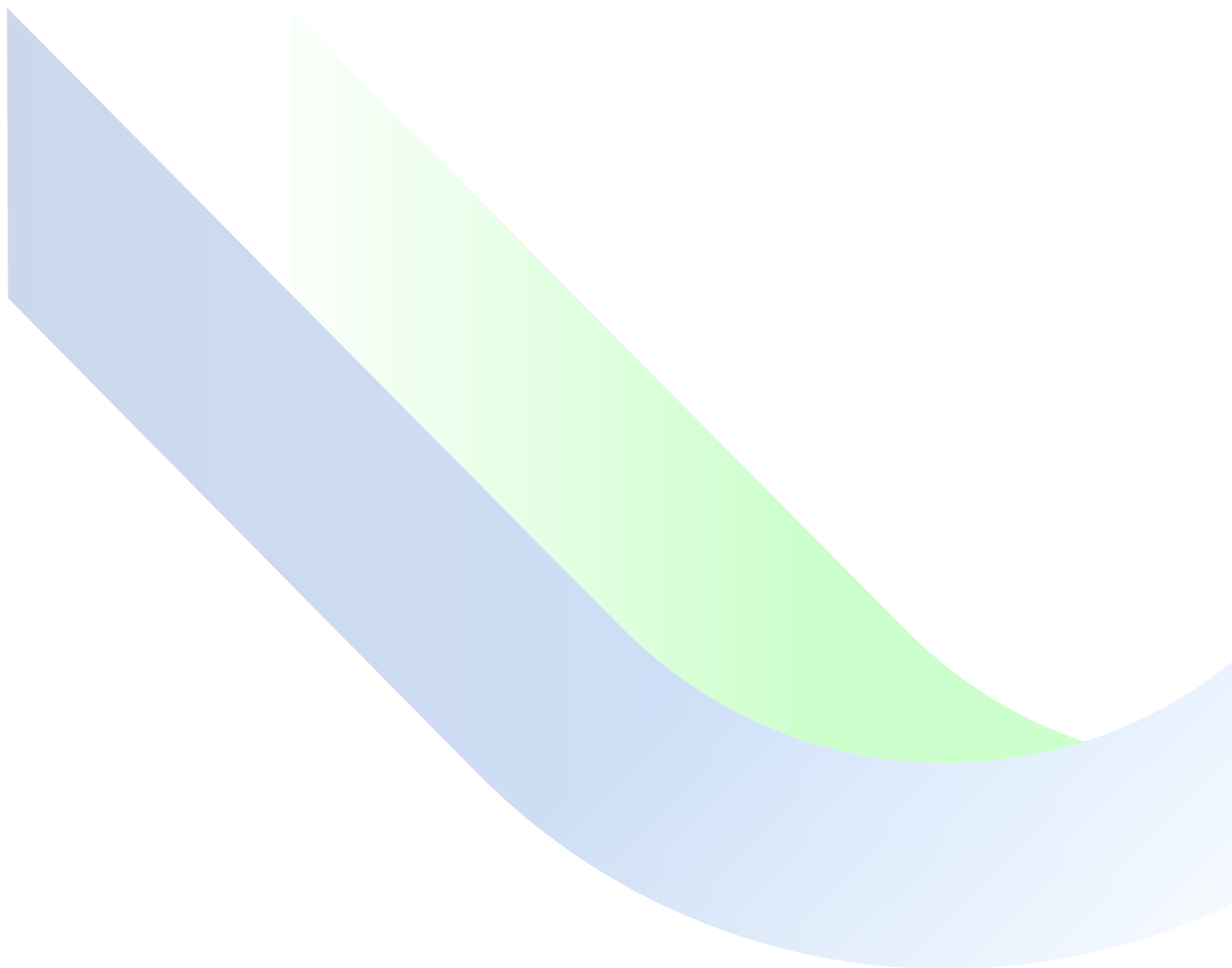
ECON annual hearing



This document has been prepared to accompany ESMA's Chair opening statement at the 2024 ECON Annual Hearing of the ESAs' Chairs.

ESMA's activities detailed in this snapshot reflect ESMA's strategy across its remit. They represent a sample of ESMA's key public achievements between 1 October 2023 and 30 September 2024.

ESMA's full activity of the year 2023 can be found in [ESMA's Annual Report](#). The forthcoming Annual Report, to be published next year, will detail all activities for 2024.



# Contents

Annex - abbreviations .....	4
ESMA's mission .....	5
<b>1. ESMA's key deliverables.....</b>	<b>5</b>
1.1. Towards more effective and attractive EU capital markets.....	5
1.2. ESG terms in fund names.....	5
1.3. EU CCPs global fire drill exercise .....	5
<b>2. Strategic priorities and thematic drivers .....</b>	<b>6</b>
2.1. Effective markets and financial stability.....	6
2.2. Effective supervision .....	6
2.3. Retail investor protection .....	7
2.4. Sustainable finance .....	8
2.5. Technological innovation .....	8
2.6. Effective use of data and ICT technologies .....	9
<b>3. Investors and issuers .....</b>	<b>10</b>
3.1. Investment management .....	10
3.2. Issuer disclosure .....	10
3.3. Benchmark administrators .....	11
3.4. Credit-rating agencies .....	11
<b>4. Markets and infrastructures .....</b>	<b>12</b>
4.1. Central counterparties – third countries .....	12
4.2. Central counterparties – EU .....	12
4.3. Data reporting service providers .....	13
4.4. Trade repositories .....	13
4.5. Trading .....	14
4.6. Market integrity .....	14
4.7. Central securities depositories .....	15
4.8. Securitisation repositories.....	15
<b>5. ESMA as an organisation .....</b>	<b>16</b>

# Annex - abbreviations

**AI** - Artificial Intelligence  
**CA** - Contract Agent  
**CASP** - Crypto Assets Provider  
**CCP** - Central Counterparty (clearing house)  
**CRA** - Credit Rating Agency  
**CSA** - Common Supervisory Action  
**CSD** - Central Securities Depository  
**CSDR** - Central Securities Depositories Regulation  
**CTP** - Consolidated Tape Provider  
**DLT** - Distributed Ledger Technology  
**DORA** - Digital Operational Resilience Act  
**DRSP** - Data Reporting Service Provider  
**EBA** - European Banking Authority  
**EEA** - European Economic Area  
**EIOPA** - European Insurance and Occupational Pensions Authority  
**ELTIF** - European Long-Term Investment Fund  
**EMIR** - European Market Infrastructure Regulation  
**ESAs** - European Supervisory Authorities  
**ESG** - Environmental, Social and Governance  
**FSB** - Financial Stability Board  
**IASB** - International Accounting Standards Board  
**ICT** - Information and Communications Technology  
**IFRS** - International Financial Reporting Standard  
**IOSCO** - International Organization of Securities Commissions  
**ISIN** - International Securities Identification Number  
**LEI** - Legal Entity Identifier  
**MiCA** - Markets in Crypto-Assets (Regulation)  
**MiFID II** - (Revised) Markets in Financial Instruments Directive  
**MiFIR** - Markets in Financial instruments Regulation  
**MoU** - Memorandum of Understanding  
**NCA** - National Competent Authority  
**SECR** - Securitisation Regulation  
**SFDR** - Sustainable Finance Disclosure Regulation  
**SNE** - Seconded National Expert  
**SR** - Securitisation Repository  
**SSM** - Single Supervisory Mechanism  
**STORs** - Suspicious Transactions and Order Reports  
**TA** - Temporary Agent  
**TC** - Third Country  
**TR** - Trade Repository  
**TRV** - Trends, Risks and vulnerabilities  
**UPI** - Unique Person Identification  
**USSP** - Union Strategic Supervisory Priority



# ESMA's mission

ESMA is the EU's financial markets regulator and supervisor and a member of the European System of Financial Supervision. Its mission is to enhance investor protection, promote orderly financial markets and safeguard financial stability. ESMA achieves its mission through active cooperation with national and other EU authorities.

## 1. ESMA's key deliverables

### 1.1. Towards more effective and attractive EU capital markets

In May 2024, ESMA published a Position Paper on 'Building more effective and attractive capital markets in the EU'. Focusing on three dimensions – citizens, companies and the EU regulatory and supervisory framework – ESMA's Paper includes 20 recommendations to strengthen EU capital markets. Key recommendations include developing basic long-term investment products, addressing barriers to integration, particularly for market infrastructures, and modernising the EU's regulatory framework. The actions proposed in the Paper go beyond changes to financial regulation and are therefore directed not only to capital market supervisors but also to the EU co-legislators, the EU Member States, the European Commission and as well as to the financial industry.

### 1.2. ESG terms in fund names

Following its 2023 December Public Statement, ESMA published its Final Report containing Guidelines on funds' names using Environmental,

Social, Governance (ESG) or sustainability-related terms in May 2024. These Guidelines aim to ensure that investors are protected against unsubstantiated or exaggerated sustainability claims, and to provide asset managers with clear criteria to assess their ability to use ESG or sustainability related terms. They notably establish that, to be able to use these terms, a minimum threshold of 80% of investments should be used to meet environmental, social characteristics or sustainable investment objectives.

### 1.3. EU CCPs global fire drill exercise

In November 2023, ESMA participated in a global fire drill with the majority of EU Central Counterparties (CCPs) to test their readiness to handle potential defaults of clearing members. It was jointly coordinated by ESMA, in cooperation with EU and non-EU authorities, CCPs and industry associations. The exercise provided valuable insights into default management best practices among CCPs and highlighted areas for further improvement.





## 2. Strategic priorities and thematic drivers

### 2.1. Effective markets and financial stability

#### Supervisory briefing on circuit breakers

In October 2023, ESMA published a Supervisory Briefing on circuit breakers. The Briefing provides comprehensive expectations regarding the calibration of circuit breakers by trading venues. It outlines principles that National Competent Authorities (NCAs) should enforce to ensure effective implementation and aims to strengthen convergence among NCAs on circuit breaker calibration methodology, promoting compliance, common understanding and enforcement practices.

#### Market report on prospectuses

In December 2023, ESMA released a Market Report on EU prospectuses, focusing on European Economic Area (EEA) prospectus approvals and the use of streamlined regimes for SMEs, secondary issuances, frequent issuers, and the recently introduced EU recovery prospectus, agreed under the capital markets recovery package to address the economic impact of the COVID-19 pandemic.

#### Trends, risks and vulnerabilities report

In August 2024, ESMA published its latest Trends, Risks and Vulnerabilities (TRV) Report. The Report underlines that overall risks in the markets within ESMA's remit remain high. Recent events show how markets remain very sensitive, to interest rate developments, deteriorating credit risk and to political and electoral news. The risk of corrections remains high in a context of fragile market liquidity. ESMA's TRV report is a biannual publication.

### 2.2. Effective supervision

#### Direct supervision

ESMA centrally supervises at EU level entities that form essential parts of the financial market infrastructures. These include all EU registered Credit Rating Agencies (CRAs), Trade Repositories (TRs), Securitisation Repositories (SRs), certain Data Reporting Service Providers (DRSPs), certain benchmark administrators, and Tier 2 CCPs outside the EU. ESMA actively fulfils its role as an effective gatekeeper, performing a thorough assessment of the received applications to ensure that authorisations are granted if the applicants are able to fully demonstrate compliance and meet supervisory expectations. ESMA's supervisory activities target a positive supervisory outcome, aiming for high standards and appropriate changes to the behaviour of the supervised entities where warranted.

#### Supervisory convergence

For entities that are supervised at national level, ESMA focuses on supervisory convergence activities, which aim to ensure a level playing field of high-quality regulation and supervision without regulatory arbitrage or a race to the bottom between Member States. Supervisory convergence implies developing consistent interpretation of rules, building sound and effective supervisory capabilities, coordinating approaches and activities, conducting concerted supervisory actions across the EU, and reviewing and sharing good practices. ESMA applies different supervisory tools to its convergence work, including preparatory tools such as guidelines, implementation tools such as voluntary supervisory colleges, and assessment tools such as peer reviews.

## Joint criteria on the independence of supervisory authorities

In October 2023, ESMA published the joint criteria on the independence of supervisory authorities, developed together with the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA). These criteria can be used by national supervisory authorities to enhance their independence and, at a later stage, by the European Supervisory Authorities (ESAs) to assess this topic across the EU. Supervisory independence is key to ensure that fair, effective and transparent decisions are taken by appropriately resourced authorities.

## Enforcement decision

In March 2024, ESMA adopted a Sanction Decision against a CRA which failed to comply with the CRA Regulation requirements on handling conflicts of interest.

## Guidance for supervised entities

In July 2024, ESMA launched two Consultations on proposed guidance for some of its supervised entities (Benchmark administrators, CRAs, SRs, TR, and DRSPs). Aiming to ensure consistency in cross-sectoral reporting, the first consultation on periodic reporting sets out the information ESMA expects to receive and the corresponding timeline. The second Consultation on supervisory expectations for management bodies sets out ESMA's expectations in relation to good practice in governance arrangements.

## Wirecard peer review follow-up report

In July 2024, ESMA delivered its Follow-up Report to the Wirecard Fast Track Peer Review, assessing the progress made with respect to the recommendations ESMA formulated in 2020. The Report outlines the improvements Germany made in financial reporting supervision, indicating that BaFin now fully complies with the Guidelines on Enforcement of Financial Information.

## Digital Operational Resilience Act

ESMA started engaging with its directly supervised entities in preparation for the entry into application of the Digital Operational Resilience Act (DORA). ESMA

shared its expectations with respect to the planning steps these entities should take to ensure that they meet the requirements in DORA as of January 2025.

## 2.3. Retail investor protection

### Costs and performance of retail investment products

In December 2023, ESMA published its sixth Annual Report on the costs and performance of retail investment products in the EU. The Report underlines that the average cost of retail investment products has declined in recent years, but also shows significant variation across different types of products and across Member States.

### MiFID II application

In December 2023, ESMA published a Discussion Paper on the digitalisation of retail investment services, analysing the evolving landscape, examining risks and benefits of the recent surge in the adoption of digital tools and social media by firms and investors, and exploring how technology impacts retail investor behaviour and decision-making.

In May 2024, ESMA published a Report on its 2023 Common Supervisory Action (CSA) and the accompanying mystery shopping exercise on marketing disclosure rules under the Revised Markets in Financial Instruments Directive (MiFID II). The Report shows that marketing communications overall comply with MiFID II requirements. It however identifies areas of improvements, such as the need for marketing communications to be clearly identifiable as such, and to contain a clear and balanced presentation of risks and benefits.

ESMA also published in May 2024 a Statement offering guidance to firms using Artificial Intelligence (AI) when providing investment services to retail clients. When using AI, ESMA expects firms to comply with relevant MiFID II requirements, in particular the obligation to act in the best interest of the client. Although AI may offer benefits, it also poses risks, such as algorithmic biases and data quality issues, opaque decision-making, and privacy and security concerns.

In July 2024, ESMA launched a Consultation on the criteria for how investment firms establish and assess the effectiveness of their order execution policies. The aim of the proposed technical standards is to foster investor protection by enhancing investment firms' order execution practices.

## 2.4. Sustainable finance

### Greenwashing detection in investment management

ESMA, through the European Commission's 2023 technical support instrument, supports NCAs in developing tools to detect greenwashing in investment management. The project, initiated in December 2023, is set to continue until December 2025.

### Report on greenwashing risks

In July 2024, ESMA delivered its Final Report on greenwashing risks, calling for improved market practice and enhanced supervision of sustainability-related claims. ESMA encourages supervisors to continue strengthening resources and expertise and making investments in supervisory tools such as SupTech solutions. The European Commission is also invited to reinforce NCAs' and ESMA's mandates in certain areas, such as benchmarks, and make sure all NCAs have the powers to promote retail investor financial education.

### Opinion on sustainable finance framework

In July 2024, ESMA published an Opinion on the sustainable finance framework. ESMA acknowledges that the EU regulatory framework is already well developed and includes safeguards against greenwashing. At the same time, ESMA considers that it could further evolve to facilitate investors' access to sustainable investments and support the effective functioning of the sustainable investment value chain, for instance by making the Taxonomy the common reference sustainability point, embedding a definition of transition investments, and ensuring that all financial products disclose some minimum basic sustainability information. The Opinion also underlines the need for consumer testing before putting forward any policy proposals to review the

Sustainable Financial Disclosure Regulation (SFDR), which captures specific sustainability datapoints.

### Issuer disclosure

In October 2023, ESMA published 'The Heat is On: Disclosures of Climate-Related Matters in the Financial Statements'. This Report aims to enhance the ability of issuers to provide more robust disclosures and create more consistency in how climate-related matters are accounted for in the International Financial Reporting Standard (IFRS) financial statements.

Under the Corporate Sustainability Reporting Directive, companies have to apply the new rules on sustainability reporting for the first time in the 2024 financial year, for reports published in 2025.

As part of its European common enforcement priorities ESMA also provided in October 2023 targeted recommendations for improved disclosures on climate and environmental matters.

In July 2024, ESMA published its Final Report on the Guidelines on Enforcement of Sustainability Information and a Public Statement on the first application of the European Sustainability Reporting Standards. The Guidelines provide guidance to build convergence in supervisory practices. The Public Statement aims to support large issuers in going through the learning curve associated with the implementation of the new standards. Both documents will support the consistent application and supervision of sustainability reporting requirements.

## 2.5. Technological innovation

### MiCA implementation

In October 2023, ESMA published a Statement to help market participants and NCAs plan for a smooth transition until the entry into application of the Markets in Crypto-Assets Regulation (MiCA). The Statement outlines the steps that stakeholders should take to ensure compliance with the new rules. In parallel, ESMA published a letter sent to EU finance ministers, encouraging them to shorten the transition period during which crypto firms may



continue to offer their services to EU customers using pre MiCA licenses.

In 2024, ESMA delivered Consultations and Final Reports under MiCA to promote fair competition between Crypto-Asset Service Providers (CASPs) and a safer environment for investors in the EU. ESMA's draft technical standards notably specify requirements for the authorisation and governance of CASPs. They detail measures to enhance transparency, increase operational resilience, prevent market abuse, and ensure effective supervision of EU crypto-asset markets, including by modalities of cooperation between authorities.

In parallel to the drafting of technical standards, ESMA is working with NCAs on a convergent approach to authorisations of CASPs during the transitional phase. The purpose of this supervisory convergence work is to ensure alignment on supervisory expectations related to entities offering crypto-asset services across EEA jurisdictions and to promote, from the outset, consistent supervisory practices, starting with the authorisation regime.

### **DLT pilot regime**

In April 2024, ESMA published a letter to the European Commission, the Parliament, and the Council providing an interim update on the Distributed Ledger Technology (DLT) Pilot Regime. It contains an update on the status of applications received by NCAs, as well as a list of challenges and opportunities identified in the first year of application. While some applications are in progress, no DLT market infrastructures have been authorised under the Regime to date.

### **Cybersecurity as a new Union Strategic Supervisory Priority**

In November 2023, ESMA selected cyber risk and digital resilience as a new Union Strategic Supervisory Priority (USSP). With this new priority, ESMA and NCAs decided to put greater emphasis on reinforcing firms' ICT risk management, in line with DORA's objectives. The aim is to keep pace with market and technological developments, and closely monitor potential contagion effects of attacks and disruptions across markets and firms.

## **2.6. Effective use of data and ICT technologies**

### **Periodic ESMA publications and calculations under MiFID II/MiFIR**

ESMA publishes a range of periodical reports and data extracts to support national supervisors and market participants. This includes (i) quarterly liquidity assessments for bonds subject to the pre- and post-trade requirements, (ii) quarterly reports with data for the systematic internaliser quarterly calculations for equity and equity-like instruments, bonds and other non-equity instruments, and (iii) annual transparency calculations for equity, equity-like and non-equity instruments.

### **Data standards**

ESMA contributes to the development and implementation of international data standards, such as the Legal Entity Identifier (LEI), the Unique Person Identification (UPI) or the International Securities Identification Number (ISIN). These standards are instrumental for both the regulators and the industry to move towards a more holistic approach to data and integrated reporting ultimately assisting with better quality data and less burdensome reporting processes through increased consistency. In this context, ESMA published in January 2024 a response to the Commission targeted consultation on OTC derivatives identifiers under the revised MiFIR.

### **EMIR data quality peer review follow-up report**

In April 2024, ESMA published its Follow-up Report to the 2019 peer review into supervisory actions aiming at enhancing the quality of data reported under the European Market Infrastructure Regulation (EMIR). The report shows that supervisory practices improved significantly following the 2019 peer review recommendations. In particular, NCAs took measures such as rolling out data quality dashboards, undertaking more granular data quality checks and increasingly using EMIR data as part of day-to-day supervision.



## 3. Investors and issuers

### 3.1. Investment management

#### Money market funds

In December 2023, ESMA published its Final Report containing Guidelines on stress test scenarios under the MMFR. The Report combines an update of methodology with the annual calibration of the risk parameters. The revised methodology notably includes a new risk factor to simulate the impact of assets sales under stress market conditions, while the parameter update reflects the prevailing sources of systemic risk against the background of a prolonged period of low growth, elevated inflation and higher interest rates.

#### European long-term investment funds

In December 2023, ESMA published its Final Report setting out the draft technical standards for the revised European Long-Term Investment Funds (ELTIF) Regulation. The Final Report provides a framework for aspects such as the minimum holding period and the maximum redemption frequency, the choice of liquidity management tools, as well as the notice period and the maximum percentage of liquid assets that can be redeemed. In May 2024, ESMA responded to the European Commission's request on amendments to the draft technical standards. In its letter, ESMA suggests that there should be only a limited number of changes, in order to find the right balance between protecting retail investors and contributing to the EU capital markets objectives.

#### AIFMD/UCITS

In May 2024, ESMA published a Call for Evidence on the review of the Undertakings for the Collective Investment in Transferable Securities Eligible

Assets Directive (UCITS EAD), seeking views from stakeholders in order to assess the possible risks and benefits of UCITS gaining exposure to various asset classes. The Call for Evidence also aims to gain insights on some key notions and definitions used in the UCITS EAD and their consistency with other pieces of legislation in the EU single rulebook.

In July 2024, ESMA launched Consultations on draft guidelines and technical standards under the revised Alternative Investment Fund Managers Directive (AIFMD) and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive. These Consultations notably focus on the application of the AIFMD and UCITS Directive provisions on the availability and use of Liquidity Management Tools. ESMA's proposed rules in this respect are in line with the latest global standards provided by the Financial Stability Board (FSB) and the International Organization of Securities Commissions (IOSCO) and aim to mitigate potential financial stability risks while promoting harmonisation of liquidity risk management in the EU investment funds sector.

### 3.2. Issuer disclosure

#### European common enforcement priorities

In October 2023, ESMA issued its Annual Statement on European common enforcement priorities, which sets out the expectations of ESMA and NCAs with regard to the annual financial reports of issuers. The areas of enforcement focus in the Statement include cross-cutting topics, such as climate and environmental related matters and the macroeconomic environment.

## International Financial Reporting Standards

ESMA continued to contribute to developing high-quality IFRS through active international engagement with the international accounting setters. As part of this, ESMA commented on the annual amendments to the IFRS accounting standards and submitted a letter in October 2023 to the IASB on the post implementation review of IFRS 15 on revenue from contracts with customers.

## ESG factors

In April 2024, ESMA published a Consultation Paper on draft amendments to the CRA's regulatory framework. The objective of the proposals is to ensure a better incorporation of ESG factors in the credit rating methodologies and subsequent disclosure to the public, and thereby to enhance transparency and credibility in the credit rating process.

## 3.3. Benchmark administrators

### Euribor supervision

Euribor remains the only benchmark recognised as critical in the EU and ESMA has supervisory responsibilities over its administrator, European Money Markets Institute. In 2024, key areas of supervisory focus in relation to Euribor continued to be the robustness and resilience of the Euribor benchmark methodology and the related Euribor representativeness of the underlying market.

### Common Supervisory Action (CSA) on benchmarks' ESG disclosure requirements

In December 2023, ESMA launched a CSA that focuses on the disclosure requirements for the EU climate transition benchmarks and EU Paris aligned benchmarks. It aims at enhancing transparency and comprehensibility of ESG disclosures, with a view to protecting investors and further supporting the development of a credible ESG market.

## 3.4. Credit-rating agencies

### Supervision

In December 2023, ESMA published a report on EU collateralised loan obligation credit ratings, detailing the risk of conflicts of interest relating to methodology changes. The Report reviews key rating agencies' practices around market outreach, both commercial and analytical, and CRAs' conflict of interest management around collateralised loan obligation methodology changes.



## 4. Markets and infrastructures

### 4.1. Central counterparties – third countries

#### Recognition of TC CCPs

In October 2023, ESMA recognised PT Kliring Penjaminan Efek Indonesia as a Tier 1 CCP. This recognition followed the signature of a MoU between ESMA and the Indonesia Financial Services Authority. In August 2024, ESMA recognised CDS Clearing and Depositary Services Inc as a Tier 1 CCP. This recognition followed the signature of a MoU between ESMA and the British Columbia Securities Commission. These MoUs establish cooperation arrangements regarding CCPs which are established in Indonesia and in Canada, and which have applied for EU recognition under EMIR. With these MoUs, ESMA has concluded 26 cooperation arrangements under EMIR with relevant non-EU supervisory authorities from 21 countries across all continents.

#### Monitoring of TC CCP activities and regulatory developments

ESMA relies on annual submission of key reference data from Tier 1 CCPs to monitor developments in their EU activities, and on notifications by TC authorities of any regulatory changes in their jurisdiction to monitor regulatory and supervisory developments in TCs.

#### Fees charged to Tier 1 CCPs

In February 2024, ESMA published its Final Report on Tier 1 TC CCP fees. ESMA's technical advice aims to ensure that annual fees charged to Tier 1 TC CCPs are more proportionate and accurately reflect the differences in size and activity across all Tier 1 TC CCPs.

#### Tier 2 CCPs supervision

ESMA is the direct supervisor of two TC CCPs established in the UK – LCH Ltd and ICE Clear Europe Ltd – deemed systemically important (Tier 2 CCPs). As part of this supervision, ESMA checks compliance with relevant EMIR articles and assesses risks. ESMA prioritises follow up supervisory actions in a risk-based and outcome-focused manner, also holding regular meetings with the supervised entities. One area of close monitoring was the closure of the ICE Clear Europe Ltd's CDS service, which was completed in Q4 2023.

### 4.2. Central counterparties – EU

#### Single rulebook under EMIR

In October 2023, ESMA published a Final Report extending further the temporary measures for CCP collateral requirements by 6 months to avoid disruptions on cleared energy markets during the colder season while providing sufficient time for the co-legislators to address the issue in the context of the EMIR 3 negotiations. The temporary measures were originally adopted during the height of the energy crisis to alleviate the liquidity pressure on non-financial counterparties active on gas and electricity regulated markets that are cleared in EU CCPs.

ESMA also published in October 2023 an Opinion on CCP back testing, aiming to clarify the implementation and use of back tests across EU CCPs under EMIR. In particular, the Opinion clarifies the different purpose and structure of each type of back test, and how they should be applied by CCPs.

Pending the entry into force of EMIR 3, ESMA issued in July 2024 a Public Statement on deprioritising



national supervisory actions linked to the eligibility of uncollateralised public guarantees, public bank guarantees, and commercial bank guarantees for Non-Financial Counterparties acting as clearing members.

### Supervisory convergence

ESMA continued to participate in CCP supervisory colleges established under EMIR and started participating in the new CCP resolution colleges established under CCP RRR. Through the CCP Supervisory Committee, ESMA facilitated exchanges of information among NCAs and the central banks of issue on relevant market developments and discussions on the CCP recovery plans, while also promoting coordinated supervision in the area of outsourcing and governance.

### Cooperation arrangement with the SSM

In November 2023, ESMA and the Single Supervisory Mechanism (SSM) signed an arrangement to enhance cooperation in the supervision of CCPs. The arrangement aims to contribute to effective supervision of CCPs across the EU and to the stability of the financial system. It includes regular meetings between ESMA and the SSM, information sharing, joint supervisory activities and a focus on promoting consistent supervisory practices.

### Annual peer review of EU CCP supervision

In December 2023, ESMA published its 2022 CCP Peer Review, assessing the effectiveness of NCAs in supervising EU CCPs' due diligence on their clearing members. The NCAs generally meet expectations. While CCPs maintain robust due diligence processes, areas for enhancement include monitoring clearing members' operational capacity and their risk management practices.

### EU CCPs stress test

In July 2024, ESMA published the results of its fifth stress test exercise for CCPs. New in this year's exercise was the exploratory analysis of climate risk. ESMA's fifth stress test confirmed the overall resilience of the European clearing landscape to severe credit and liquidity stress scenarios, while identifying areas in which certain CCPs need to strengthen their risk management frameworks, or

where further supervisory work should be prioritised, including on the modelling of concentration risks.

## 4.3. Data reporting service providers

### Supervision

ESMA continued active supervision of the DRSPs under its remit. ESMA focused on DRSPs' operational resilience, notably by monitoring IT and information security incidents and the level of operational separation of the DRSPs from other lines of business. As cybersecurity remains a key risk within the DRSP industry, ESMA engaged with DRSPs to assess their information security framework. In February 2024, ESMA withdrew the authorisation of a DRSP under MIFIR upon the entity's request.

### 1st annual assessment

In October 2023, ESMA announced that it performed its first Annual Assessment of DRSPs to determine their relevance for EU financial markets. The Assessment found that two DRSPs exceeded the derogation thresholds, indicating that they will fall under ESMA's direct supervision from 1 June 2025 if they exceed the defined thresholds again in 2024.

## 4.4. Trade repositories

### Supervision

ESMA closely monitored the progress of the implementation of the new EMIR refit requirements by TRs and by their reporting participants. This allowed a smooth April 2024 go-live of the new regime, which brings significant enhancements to the architecture of TRs.

ESMA also focused on the operational resilience of TRs by analysing periodic information and the IT and information security incidents reported by TRs. ESMA also assessed key aspects of TRs' IT governance and internal controls, along with their implementation of cloud solutions.



## Supervisory convergence

In anticipation of the changes to the EMIR reporting requirements introduced by EMIR refit, ESMA engaged with TRs, NCAs and other stakeholders to ensure a convergent approach to implementation. ESMA also provided the necessary policy and technical clarifications to facilitate the seamless adoption of the new reporting regime.

## Position calculations for TRs

In March 2024, ESMA published amended Guidelines for TRs on position calculation under EMIR. These Guidelines aim to ensure consistency of position calculation across TRs with regards to the time of calculations, the scope of the data to be used in calculations and the calculation methodologies under the new EMIR refit standards.

## 4.5. Trading

### Common supervisory action (CSA) on pre-trade controls

In January 2024, ESMA announced the launch of a CSA with the objective of NCAs assessing the implementation of pre-trade controls by EU investment firms using algorithmic trading techniques. Pre-trade controls are used by investment firms to carry out checks at order entry to limit and prevent sending erroneous orders for execution to trading venues. The CSA aims to ensure consistent application of EU rules, helping to promote stable and orderly markets.

### MiFIR/D review

In March 2024, ESMA issued a Communication on the transition to the revised MiFIR rulebook, acknowledging that further guidance is necessary on the application of Article 54(3) MiFIR, which foresees the continued application of the delegated acts in place beyond the entry into force of the MiFIR review, until these delegated acts have been revised.

In May 2024, ESMA invited comments on draft technical standards related to Consolidated Tape Providers (CTPs) and the assessment criteria for the CTP selection procedure. The proposed draft technical standards developed in the context of the MiFIR review aim to promote market transparency

and remove the obstacles that have prevented the emergence of such tapes in the EU.

ESMA also launched in May 2024 a Consultation on non-equity trade transparency, reasonable commercial basis and reference data under the MiFIR review. ESMA's proposals aim to enhance the information available to stakeholders by improving, simplifying and further harmonising transparency requirements in capital markets. Moreover, ESMA launched a Consultation on commodity derivatives under the MiFID review. The proposed changes focus on position management controls and position reporting rules and aim to minimise the burden on reporting entities.

In July 2024, ESMA published a Consultation Package under the MiFIR/D review aiming to facilitate the implementation of the CTP in the EU and to contribute to a more informative pre-trade and post-trade transparency regime.

### Post-trading

In March 2024, ESMA published a Statement on deprioritising national supervisory actions linked to the clearing obligation for third-country pension scheme arrangements, in order to avoid the enforcement of new requirements needing to be implemented under EMIR 2.2 but expected to become void with the official publication of the EMIR 3 review.

## 4.6. Market integrity

### Sharing information rules during pre-close calls

In May 2024, ESMA issued a Statement on pre close calls. Pre-close calls are communication sessions between an issuer and analysts who generate research, forecasts and recommendations on the issuer's financial instruments. These sessions occur just before the periods preceding an interim or year-end financial report, during which issuers avoid providing additional information or updates. Following news in the media suggesting a connection between pre-close calls and episodes of high volatility in share prices, the Statement reminds issuers that they should only share non-inside information during these calls.

## Report on suspicious transactions and order reports

In July 2024, ESMA published its Annual Report on suspicious transactions and order reports (STORs). ESMA emphasises the role of these reports in uncovering potential market abuse and ensuring market fairness. In the 2024 edition, ESMA notes that no major changes can be detected when compared with previous years.

## 4.7. Central securities depositories

### Technical advice on the CSDR penalty mechanism

In December 2023, ESMA published a Consultation Paper on technical advice relating to the Central Securities Depositories Regulation (CSDR) penalty mechanism. The aim of the consultation is to collect evidence and data from stakeholders on the effectiveness of the current penalty mechanism in discouraging settlement fails and incentivising their rapid resolution.

### Potential shortening of the EU settlement cycle

In March 2024, ESMA published a Statement on the feedback received to its Call for Evidence on shortening the settlement cycle. The Statement identifies operational impacts that would result from a move to T+1 in the EU. Respondents outlined a wide range of potential costs and benefits. Suggestions were provided on how and when a shorter settlement cycle could be achieved. Stakeholders also made clear the need for a proactive approach to adapt their own processes to the transition to T+1 in other jurisdictions, such as the move in the US in May 2024.

### CSDR Refit recalibration rules

In July 2024, ESMA launched Consultations on different aspects of CSDR Refit. The proposed rules relate to the information to be provided by European Central securities Depositories (CSDs) to their NCAs for their review and evaluation process, the information to be notified to ESMA by third country CSDs, and the scope of settlement discipline. All the

policy mandates under this consultation package aim to contribute towards the effective recalibration of the CSDR regime.

## 4.8. Securitisation repositories

### Supervision

ESMA's supervision focused on the quality of the data reported to and made available by SRs, on their operational resilience, and on ensuring an effective governance and internal control framework.

### Disclosure templates revision

In December 2023, ESMA launched a Consultation on the securitisation disclosure templates. The consultation paper proposed four strategic implementation options as a way forward for the review of the transparency requirements, namely putting the template review on hold until the revision of the Securitisation Regulation (SECR), improving the current framework with the introduction of a few amendments only, focusing on a targeted review for streamlining the information required, or undertaking a thorough review significantly simplifying the templates. In addition to the review of the disclosure requirements, ESMA also continued to contribute to the work of the Joint Committee Securitisation Committee and cooperated with relevant supervisory bodies and market participants, including users of SR data.



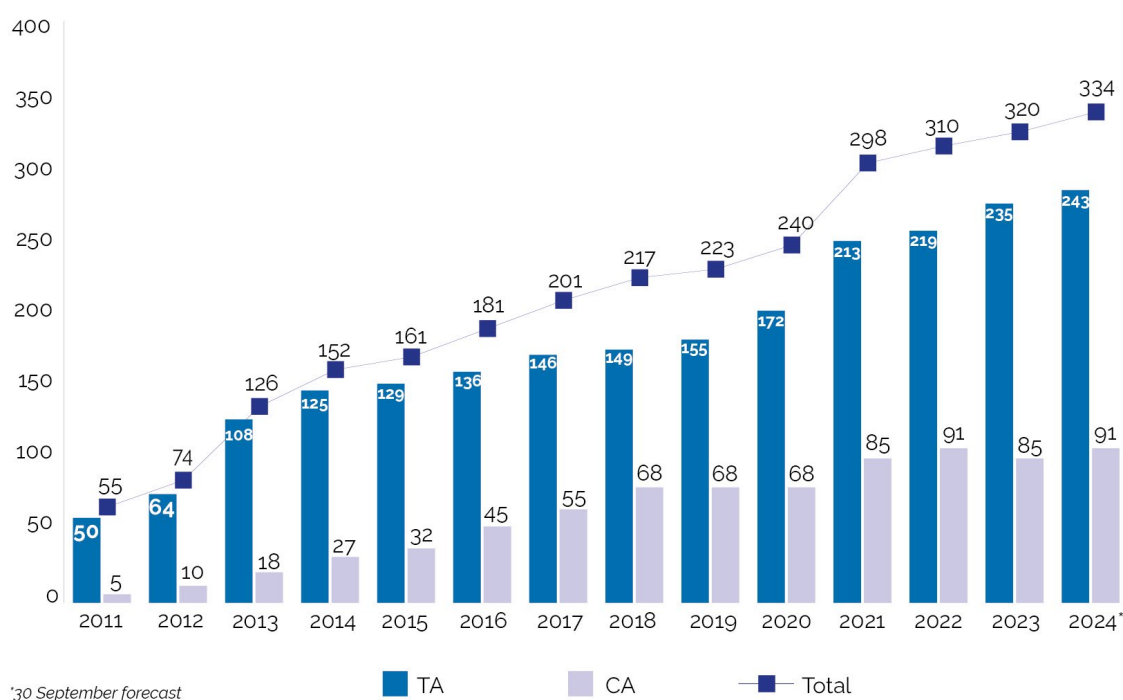
## 5. ESMA as an organisation

### Staff evolution

At the end of September 2024, the total number of ESMA staff, including Temporary Agents (TAs), Contract Agents (CAs) and Seconded National Experts (SNEs) was 359, versus 343 staff end of 2023, or a +5 % increase in 9 months. This includes 25 SNEs.

At the end of September 2024, ESMA staff (TAs/CAs/SNEs) included 24 different EU nationalities, 3 nationals from the United Kingdom, 1 national from the EEA (Norway) and 1 from Japan.

**Chart 1. Statutory staff population (Temporary and Contractual Agents)**



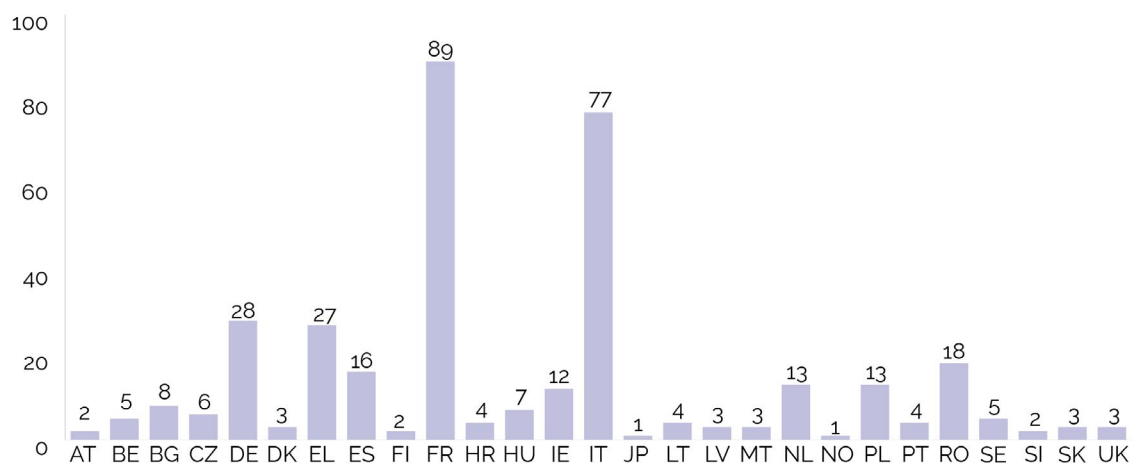
The following table shows the distribution of nationalities per contract type and function group.

**Table 1. Distribution of nationalities per contract type and function group**

	AT	BE	BG	CZ	DE	DK	EL	ES	FI	FR	HR	HU	IE	IT	JP	LT	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK	UK	Total
TA	2	2	6	3	21	2	14	12	1	65	1	4	8	50	—	3	1	1	7	1	8	4	15	5	1	3	3	243
CA	—	3	2	2	4	—	12	3	1	24	1	3	2	20	—	1	2	—	2	—	5	—	3	—	1	—	—	91
SNE	—	—	—	1	3	1	1	1	—	—	2	—	2	7	1	—	—	2	4	—	—	—	—	—	—	—	—	25
Total	2	5	8	6	28	3	27	16	2	89	4	7	12	77	1	4	3	3	13	1	13	4	18	5	2	3	3	359
%	1	1	2	2	8	1	8	4	1	25	1	2	3	21	0	1	1	1	4	0	4	1	5	1	1	1	1	100

The following chart shows the distribution of nationalities for ESMA staff (TAs/CAs/SNEs) at the end of September 2024.

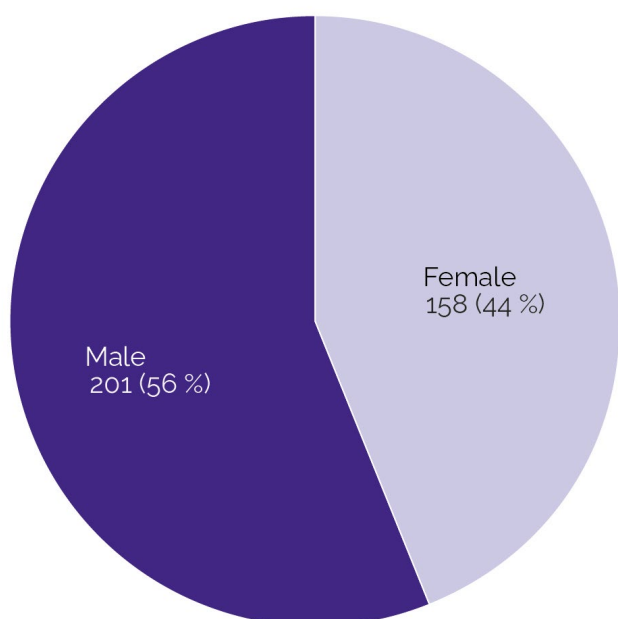
**Chart 2. Nationalities at ESMA (TA/CA/SNE)**



## Gender Balance

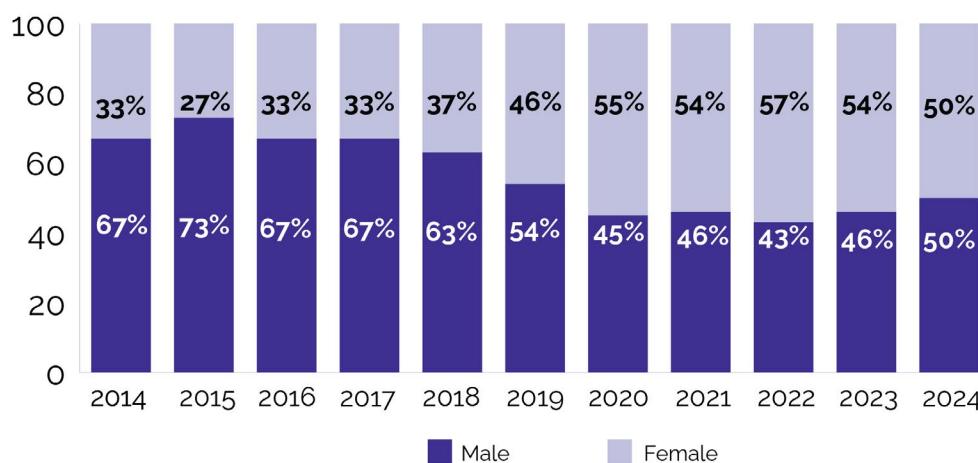
The global gender balance amongst ESMA staff (TAs, CAs and SNEs) is 56% male – 44 % female, similarly to the end of 2023.

**Chart 3. Gender distribution**



The proportion of female (and male) managers in management was 50% at the end of September 2024.

**Chart 4. Ratio male/female in managerial functions**



## Finance

ESMA spent 99.0 % of its 2023 budget, amounting to EUR 71 715 542 (excluding EUR 394 149 from the Directorate-General for Structural Reform Support and the contributions from the NCAs and other external entities for the IT delegated task TRACE, which represented EUR 399 966 in 2023). In 2023, the total ESMA budget was + 6.3 % higher than in 2022.

In 2023, ESMA was financed by 11 streams of income.

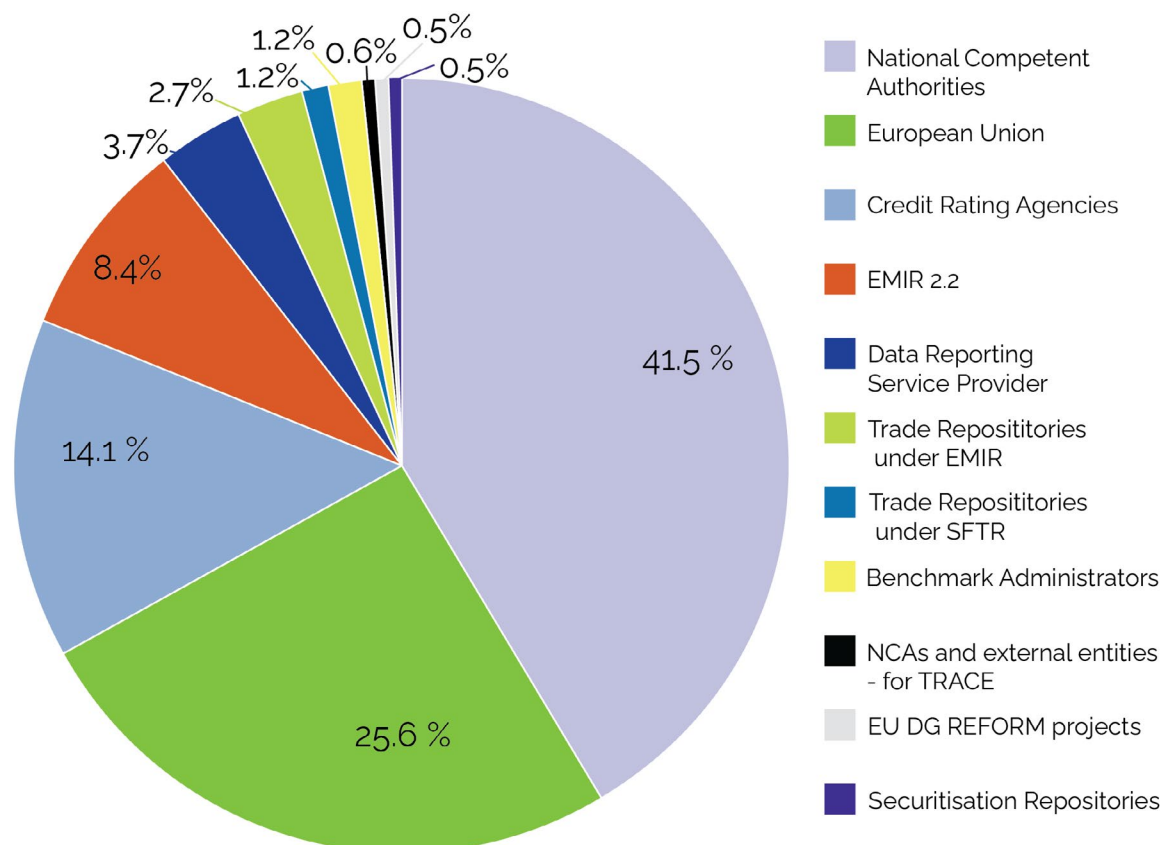




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