

Opening statement

Economic and Monetary Affairs Committee – European Parliament

Verena Ross

Chair

Dear Chair,

Dear Members of the Economic and Monetary Affairs Committee,

Thank you for giving me the opportunity to present a short outline of the key achievements of the European Securities and Markets Authority (ESMA) over the past 12 months. As we embark on a new legislative term, I am pleased to see several familiar faces in the audience. However, I am also conscious that, for quite a few of you, this may be your first encounter with me and ESMA. I would therefore like to start with a brief introduction of ESMA and our role in the EU financial markets.

ESMA – regulating and supervising EU’s financial markets

Established in 2011, ESMA is the EU’s financial markets regulator and supervisor. As Chair, I lead an independent authority of over 350 talented expert staff, guided in their daily work by the Executive Director Natasha Cazenave.

ESMA set out three core priorities in its 2023-2028 strategy, namely: fostering effective markets and financial stability, strengthening supervision of EU financial markets, and enhancing protection of retail investors. In carrying out its work, ESMA strives to ensure that the digital and green transitions of EU financial markets will benefit investors and the economy as a whole. Since its inception, ESMA has successfully fulfilled the wide range of mandates entrusted to it by the co-legislators, across more than 30 pieces of legislation.

ESMA achieves its mission through the assessment of risks, the development of the EU single rulebook, and the promotion of supervisory convergence. Last but not least, by virtue of distinctive mandates, ESMA supervises directly at EU level certain financial market infrastructures, such as EU credit rating agencies and third-country central counterparty clearing houses deemed systematically important for the Union’s financial stability.

EU capital markets – promoting effectiveness and attractiveness

Let me now take a step back and look at the wider EU capital market landscape. It is broadly acknowledged that EU capital markets remain fragmented and are lagging behind their international counterparts, as recently illustrated by Enrico Letta's and Mario Draghi's reports. In this context, one should not underestimate the value of projects that your predecessors launched, and which are still in the implementation phase. Here the ongoing work of ESMA on the selection of Consolidated Tape Providers and the setting-up of the European Single Access Point come to mind.

Nevertheless, there is still much work to be done. ESMA therefore expects the European Commission to adopt an ambitious agenda to transform the EU into a genuine 'Savings and Investments Union'. ESMA firmly believes that building more attractive capital markets in the EU should rank as a top priority in this political mandate. We have detailed our position in a paper endorsed by the entire ESMA Board.

With its 20 recommendations, that were published in May, ESMA intends to help make EU financial markets more efficient and attractive, so that they can fully support EU growth, innovation and competitiveness. We need simpler products and better advice at fair costs to serve EU citizens. We need liquid pan-European markets segments and a sound equity culture to support EU companies. We need a clear, proportionate and agile regulatory framework to keep pace with market developments. And we need strong and effective supervision to maintain confidence and stability within the whole EU market ecosystem.

Besides looking through ESMA's activities snapshot, which has been shared with you, I would therefore warmly encourage you to read ESMA's position paper. I am convinced that it will give you new perspectives on the future of EU capital markets, and offer you reasons why the current momentum should not be lost. As far as ESMA is concerned, you can count on us to do what we can to make the 'Savings and Investment Union' a reality.

Digitalisation – implementing MiCA

ESMA believes that digitalisation brings a number of advantages, such as easier access and faster transactions. What is, however, core to ESMA's mission is the protection of investors, especially retail investors. I would like to provide a few recent examples of ESMA's efforts in this area, specifically when it comes to cryptos. We have consistently underscored the vulnerabilities intrinsic to the crypto-asset markets. In fact, you may have heard my mantra that 'There is no such thing as a safe crypto-asset'. That said, the Markets in Crypto-Assets Regulation (MiCA), agreed during the previous legislature, is aiming to create a safer environment for investors than exists today.

Over the last year, ESMA has been preparing significant deliverables to achieve robust implementation of this unique EU regulatory framework. In 2023, ESMA issued a statement to help market participants and National Competent Authorities (NCAs) plan for a smooth transition. Throughout 2024, ESMA notably released a number of draft technical standards aimed at ensuring a sound authorisation process for crypto-asset providers, managing potential conflicts of interests among these actors, defining strict transparency requirements for their trading platforms, and establishing clear rules governing the exchange of information between supervisors. Equally important to address the challenges related to such global cross-border players, that could be prone to look for regulatory arbitrage opportunities, has been the cooperation and exchange of information between NCAs that ESMA has initiated. I am not saying it is easy, but such coordination fosters common approaches in the implementation of MiCA and in the authorisation processes of crypto-asset service providers that are currently taking place in different Member States.

Sustainability – addressing greenwashing risks

Let me finally turn to ESMA's commitment and engagement on the sustainability front. If we want investors to continue supporting, with their money, our economy becoming more sustainable, we need to maintain trust in sustainable investment opportunities. ESMA this year finalised two major workstreams in this area.

To counter mislabelling threats in the asset management sector, ESMA produced guidelines to ensure that ESG terms in funds' names are supported by real evidence in the funds' underlying investments. These guidelines were largely welcomed as they bring clarity and reduce the likelihood of exaggerated sustainability claims. Another notable achievement in the field of sustainability is ESMA's final report on greenwashing risks, which provides a comprehensive view of the supervisory responses to greenwashing practices in the EU and lays out further initiatives that the European Commission, NCAs and ESMA can undertake to improve the reliability of ESG information disclosed to investors.

ECON & ESMA – ensuring accountability and maintaining cooperation

Dear Chair,

Dear Members of the Economic and Monetary Affairs Committee,

I would like to conclude by emphasising how important it is to me to maintain the cooperative spirit that has always characterised ESMA's interactions with this Committee. ESMA deeply values the opportunity to provide technical input on issues within ECON's competence and stands ready to engage with you throughout this legislative cycle. Accountability matters. I am convinced that our exchanges will help EU capital markets reach their full potential – to the benefit of businesses and investors.

Many thanks for your attention.