

Statement of ESMA's Executive Director

Economic and Monetary Affairs Committee
European Parliament

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Executive Director
European Securities and Markets Authority

Dear Chairman,

Dear Members of the European Parliament,

Ladies and gentlemen

Thank you for inviting me here today. I am look forward to having an exchange of views with you to discuss the future direction of ESMA and to explain why I want to continue to lead ESMA's day to day operations as Executive Director at this important time.

Briefly looking back, I believe ESMA has overall performed very well against its core objectives since its creation in 2011. As Steven has stated, this positive view has been confirmed by various external evaluation reports in 2014. We have delivered against the demanding single rule-book agenda, successfully established the supervisory regime for Credit Rating Agencies (CRAs) and Trade Repositories (TRs), made good progress on risk analysis and taken important steps on supervisory convergence. All of this has allowed us to deliver against our investor protection, financial stability and orderly markets objectives. We have grown up - both in size and how we do things - and are now a well-established Authority in the EU.

Personally, I have been most focused on the day-to-day running of ESMA, which has included amongst others the initial set-up and recruitment of the management team, the management of ESMA's budgetary and staff resources and the planning, monitoring and execution of ESMA's work programme.

The last years have been the most fulfilling of my professional career. There were many challenges, but also opportunities, in building up ESMA and delivering against the high expectations and demanding work programme. Working in the European spirit, with colleagues and stakeholders from all across the European Union, for the good of Europe, is something that is very special to me.

Looking forward, ESMA is going to change further and the road ahead will also not be easy. We have outlined our vision for the next years in ESMA's Strategic Orientation that we published earlier this year. With the single rule-book task gradually slowing down, the focus is shifting to the implementation challenge. ESMA has made a significant contribution to putting in place the regulatory foundations on which we should now build to ensure that a genuine single EU capital market can deliver the economic growth and employment that Europe needs. Accordingly, the Capital Markets Union (CMU) and the associated action plan as published by the Commission will drive a lot of ESMA's activity over the next few years.

Let me outline the implementation challenges in three particular areas:

- Implementation will require the successful building and operation of cross-EU IT systems to collect data and publish the necessary information that will allow the EU markets to operate successfully. National Competent Authorities from 27 countries have agreed to delegate the building and running of certain MiFID II related IT systems to ESMA. The Authority is thus becoming core to the systems infrastructure of the European capital markets and indeed the very market itself. We will need to upgrade our IT capability further, build on our successful IT project delivery experience to date and work closely with the national authorities and trading venues.
- Implementation will also, very importantly, mean the need to align supervisory outcomes and practices. The single rule-book will only work if the significant divergences in practices, which still exist currently, and which lead to risks of regulatory arbitrage and market fragmentation, are addressed. We are already working on a detailed work programme of our supervisory convergence activity for 2016 which will complement our overarching high-level annual and multi-annual work planning and sit alongside our regulatory and supervisory work programmes. We will also need to ensure that we have the right capabilities and experiences in this shift of emphasis from policy work to supervisory and convergence work. This will involve not only a re-focusing of priorities but also some HR challenges, in terms of training and internal mobility.
- Finally, implementation will require using the data that is now being collected at both the national and European level to better understand, analyse and mitigate risks to ESMA's objectives. Optimal use of this data means a collective effort by ESMA and the other EU bodies (through the Joint Committee of the ESAs, the ESRB, etc.), but also close cooperation with the national authorities. We have already created in ESMA a team that centralises data and statistical information and analyses this information. Data quality is and will remain a particular challenge, which we will need to tackle collectively.

To allow ESMA to play its full role and meet these and other challenges head-on, we will need to have a strong and stable organisation. My role as Executive Director will require a continued focus on recruiting, developing and retaining excellent staff, careful planning and prioritisation of ESMA's work, and high quality and timely execution and delivery. ESMA has



grown significantly over the last few years – thanks in particular to the continued support of the ECON committee and its members – but it has and will continue to operate in an environment where budgets both at European and national level will be constrained. Therefore I am committed to continue to manage ESMA transparently, prioritising rigorously, and explaining through our work programmes what we can deliver and how we can deliver against our objectives in the future.

I was very grateful and pleased that the ESMA Board of Supervisors decided to extend my current term of office for another five years. It will not be an easy time, but - as I have hugely enjoyed the challenges over the last four and a half years - I am looking forward to facing those challenges and opportunities, together with Steven and my colleagues, as I want to see ESMA continue to succeed.

Thank you very much for your attention.