



SUMMARY OF CONCLUSIONS

Management Board

Date: 19 December 2011
Time: 12:00 – 18:00h
Location: ESMA, 103 rue de Grenelle, 75007 Paris
Contact: verena.ross@esma.europa.eu T: +33 1 58 36 51 13

No Items

1. Adoption of agenda *MB/113 decision*

The Chair welcomed Tony Dempsey, the new EC ESAs coordinator, and Martin Wheatley as the newly-elected member of the Management Board. The Chair noted apologies received from Raul Malmstein (EE).

Decision: The agenda was adopted.

2. Summary of conclusions of November meeting *MB/114 decision*

Decision: The summary of conclusions was adopted.

3. Report by Chair and Executive Director *Oral information*

The Chair reported on:

- meetings with the European Parliament, Commissioner Barnier and Jonathan Faull, noting in particular discussions on budgetary implications of new legislative proposals, moving to 100% Union and CRA funding for ESMA, and the need for reasonable timescales to be set in legislation for producing technical standards;
- a meeting of the General Board of the ESRB;
- the November Securities and Markets Stakeholder Group meeting;
- the inaugural meeting of the Board of Appeal which had focused on procedural issues;

- international developments regarding participation in IOSCO and the Monitoring Board;
- a meeting with Japanese, US, Singaporean, Canadian and Hong Kong authorities to look at potential regulatory gaps and overlaps in EMIR and the Dodd-Frank Act and similar legislation, focusing on regulation and recognition of CCPs, swap dealers and trade repositories; a further meeting will be held in Toronto in February; and
- visits to the Estonian and Bulgarian national authorities.

The Executive Director reported on:

- a European Parliament hearings on MiIFD/MiFIR;
- continuing discussions regarding ESMA's participation in Council working groups as an observer;
- current CRA supervisory work; and
- expected visits by the Court of Auditors to look at ESMA's accounts and by the EC's internal audit team, both in Spring 2012.

The Executive Director confirmed that the IMF is expected to look at the ESAs as part of its 2012 European FSAP.

4. Finance, work programme and establishment plan report *MB/115 discussion*

The Executive Director and Head of the Operations Division presented the finance, work programme and establishment plan reports. The Board discussed the report, in particular:

- the impact on national contributions of under- or over-spending against commitments, where it was confirmed that once the accounts for 2011 were closed any under spending would be taken into account and the appropriate deduction made from the 2012 second call for payments to national competent authorities; and
- the recruitment challenge for ESMA and the scope to increase the speed of recruitment within the recruitment framework while maintaining focus on recruitment quality, and the use of seconded national experts;
- the need to capture additional tasks carried out by ESMA that are not part of the initial work programme such as the 2011 short selling restrictions coordination;
- the impact of the delays to the secure exchange of documents project; and
- the need for the Omnibus project to be included in the procurement plan given the size of the project which will be developed in collaboration with national competent authorities, and the need to consider interim solutions to fulfil ESMA's obligations under the Omnibus Directive.

The Executive Director noted that the Court of Auditors report had not yet been received.

Conclusion: The Board noted the reports and asked ESMA staff to provide a note explaining the EU budget process and the impact for national competent authorities of under-spending. The recruitment

plan for 2013 would be considered in a conference call in late January. ESMA staff should reprioritise projects on an ongoing basis and bring proposals to the Management Board. Future IT project reports could usefully include more detail, including expected completion dates and relative prioritisations.

- Auditor feedback on 2010 CESR accounts *Annex 2 information*

The Executive Director noted that CESR's auditors had confirmed that the CESR 2010 accounts were accurate.

- Procurement plan 2012 *Annex 3 decision*

Decision: The Board approved the 2012 procurement plan.

- Budget transfers *Annex 4 information*

The Board noted the budget transfers.

5. Staff issues *MB/116 discussion*

The Board discussed staff issues (see confidential annex).

6. 2012 budget & call for 2012 contributions *MB/117 decision*

Nicolas Vasse presented the report on the 2012 budget and call for contributions, explaining that the 2012 budget transfer proposed is based on experience of actual spending in 2011. The Board discussed the report, in particular:

- the impact of CRA fees and their timing which is dependent on Commission adoption of its delegated act on CRA fees and currently expected to be adopted by February 2012;
- the increase in the rental of ESMA's premises due to the period of free rental for the third floor;
- redistribution in the 60/40 split requires an amendment to the Financial Framework Regulation;

Decision: The Management Board approved the transfer of €267 000 from Title 1 to Title 2 of the 2012 budget. The Management Board agreed to payment in two instalments. A note regarding ESMA's rental payments would be circulated to the Board separately.

7. 2013 work plan key priorities and 2013 budget *MB/119 discussion*

The Executive Director presented the 2013 work plan key priorities and budget, noting that the resource requirements for the work plan suggest an increase in staffing assumptions from 120 to 170 staff for 2013.

The Board discussed the report, in particular:

- the assumptions underlying the report, including timely adoption of the sectoral legislation proposed, the need to budget for preparatory work, and the use of national resources (in particular for policy development work);

- the need for ESMA to become more involved in work at an international level;
- the extent to which national authorities may also need additional resources where new regulatory initiatives are planned, and the scope for ESMA to re-allocate staff from policy projects that have completed to new projects;
- the need to establish a likely central scenario and plan on that basis;
- ESMA's ability to increase from 65 staff currently to 170 in two years while maintaining its effectiveness;
- the scope for budget proposals that provide for different scenarios;
- the need to take account of pension costs when budgeting for CRA fees; and
- the extent to which ESMA can expand within the building in which it is currently based.

The Chair noted that ESMA is extremely understaffed for the tasks that it is delivering and it was unlikely that over the next two years it would find itself with excess staff.

Conclusion: ESMA staff would consider further the resource implications of EMIR, MiFIR/MiFID, MAD/MAR and other proposals to indicate the range of resources estimated and central scenarios together with estimated timescales. A conference call would be arranged in late January to discuss the proposals. The call would also cover the 2013 recruitment plan. Although there are limits to the extent to how quickly ESMA can grow, ultimately ESMA would need to deliver the tasks being given to it. ESMA staff should consider in early 2012 whether ESMA should seek options over additional parts of 103 Grenelle.

8. CRA supervisory work programme 2012

MB/120 discussion

The Executive Director and the Head of the CRA Unit presented the proposed work programme. The Board discussed in particular:

- the use of delegation arrangements which were likely to be focused on smaller CRAs and to provide specific expertise such as on IT issues or on particular financial products and would form part of the work programme, and the need to take account of the guidelines on delegation; and
- the need to consider in future discussions issues such as supervisory priorities, taking account of the experience gained in the initial months.

Conclusion: ESMA staff would prepare a more detailed work programme by the end of Q1 2012 with further detail concerning the potential use of delegation.

9. Update on crisis scenarios

MB/121 discussion

Rodrigo Buenaventura presented an update on ESMA's work on developing crisis scenarios.

The Board discussed the update, including:

- how, and by whom, the proposals should be followed up;

- the need for the general discussion on the analysis of ESMA’s powers before significant further work is carried out on individual scenarios;
- the need to clarify actions that can be carried out in advance and those that would have to be dealt with if a crisis situation actually arises; and
- the clear cross-border effects of problems with CCPs which will therefore inevitably involve ESMA.

Conclusion: ESMA staff would take forward the proposals set out in the paper within the Post-Trading Standing Committee.

10. Observership for Croatia

MB/122 discussion

Jonathan Overett Somnier presented the report on observership for Croatia. The Board discussed the proposal, including the need for all observers to adhere to the obligation of professional secrecy in maintaining discussions confidential, and the inability of non-voting members and observers to participate in firm-specific discussions.

Decision: The Board approved the contribution proposal, subject to BoS approving HANFA observership.

11. Board of Supervisors forward agenda

MB/123 information

The Board discussed the Board of Supervisors forward agenda.

Conclusion: ESMA staff would update the forward agenda for further discussion in the February meeting, including Review Panel workstreams, and the election of new chairs of Standing Committees.

12. ESMA strategy for the 2012 Chairmanship of the Joint Committee

MB/124 discussion

The Executive Director presented the report on ESMA’s strategy for its chairmanship of the Joint Committee.

The Board discussed the strategy, in particular:

- the role of the Management Board in supporting ESMA’s role in the Joint Committee; and
- the need for more transparency and visibility of the Joint Committee.

Conclusion: The Board supported the strategy and it was agreed that Joint Committee topics would continue to be discussed in both the Management Board and Board of Supervisors as appropriate.

13. Future meetings

information

- 13 February 2012 (pm) (Paris)
- 16 April 2012 (pm) (Paris)



- 18 June 2012 (pm) (Copenhagen)
- 10 September 2012 (pm) (Paris)
- 5 November 2012 (pm) (tbd)
- 17 December 2012 (pm) (tbd)

Steven Maijoor
Chair



PARTICIPANT LIST

	Members	Advisers
ESMA	Steven Maijoor (Chair)	
DE	Karl-Burkhard Caspari	Philipp Sudeck
EE	-	-
ES	Fernando Restoy	Antonio Mas
LU	Jean Guill	
AT	Kurt Pribil	Andrea Kuras-Goldmann
UK	Martin Wheatley	Cristina Frazer

European Commission	Emil Paulis Anthony Dempsey Emilio Tornese
Vice-Chair	Carlos Tavares
Executive Director	Verena Ross
Head of Operations	Nicolas Vasse
Head of Credit Rating Agencies Unit	Felix Flinterman (item 8)
Head of Markets Division	Rodrigo Buenaventura (item 9)
Head of Legal, Cooperation and Convergence Unit	Stephan Karas (item 9)
Minutes	Jonathan Overett Somnier