



European Securities and
Markets Authority

Final Accounts of the European Securities and Markets Authority

Financial Year 2017





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Document approval

	Person	Role	Date	Signature
Prepared By	Stefan Meert	Senior Accounting Officer	03.05.2018	
Signed by	Stefan Meert	Senior Accounting Officer	17.05.2018	
Signed by	Verena Ross	Executive Director	17.05.2018	



Statement of the Accounting Officer

The final accounts of the European Securities and Markets Authority for the year 2017 have been prepared in accordance with the Title IX of the Financial Regulation applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the final accounts of the European Securities and Markets Authority in accordance with Article 68 of the Financial Regulation and with Article 50 of the Decision on the Financial Regulation of the European Securities and Markets Authority.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the assets and liabilities of the European Securities and Markets Authority and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the European Securities and Markets Authority.

A handwritten signature in blue ink, consisting of a large, stylized 'S' followed by a horizontal line that extends to the right and then curves downwards.

Stefan Meert

Senior Accounting Officer

Presentation of the organisation

Introduction

The European Securities and Markets Authority was established by Regulation (EU) n° 1095/2010 of the European Parliament and the Council 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision n° 716/2009/EC and repealing Commission Decision 2009/77/EC.

The accounts of the European Securities and Markets Authority are kept in accordance with the Decision on the Financial Regulation of ESMA as adopted by its Management Board and its Implementing Rules.

In accordance with Article 147 of Council Regulation No 966/2012 (Financial Regulation) and Article 98 of the Decision on the Financial Regulation of the European Securities and Markets Authority, the following final accounts together with the reports on the implementation of the budget of the European Securities and Markets Authority have been drawn up.

Legal status and principal office

The Authority is a body of the Union as referred to in article 208 of The Financial Regulation (EC, Euratom) n°966/2012 of the Council of 25 October 2012. It has legal personality. The Authority is represented by its Chair, Mr Steven MAIJOOR, and its management is entrusted to the Executive Director, Mrs Verena ROSS, both appointed by the Authority's Board of Supervisors.

The Authority's headquarters are located in Paris, France, 103 rue de Grenelle.

The Protocol on the Privileges and Immunities of the European Union applies to the Authority.

Governing structure

ESMA's governing structure consists of a Board of Supervisors and a Management Board.

The Board of Supervisors is composed of the heads of the 28 national authorities competent for the supervision of financial markets participants in each EU Member State. The European Commission, the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Systemic Risk Board are non-voting Members. The heads of the national competent authorities for the supervision of financial markets participants from Iceland, Norway and Liechtenstein are also non-voting members.

The Board of Supervisors gives guidance to the work of the Authority and has key decision-making responsibilities.

The Management Board is composed of the Chair and six members selected from the Board of Supervisors and the Executive Director and the European Commission as non-voting



member. The Vice-Chair is an observer. The Management Board deals with the management of the Authority.

Both the Board of Supervisors and the Management Board are chaired by the Chair while the Executive Director is entrusted with the management of the Authority and participates in Board meetings.

Further information sources

More information on the Authority's administrative and operational activities, organisational chart, applicable legislation, Board of Supervisors and Management Board is available on the Authority's web site <http://www.esma.europa.eu> and in its annual report.

Legal Base for Drawing up the Annual Accounts

The final accounts of ESMA have been established in accordance with the following legislation:

- The Decision on the Financial Regulation of ESMA as adopted by its Management Board and its Implementing Rules (ESMA/2014/MB/38).
- The Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework Financial Regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council.
- The accounting rules, methods and guidelines as adopted and provided by the Accounting Officer of the Commission.

PART I

1 Financial Statements

1.1 Balance sheet

	Notes n°	31.12.2017	31.12.2016
A. NON CURRENT ASSETS			
Intangible assets	2.2.	8.514.713	6.813.891
Property, plant and equipment	2.3.	1.954.056	1.703.444
Land and buildings		655.080	330.896
Plant and equipment		4.259	5.733
Computer hardware		570.634	549.761
Furniture		319.403	317.788
Other fixtures and fittings		404.680	499.266
Long term receivables and recoverables		0	0
TOTAL NON CURRENT ASSETS		10.468.769	8.517.335
B. CURRENT ASSETS			
Exchange receivables and recoverables	2.4.	1.139.301	1.052.154
Current receivables		35.000	772
Deferred charges		1.057.106	1.031.545
Sundry receivables		27.497	19.837
Other receivables		19.698	0
Accrued income with consolidated entities		0	0
Non - exchange receivables and recoverables	2.5.	1.403.278	506.858
Current receivables Member States		1.403.228	506.615
Other receivables with consolidated entities		50	243
Cash and cash equivalents	2.6.	4.457.873	7.257.102
TOTAL CURRENT ASSETS		7.000.452	8.816.114
TOTAL ASSETS		17.469.221	17.333.449

	Notes n°	31.12.2017	31.12.2016
A. NET ASSETS	2.7.	7.995.251	8.065.595
Accumulated surplus/deficit		8.065.595	9.595.647
Accrual result of the year – profit+/loss-		-70.344	-1.530.052
B. NON CURRENT LIABILITIES		0	0
C. CURRENT LIABILITIES		9.473.970	9.267.855
Current provisions	2.8.	0	0
Current provisions – legal cases		0	0
Current payables	2.9.	23.560	12.745
Current payables – vendors		1.765	3.205
Current payables – member states		0	0
Current payables - others		-388	1.532
Current payables with consolidated entities		22.183	8.008
Sundry payables		368.323	5.096
Sundry payables		25.071	0
Sundry payables with consolidated entities		343.252	5.096
Account payable with consolidated entities		118.341	329.204
Pre-financing received from consolidated entities (EC) – budget outturn 2014		118.341	329.204
Accrued charges and deferred income	2.10.	8.963.746	8.920.810
Accrued charges		3.150.493	3.452.144
Accrued charges with consolidated entities		0	0
Other passive accruals & deferrals		0	2.948
Deferred income		5.813.253	5.465.718
TOTAL LIABILITIES		17.469.221	17.333.449

1.2 Statement of Financial Performance

	Note	2017	2016
Non-exchange revenue		28.321.378	26.054.046
Revenue from consolidated EC entities (EU subsidy)		11.164.544	9.873.796
Contributions NCAs		17.156.834	16.180.250
Contributions MS NCAs		16.938.947	15.733.282
Contributions non-MS NCAs		481.220	446.968
Deduction surplus		-263.333	0
Exchange revenue		12.997.450	10.905.784
Exchange revenue - Fees from Supervised Entities		11.831.783	10.550.293
CRA Fees		9.374.641	8.726.323
TR Fees		2.457.142	1.823.970
Contributions NCAs		911.762	295.694
Contributions NCAs IT-delegated projects		1.488.790	2.428.770
Deferred income NCAs IT-delegated projects		-577.028	-2.133.076
Other exchange revenue		253.905	59.797
Fixed assets related revenue		-335	- 2.760
Other administrative revenue		191.681	56.587
Exchange rate differences gains		20.812	5.970
Revenue from consolidated entities		41.747	0
TOTAL OPERATING REVENUE	3.1	41.318.828	36.959.830
Administrative expenses	3.2	-40.038.210	-36.954.758
Staff expenses		-22.690.960	-20.282.501
Staff expenses with other consolidated entities		-205.403	-182.192
Fixed asset related expenses		-2.699.074	-2.058.147
Other administrative expenses		-14.442.773	-14.431.918
Operational expenses	3.3	-1.345.501	-1.533.555
Other operational expenses		-1.345.501	-1.533.555
TOTAL OPERATING EXPENSES		-41.383.711	-38.488.313
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		-64.883	-1.528.483
Financial revenues		0	139
Financial expenses		-5.461	-1.569
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		-5.461	-1.569
ECONOMIC RESULT OF THE YEAR		-70.344	-1.530.052

1.3 Cash Flow Statement

	2017	2016
Cash Flows from ordinary activities		
Economic result of the year	-70.344	-1.530.052
Operating activities		
Amortisation (intangible fixed assets) +	2.104.398	1.539.623
Depreciation (tangible fixed assets) +	592.613	459.436
Increase/(decrease) in Provisions for risks and liabilities	0	0
Increase/(decrease) in Value reduction for doubtful debts	0	0
(Increase)/decrease in Stock	0	0
(Increase)/decrease in Long term Pre-financing	0	0
(Increase)/decrease in Short term Pre-financing	0	0
(Increase)/decrease in Long term Receivables	0	0
(Increase)/decrease in Short term Receivables	-983.567	592.743
(Increase)/decrease in Receivables related to consolidated EC entities	0	0
Increase/(decrease) in Other Long term liabilities	0	0
Increase/(decrease) in Accounts payable	64.647	2.027.517
Increase/(decrease) in Liabilities related to consolidated EC entities	141.467	-175.044
(Gains)/losses on sale of Property, plant and equipment	0	0
Net cash Flow from operating activities	1.919.558	4.444.275
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-4.655.013	-2.785.547
Proceeds from tangible and intangible fixed assets (+)	6.570	-855
Net cash flow from investing activities	-4.648.443	-2.786.401
Increase/(decrease) in Employee benefits	0	0
Net increase/(decrease) in cash and cash equivalents	-2.799.229	127.821
Cash and cash equivalents at the beginning of the period	7.257.102	7.129.281
Cash and cash equivalents at the end of the period	4.457.873	7.257.102

1.4 ESMA – Statement of changes in net assets

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2016	0,00	0,00	9.595.647	-1.530.052	8.065.595
Changes in accounting policies					
Balance as of 1 January 2017 (if restated)	0,00	0,00	9.595.647	-1.530.052	8.065.595
Allocation of the Economic Result of Previous Year			-1.530.052	1.530.052	0
Economic result of the year				-70.344	-70.344
Balance as of 31 December 2017			8.065.595	-70.344	7.995.251

2 Notes to the Financial Statements

2.1 Accounting Policies

General

In accordance with Article 147 of Council Regulation No 966/2012 and Article 98 of the Decision on the Financial Regulation of ESMA, the final accounts together with the reports on implementation of the budget of European Securities and Markets Authority have been drawn up.

The accounts are drawn up in accordance with the accounting rules and methods adopted by the Accounting Officer of the Commission as stated in article 143 and 208 of the Financial Regulation. These financial statements are prepared on the basis of the EU Accounting Rules as adopted by the Commission's Accounting Officer which adapt the International Public Sector Accounting Standards (and in some cases International Financial Reporting Standards) to the specific environment of the EU, while the reports on implementation of the budget continue to be primarily based on movements of cash.

The objective of the financial statements is to provide information about the financial position, performance and cash-flows of an entity that is useful to a wide range of users.

The accounting system of the European Securities and Markets Authority comprises general accounts and budget accounts. These accounts are kept in euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.¹ The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

The European Securities and Markets Authority financial statements have been drawn up using the methods of preparation as set out in the accounting rules laid down by the European Commission's Accounting Officer.

The accounting principles to be applied in drawing up the financial statements are:

- ✓ Going concern basis
- ✓ Prudence
- ✓ Consistent accounting methods
- ✓ Comparability of information
- ✓ Materiality
- ✓ No netting
- ✓ Reality over appearance

¹ This differs from cash-based accounting because of elements such as carryovers.

✓ Accrual-based accounting

The financial statements are presented in euro, the functional and reporting currency. Foreign currency transactions are translated into euro using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the economic outturn account.

Balance Sheet

Assets are resources controlled by the European Securities and Markets Authority as a result of past events and from which future economic benefits or service potential are expected to flow.

➤ Intangible assets.

Acquired computer software licences are stated at cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful life, being 4 years.

With the entry into force of EU accounting rule n° 6 on internally developed intangible assets costs directly linked to an internally developed intangible asset, providing they meet the necessary criteria, must be capitalised as assets under construction. Once the project goes live, the resulting asset will be amortised over its useful life. In addition the amount of research expenses incurred on IT projects and development costs not capitalised (e.g. for small projects below threshold) must be disclosed in the financial statements. It must be noted that the threshold for capitalising these costs has been set at 150 000 EUR for the Authority

➤ Property, plant and equipment

In compliance with the accounting rules, fixed assets are considered as such when their nominal value is equal or above €420 and their useful life is greater than one year. The assets are reflected in the balance sheet at year end for their net value. The depreciation method used is the straight-line method and pro rata temporis from the month of first use or delivery of the asset in the Authority premises.

The assets registration system, integrated in the Authority's accounting systems, is identical to the one used by the European Commission (ABAC Assets). It is operational since July 2011.

All property, plant and equipment are stated at historical costs less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and its cost can be measured reliably. Repairs

and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

TABLE OF DEPRECIATION RATES

Intangible assets

Software for personal computers and servers	25%
Other intangible fixed assets	25%

Tangible assets

<u>Buildings</u>	4%
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Plant and equipment

Tools for industry and workshops	12,5%
Specific electric equipment	25%

Furniture and vehicles

Office, laboratory and workshop furniture	10%
Electrical office equipment, printing and mailing equipment	12,5%/25%
Furniture for restaurant/cafeteria/bar area	10%/12,5%
Vehicles	25%

Computer hardware

Computers, servers, accessories, data transfer equipment,	25%
Copying equipment, digitising and scanning equipment	25%

Other fixtures and fittings

Telecommunications equipment	25%
Audiovisual equipment	25%
Computer books, CDs, DVDs	25% / 33%
Health and safety equipment	12,5% /25%
Other	10%

<u>Tangible fixed assets under construction</u>	0%
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Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

➤ Receivables.

Receivables are carried at original amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that ESMA will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

➤ Cash and cash equivalents

Cash and cash equivalents are financial instruments and classified as available for sale financial assets. They include cash at hand and deposits held at call with banks.

➤ Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date.

➤ Payables

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the Authority.

➤ Accrued and deferred income and charges

Following the accrual accounting principle, transactions and events are recognised in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. Revenue is also accounted for in the period to which it relates.

Statement of Financial Performance

➤ Revenues and expenses

Revenues and expenses are accounted for in accordance with the accrual accounting basis principle.

Non-exchange revenue makes up the vast majority of ESMA's revenue and includes mainly the EU subsidy and the contributions from the National Competent Authorities.

Exchange revenue is the revenue from the sale of goods and services. It is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest income consist of received bank interest

Contingent Assets and Liabilities

➤ Contingent assets

A contingent asset is a possible right that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable

➤ Contingent liability

A possible obligation, that arises from past events, and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority; or

A present obligation that arises from past events but is not recognized either because it is unlikely that the Authority will use its own resources to settle the obligation or because the value of the obligation cannot be measured with sufficient reliability.

A commitment for future funding represents a legal or constructive commitment, usually contractual, that the Authority has entered into and which may require a future outflow of resources

Guarantees are possible assets or obligations that arise from past events and whose existence will be confirmed by the occurrence or non-occurrence of the object of the guarantee. It can thus be qualified as a contingent asset or liability. A guarantee is settled when the object of the guarantee no longer exists

2.2 Intangible assets

		Internally generated Computer Software	Other Computer Software	Intangible assets under constructions	Total
Gross carrying amounts 01.01.2017		7.536.268	1.069.082	2.277.393	10.882.743
Additions	+	0	0	3.774.434	3.774.434
Disposals	-	0	0	0	0
Transfer between headings	+/-	4.924.812	0	-4.924.812	0
Other changes	+/-	0	19.349	0	19.349
Gross carrying amounts 31.12.2017		12.461.080	1.088.431	1.127.015	14.676.526
Accumulated amortisation and impairment		-3.532.866	-535.986	0	-4.068.852
Amortisation	-	-1.893.242	-211.156	0	-2.104.398
Write-back of amortisation	+				
Disposals	+				
Impairment	-				
Write-back of impairment	+				
Transfer between headings	+/-	11.840			11.840
Other changes	+/-		-403		-403
Accumulated amortisation and impairment 31.12.2017		-5.414.268	-747.545	0	-6.161.813
Net carrying amounts 31.12.2017		7.046.812	340.886	1.127.015	8.514.713

Other computer software

In the course of 2017 the Authority has purchased some new licenses for software for a total amount of € 19.349 €.

Internally generated computer software

In the course of 2017 the following internally generated intangible fixed assets have been capitalised. Below a detailed breakdown of the systems that went live in 2017 can be found:

Name of the project	Description	Development cost capitalised (in €)
Balance as per 01.01.2017		7.536.268
FIRDS (phases I, II & III)	Financial Instruments Reference Data System for collection of reference and transparency data from trading venues and NCAs, performing transparency calculations and publication of reference data and calculations results as required by the MIFIR regulation	4.276.724
DVCAP	Volume Cap Mechanism: system aimed at the collection and publication of trading across Europe per Equity Instruments and percentage of trading under transparency waivers (MIFIR art. 5/22)	564.246
TRACE (phase II)	Access to Trade Repositories for data queries submission by NCAs, distribution of those queries to Trade Repositories (TRs), receiving the queries results from TR and deliver them to NCAs	83.842
Balance as per 31.12.2017		12.461.080

Intangible assets under constructions

During 2017, the Authority has started/continued the development of a number of IT-systems which are expected to go live in the course of 2018 or beyond. Below an overview can be found of the capitalised internal and external development costs at the end of 2017 for the development of these IT-systems.

Project Code	Description	Development cost capitalised (in €) – 2017
CODER	System aimed at weekly collection and publication of Commodity Derivatives Position Reports (MIFID II Art. 57)	701.625
RPTCF	Registration and publication of third-country firms: system that will enable a third-country firm to request registration with ESMA and ESMA to approve or deny the request. The register shall be publicly accessible on the website of ESMA and shall contain information on the services or activities which the third-country firms are permitted to provide or perform and the reference of the competent authority responsible for their supervision in the third country (Article 46 of MiFIR).	140.952
CSDRS	Central Securities Depositories Regulation: System that should enable CSDs (under Article 7) operating settlement systems across the EU to report specifically on settlement fails and to enable settlement internalisers (under Article 9) to report to its competent authorities the aggregated volume and value of all securities transactions that they settle outside securities settlement systems on a quarterly basis.	76.620
PKICS	Public Key Infrastructure and Cryptographic Service	102.193
BENCH	Benchmark Regulation: Public Register of Administrators and third country Benchmarks (articles 30 – 35)	105.625
Balance as per 31.12.2017		1.127.015

In addition in the course of 2017 the Authority has incurred € 396.926 of development costs mainly related to the upgrade of the Transaction Reporting Exchange Mechanism (TREM) and registers. Since these are upgrades of existing systems and the total projected development cost will not exceed € 150.000 no capitalisation of the development cost was done.

2.3 Property, plant and equipment

Tangible (fixed) assets at ESMA consist of leasehold improvements, technical equipment, vehicles, furniture, kitchen and cafeteria equipment, computer hardware and telecommunication and audio-visual equipment.

In the course of 2017 the Authority has mainly purchased computer tablets, video-conference equipment and furniture for a total amount of € 399.026. In addition to this, works were done in 2017 for a total amount of € 481.557 related to the extension of ESMA's premises.

		Buildings	Plant and Equipment	Computer hardware	Furniture	Other Fixtures and	Total
Gross carrying amounts 01.01.2017		744.105	11.791	1.372.560	670.452	992.411	3.791.319
Additions	+	481.557		311.152	60.705	27.169	880.582
Disposals	-			-20.372	-22.004	-720	-43.096
Transfer between headings	+/-						
Other changes	+/-			-14.964			-14.964
Gross carrying amounts 31.12.2017		1.225.662	11.791	1.648.376	709.153	1.018.860	4.613.842
Accumulated amortisation and impairment 01.01.2017		-413.209	-6.058	-822.799	-352.664	-493.145	-2.087.875
Amortisation	-	-157.373	-1.474	-253.862	-58.735	-121.170	-592.613
Write-back of amortisation	+			11.925	21.649	135	-33.709
Disposals	+						
Impairment	-						
Write-back of impairment	+						
Transfer between headings	+/-			-11.840			-11.840
Other changes	+/-			-1.166			-1.166
Accumulated amortisation and impairment 31.12.2017		-570.582	-7.532	-1.077.742	-389.750	-614.180	-2.659.785
Net carrying amounts 31.12.2017		655.080	4.259	570.634	319.403	404.680	1.954.056

2.4 Exchange Receivable and recoverable

	31/12/2017	31/12/2016
Current receivables	35.000	772
Sundry receivables	27.497	19.837
Deferred charges	1.057.106	1.031.545
Other receivables	19.698	0
TOTAL	1.139.301	1.052.154

- The current receivables relates to an unpaid fee from a trade repository that was issued in December 2017 and therefore only due in January 2018.
- The sundry receivables mainly relate to amounts to be recovered from staff members.
- The deferred charges consist of prepaid rent for the first quarter of 2018.
- The other receivables represent the 5% guarantee withheld by ESMA on the total amount of the works done for the extension of the premises. A corresponding amount on the liability side has been accounted for.

2.5 Non exchange receivables and recoverable

	31/12/2017	31/12/2016
VAT refund	1.403.228	506.615
Other receivables	50	243
TOTAL	1.403.278	506.858

The European Securities and Markets Authority pays the invoices from local suppliers with Value Added Tax (VAT) and claims the VAT refund from the Host State on a quarterly basis. The outstanding amount at year-end amounts to € 1.403.228. The increase as compared to 2016 is due to:

- the fact that in 2016 the VAT amount for the third quarter had been reimbursed before year-end whereas this was not the case in 2017. The outstanding amount for Q3/2017 is € 390.575.
- the fact that in 2017 the French government has systematically refused to provide the necessary VAT exemption certificates for the provision of intra-community services by our main IT-supplier. Therefore the latter was forced to issue its invoices with VAT. The total outstanding VAT amount for the invoices issued by this supplier was € 439.373. However in the course of 2018, and after the intervention of the Commission's services (DG BUDG), the French government has started again to deliver these VAT exemption certificates and therefore this situation should be solved in the course of the year.

The total of other receivables relate to salary payments made to staff members previously employed by the Commission and/or other agencies and to be recovered from the latter for total amount of € 50.

2.6 Cash and cash equivalents

The cash and cash equivalents position of the Authority at 31 December 2017 amount to 4.457.873 € on the current account of ESMA with ING.

	2017	2016
Bank account ING – Income	20	0
Bank account ING Belgium	4.457.853	7.257.102
Total	4.457.873	7.257.102

2.7 Net Assets

The equity of the Authority amounts to € 7.995.251 of which:

- € 8.065.595 are the accumulated surplus from previous years;
- € -70.344 is the economic result of 2017.

2.8 Provision for risks and charges

No short-term provision for outstanding salary payments has been made in 2017 since the yearly adaptation was included in the December salary payment.

2.9 Current Payables

- The total amount of current payables as per 31.12.2017 can be broken down as follows € 1.377 representing current payables to third parties and € 22.183 representing current payables to consolidated entities.
- € 25.071 representing mainly the 5% guarantee withheld by ESMA on the total amount of the works done for the extension of the premises.
- € 343.647 representing payables to consolidated entities for social security contributions related to the December salaries paid in January 2018. In 2016 the December social security contributions were paid before year-end.

2.10 Accrued charges and deferred income

The total amount of accrued charges and deferred income as per 31.12.2017 can be broken down as follows

- € 3.150.493 representing accrued charges for goods and services provided to the Authority in 2017 but not registered as invoiced at year end. This amount also includes a provision of € 501.753 for untaken leave of staff members.
- € 459.317 representing the reduction on the rental costs to be spread over the remaining years of the rental contract.
- € 5.353.936 representing the deferred income relating to the NCAs contributions received to execute the IT-delegated tasks.

Accrued expenses	31/12/2017	31/12/2016	% change
Accrued expenses	3.150.493	3.452.144	-9%
Accrued expenses based on carry-over analysis	2.648.740	3.029.778	-13%
Accrual for untaken holidays	501.753	422.366	+19%

Accrued expenses based on carry-over analysis	31/12/2017	31/12/2016	% change
Title 1 – Staff	117.266	213.332	-45%
Title 2 – Buildings, equipment and miscellaneous expenditure	173.240	641.302	-73%
Title 3 – Operational expenditure	1.706.784	1.721.869	-1%
Title 4 – Delegated projects	651.450	453.275	+44%
Total	2.648.740	3.029.778	-13%

The decrease in the accrued expenses can be explained by:

- Title I: the absence of an accrual for interim workers at the end of 2017 as compared to 2016. The accrued amount at the end of 2016 was € 91.797.
- Title II: the quicker processing and payment of IT-invoices related to Q3/2017 which results in a reduced accrual as compared to 2016 where this was not the case.
- Title IV: increase in the accrual of services provided in Q4/2017 and for which the invoice was only received in 2018

Accrual for untaken holidays	31/12/2017	31/12/2016	% change
Number of days not taken	1.779	1.489	+19%
Accrued amount	501.753	422.366	+19%

The increase in the accrual for untaken holidays can be explained by an increase in the number of untaken days.

3 Notes to the Statement of Financial Performance

3.1 Operating revenue

The total operating revenue of the Authority consists mainly of contributions received from the National Competent Authorities, the Commission and fees received from supervised entities (Credit Rating Agencies (CRA) and Trade Repositories (TR)). As compared to 2016 the total operating revenue of the Authority has increased by 12%. This increase is a combination of an increase in the EC-contribution, NCA's contribution and of the fees received from supervised entities. The funds received from the NCAs specifically to be used for the IT-delegated tasks entrusted to the Authority by them have largely been considered as deferred income. The total amount of the exchange revenue also includes € 158.700 of participation fees for the 2017 ESMA conference.

Type o revenue	2017	2016	% change
Non-exchange	28.321.378	26.054.046	+9%
Exchange	12.997.450	10.905.784	+19%
TOTAL	41.318.828	36.959.830	+12%

3.2 Administrative expenses

These include staff expenses, costs relating to intangible assets and property, plant and equipment (mainly depreciation) and other expenses.

Type of Expense	2017	2016	% change
Staff expenses	-22.896.363	-20.464.693	+12%
Fixed asset related expenses	-2.699.074	-2.058.147	+31%
Other administrative expenses	-14.442.773	-14.431.918	0%
TOTAL	-40.038.210	-36.954.758	+8%

As compared to 2016 there has been an increase of 8% which can be explained by:

- An increase in staff expenses, which is in line with the increase in the number of staff (see also table below).
- An increase of 31% in depreciation of intangible and tangible fixed assets mainly as a result of the amortisation of the capitalised internally generated intangible assets.

Number of employees (posts actually filled as per year-end)

	2017	2016
Temporary agents	146	136
Contract agents	55	45
SNE	23	23
TOTAL	224	204

3.3 Operating Expenses

The operating expenses have remained more or less stable in 2017 as compared to 2016.

4 Notes to the Cash Flow Statement

Cash flow information is used to provide a basis for assessing the ability of ESMA to generate cash and cash equivalents, and its needs to utilise those cash flows.

The cash flow statement is prepared using the indirect method. This means that the economic result of the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

Cash flows arising from transactions in a foreign currency are recorded in the EU's reporting currency (euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cash flow.

The presented cash flow statement reports cash flows during the period classified by operating and investing activities (ESMA does not have financing activities).

4.1 Operating Activities

Operating activities are the activities of the EU that are not investing activities. These are the majority of the activities performed.

4.2 Investing Activities

Investing activities are the acquisition and disposal of intangible assets and property, plant and equipment and of other investments which are not included in cash equivalents. The objective is to show the real investments made by ESMA.

5 Contingent Assets and Liabilities and Other Significant Disclosures

5.1 Contingent Liabilities

5.1.1 Other Contingent liabilities

These relate to potential costs which might be incurred if and when ESMA would leave its present premises. An exact amount cannot be calculated as there are variable factors laid down in the rent agreement. The current lease contract of ESMA is expiring at the end of 2019. Since ESMA will take up some new direct supervisory responsibilities in 2019 (under the Securities Financing Transactions Regulation and the Securitisation Regulation), and given the two legislative proposals published by the Commission in 2017 (EMIR 2.2. and ESA Review), which would change significantly ESMA's powers and mandate, ESMA has started in 2018 to analyse its needs in terms of premises, including needs associated with these possible changes.

In addition, ESMA provided the landlord of its premises with a bank guarantee for the lease contracts.

5.1.2 Contingent liabilities amounts relating to legal cases

There are currently 2 pending staff cases in which, although the cases were closed favourably for ESMA, former staff concerned haven't (fully) executed the Court decision.

5.2 Other significant Disclosures

5.2.1 Operating Leases

Assets subject to an operating lease are regarded as rentals.

Description	Charges paid in 2017	Charges to be paid next year	Charges to be paid later than one year	Total charges to be paid
Rent 1	4.244.508	4.338.661	4.338.661	8.677.322
Total Rent	4.244.508	4.338.661	4.338.661	8.677.322

5.2.2 Outstanding Commitments not yet expensed (Carryovers)

Unconsumed budgetary commitments for future funding (C8 + R0 carry-forward) have been registered by the Authority with an amount of € 5.814.523 at year end, of which € 2.666.922 (or 46%) relate to 2017. Additional expenditure of € 3.147.601 is expected for 2018, whereby budgetary commitments have been registered but do not have any impact on the 2017 accruals based accounting

	2017	2016
Automatic carryovers C1	4.138.476	4.686.739
Automatic carryovers R0	1.676.047	2.010.604
Accrued expenses	-2.666.922	-3.037.786
Outstanding commitments not yet expensed	3.147.601	3.659.557

The amount disclosed above is the budgetary RAL ("Reste à Liquider") less related amounts that have been included as expenses in the 2017 statement of financial performance. The budgetary RAL is an amount representing the open commitments for which payments and/or de-commitments have not yet been made.

6 Financial Instruments

Financial instruments comprise cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities. Financial instruments give rise to liquidity, credit, interest rate and foreign currency risks, information about which and how they are managed is set out below (*prepayments, accrued income, accruals and deferred income are not included*).

The carrying amounts of financial instruments are as follows:

	2017	2016
Financial assets		
Exchange receivables and recoverables	82.195	19.837
Non - exchange receivables and recoverables	1.403.278	506.859
Cash and deposits	4.457.873	7.257.102
Total monetary assets (A)	5.943.346	7.783.798
Financial liabilities		
Current payables	1.377	12.745
Sundry payables	25.071	5.096
Accounts payables with consolidated entities	483.776	329.204
Total monetary liabilities (B)	510.224	347.045
Total net financial instruments (A) – (B)	5.433.122	7.436.753

Liquidity risk

Liquidity risk is the risk that arises from the difficulty of selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation. Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

The Authority manages liquidity risk by continually monitoring forecast and actual cash flows.

Bank accounts opened in the name of the Authority may not be overdrawn.

Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the internal control standards, and audit principles.

EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

Credit risk

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation.

The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Treasury resources are kept with commercial banks. Contributions are requested 2 times a year based on cash forecasts.

In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which the Authority is exposed:

All commercial banks are selected by call for tenders. The minimum short term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be accepted in specific and duly justified circumstances.

The maximum exposure to credit risk is:

	2017	2016
Exchange receivables and recoverables	82.196	19.837
Non-exchange receivables and recoverables	1.403.278	506.859
Cash and deposits	4.457.873	7.257.102
Total monetary assets (A)	5.943.346	7.783.798
Impairment (C)	0	0
Guarantees (E)	0	0
Total credit risk (A+C+E)	5.943.346	7.783.798

Interest rate risk

Interest rate risk is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa.

Interest rate risk at the Authority arises from cash. It is recognised that interest rates fluctuate and the Authority accepts the risk and does not consider it to be material.

The Authority's treasury does not borrow any money; as a consequence it is not exposed to interest rate risk. It does, however, earn interest on balances it holds on its banks accounts. The Authority has therefore put in place measures to ensure that interest earned on its bank accounts regularly reflects market interest rates, as well as their possible fluctuation.

Overnight balances held on commercial bank accounts earn interest on a daily basis. This is based on variable market rates to which a contractual margin (positive or negative) is applied. For most of the accounts, the interest calculation is linked to the EONIA (Euro overnight index average) or EURIBOR (Euro Interbank Offer Rate) and is adjusted to reflect any fluctuations of this rate. In case the resulting interest rate to be applied is less than 0, then a fixed rate is applied for a certain period of time. As a result no risk exists that the Authority earns interest at rates lower than market rates.

Foreign currency risk

Currency risk is the risk that the EU's operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another.

Most financial assets and liabilities are in euro, so in these cases the Authority has no foreign currency risk.

When miscellaneous receipts are received in currencies other than euro, they are converted into euro and transferred to accounts held in euro.

At the end of 2017 the Authority had no outstanding receivables in foreign currency and no material outstanding payable balance in foreign currency.

Fair value

The estimated fair values of all financial instruments of the Authority are equal/approximate to their book values as at 31 Dec 2017. All financial assets and liabilities are receivable or repayable on demand or within one year.

7 Changes in Accounting Policies

There have been no changes in accounting policies for the financial year 2017.

8 Related Party Disclosure

The related parties of the Authority are the key management personnel. Transactions between the Authority and the key management personnel take place as part of the normal operations and as this is the case, no specific disclosure requirements are necessary for these transactions in accordance with the EU Accounting rules

Highest grade description	Grade	Number of persons of this grade
Chair	AD16	1
Executive Director	AD15	1

9 Events after the Balance Sheet Date

At the date of issue of the accounts, no material issue came to the attention of the Accounting officer of the Authority or were reported to him/her that would require separate disclosure under that section.



Reports on Implementation of the Budget of ESMA

1 Budgetary Structure and Principles

The budgetary accounts are kept in accordance with the Financial Regulation and its rules of application. The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the implementation of the Authority's Decision.

Every year, the Authority estimates its revenue and expenditure for the year and draws up a draft budget which it sends to the Commission. The Commission then sends it to the budgetary authority. On the basis of this draft budget, the Council draws up its position which is then the subject of negotiations between the two arms of the budgetary authority. The President of the Parliament declares that the joint draft has been finally adopted, thus making the budget enforceable. The task of executing the budget is the responsibility of the Authority.

The budget structure for the Authority consists of administrative and operational appropriations and has non-differentiated appropriations for titles I to III and differentiated appropriations for title IV.

Origin of Appropriations

The main source of appropriations is the Authority's budget for the current year. However, there are other types of appropriations resulting from the provisions of the Financial Regulation. They come from previous financial years or outside sources:

- **Initial budget appropriations** adopted for the current year can be supplemented with transfers between lines and by amending budgets.
- **Appropriations carried over** from previous year or made available again also supplement the current budget. These are:

(i) non-differentiated payment appropriations which may be carried over automatically for one financial year only;

(ii) appropriations carried over by decision of the Authority in one of two cases: if the preparatory stages have been completed or if the legal base is adopted late.

- **Assigned revenue** which is made up of:

(i) internal assigned revenue such as refunds where the amounts are assigned revenue on the budget line which incurred the initial expenditure and may be carried over for one year only;

(ii) external assigned revenue

Composition of Appropriations Available

- Initial budget = appropriations voted in year N-1;

- Final budget appropriations = initial budget appropriations adopted + amending budget appropriations + transfers + additional appropriations;
- Additional appropriations = assigned revenue (see above) + appropriations carried over from the previous financial year.

Calculation of the Budget Result

The revenue entered in the accounts is the amount actually received during the course of the year. For the purposes of calculating the budget result for the year, expenditure comprises payments made against the year's appropriations plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations means payments that are made by the accounting officer by 31 December of the financial year.

The following are added to or deducted from the resulting figure:

- the net balance of cancellations of payment appropriations carried over from previous years and any payments which, because of fluctuations in the euro rate, exceed non-differentiated appropriations carried over from the previous year; and the balance of exchange-rate gains and losses recorded during the year.

Payment appropriations carried over include: automatic carryovers and carryovers by decision. The cancellation of unused payment appropriations carried over from the previous year shows the cancellations on appropriations carried over automatically and by decision. It also includes the decrease in assigned revenue appropriations carried over to the next year in comparison with the previous year.

Budgetary principles

The budget of the Authority has been established in compliance with the principles of unity, budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in the Financial Regulation of the Authority.

1.1 Budget result

1.1.2017 – 31.12.2017

		2017	2016
REVENUE			
Contributions from MS NCAs	+	16.682.888	15.733.282
Commission subsidy received by the Authority for 2017	+	10.843.997	10.203.000
Budgetary surplus	+	438.888	0
Contributions from Observer NCAs	+	473.946	446.968
Fees from Supervised Entities	+	11.796.783	10.550.293
NCA contributions for delegated tasks	+	1.488.790	2.428.770
Other Fee income	+	0	19.500
Other revenue	+	233.292	39.679
TOTAL REVENUE (a)		41.958.584	39.421.492
EXPENDITURE			
Title I: Staff			
Payments	-	23.311.743	20.978.728
Appropriations carried over	-	219.579	301.942
Title II: Administrative Expenses			
Payments	-	6.171.460	6.218.186
Appropriations carried over	-	618.354	1.337.777
Title III: Operating Expenditure			
Payments	-	6.858.811	4.961.879
Appropriations carried over	-	3.302.864	3.072.750
Title IV: Delegated Tasks Expenditure			
Payments	-	2.957.310	1.303.014
Appropriations carried over	-	2.142.280	3.564.698
TOTAL EXPENDITURE (b)		45.582.401	41.738.974
OUTTURN FOR THE FINANCIAL YEAR (a-b)		-3.623.817	-2.317.482
Cancellation of unused payment appropriations carried over from previous year	+	164.310	367.521
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising	+	3.590.428	2.284.494
Exchange differences for the year (gain +/-loss -)	+/-	-12.580	-5.330
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		118.341	329.203
Balance year N-1	+/-	329.204	438.888
Positive balance from year N-1 reimbursed in year N to the	-	-329.204	-438.888
Result used for determining amounts in general accounting		118.341	329.203
Commission subsidy - Authority registers accrued revenue and Commission accrued expense		11.164.544	9.873.796
Pre-financing remaining open to be reimbursed by Authority to Commission in year N+1		118.341	329.203

1.2 Reconciliation of Accrual Result with Budget Result

	2017	2016
ACCRUAL RESULT OF THE YEAR	-70.344	-1.530.052
Adjustments for accrual items (items included in the accrual result but not in the budget result)		
Accrual Cut-off (reversal 31.12.N-1)	-3.460.152	-2.030.753
Accrual Cut-off (cut-off 31.12.N)	3.172.675	3.447.156
Unpaid invoices at year end but booked in charges	-	8.965
Depreciation/amortisation of intangible and tangible assets	2.687.385	2.027.070
Recovery Orders issued in year N and not yet cashed	-35.000	-772
Payments made from carry-over of payment appropriations	4.522.429	4.771.924
Other	344.270	1.872.424
Adjustments for budgetary items (items included in the budget result but not in the accrual result)		
Asset acquisitions (less unpaid amounts)	-4.633.696	-2.940.810
New prefinancing received in year N and remaining open as at 31.12.2017	118.341	329.203
Budgetary recovery orders issued before year N and	772	0,00
Payment appropriations carried over to year N+1	-6.283.077	-8.277.167
Cancellation of unused carried over payment appropriations from previous year	164.310	367.521
Adjustment for carry-over from the previous year of appropriations available at 31.12.N arising from assigned revenue	3.590.428	2.284.494
Total	118.341	329.203
BUDGET RESULT OF THE YEAR	118.341	329.203

The accrual result of the year is calculated on the basis of accrual accounting principles. The budget result is however based on modified cash accounting rules, in accordance with the Financial Regulation. As the accrual result and the budget result both cover the same underlying operational transactions, it is a useful control to ensure that they are reconcilable.

The actual budgetary revenue for a financial year corresponds to the revenue collected from entitlements established in the course of the year and amounts collected from entitlements established in previous years. Therefore the entitlements established in the current year but not yet collected are to be deducted from the accrual result for reconciliation purposes as they do not form part of budgetary revenue. On the contrary the entitlements established in previous years and collected in current year must be added to the accrual result for reconciliation purposes.

The net accrued expenses mainly consist of accruals made for year-end cut-off purposes, i.e. eligible expenses incurred by beneficiaries of EU funds but not yet reported to the Agency. While accrued expenses are not considered as budgetary expenditure, payments made in the current year relating to invoices registered in prior years are part of current year's budgetary expenditure.

The net effect of pre-financing is the combination of (1) the new pre-financing amounts paid in the current year and recognised as budgetary expenditure of the year and (2) the clearing of the pre-financing paid in current year or previous years through the acceptance of eligible costs. The latter represent an expense in accrual terms but not in the budgetary accounts since the payment of the initial pre-financing had already been considered as a budgetary expenditure at the time of its payment.

Besides the payments made against the year's appropriations, the appropriations for that year that are carried to the next year also need to be taken into account in calculating the budget result for the year. The same applies for the budgetary payments made in the current year from carry-overs and the cancellation of unused payment appropriations.

The movement in provisions relates to year-end estimates made in the accrual accounts (employee benefits mainly) that do not impact the budgetary accounts. Other reconciling amounts comprise different elements such as asset depreciation, asset acquisitions, capital lease payments and financial participations for which the budgetary and accrual accounting treatments differ.

1.3 Comparison of Budget and Actuals

1.3.1 Appropriations of the current budget – fund source C1

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Actual Committed	Actual Paid
TITLE I - STAFF EXPENDITURE							
	11. Staff in active employment	22.843.967	32.500	-478.824	22.397.643	22.396.215	22.396.215
1100	Staff salaries, allowances, insurance and	20.863.047	32.500	-403.921	20.491.626	20.490.198	20.490.198
1120	Local salaries	150.000	0	-104.720	45.280	45.280	45.280
1133	Contribution to the Community pension	1.830.920	0	29.817	1.860.737	1.860.737	1.860.737
	12. Expenditure relating to staff management and recruitment	300.000	0	-14.970	285.030	285.030	246.176
1200	Expenditure relating to staff management and recruitment	300.000	0	-14.970	285.030	285.030	246.176
	14. Socio-medical infrastructure	535.000	0	-38.963	496.037	496.035	433.929
1400	Medical service	30.000	0	-9.692	20.308	20.308	5.487
1410	Schools and kindergartens	125.000	0	-37.063	87.937	87.937	87.937
1420	Canteen	380.000	0	7.791	387.791	387.790	340.505
	16. Training	300.000	0	12.295	312.295	312.295	193.675
1600	Training	300.000	0	12.295	312.295	312.295	193.675
	TOTAL TITLE I	23.978.967	32.500	-520.463	23.491.004	23.489.575	23.269.996

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Actual Committed	Actual Paid
TITLE II - INFRASTRUCTURE AND ADMIN. EXPENDITURE							
	20. Rental of building and associated costs	5.556.000	0	395.198	5.951.198	5.951.193	5.561.357
2000	Rental of building	4.856.000	0	170.547	5.026.547	5.026.544	4.771.309
2020	Maintenance, works - refurbishment	65.000	0	-9.598	55.402	55.401	41.261
2090	Other expenditure on buildings, security and moving services	635.000	0	234.249	869.249	869.248	748.787
	21. Information and communication technology	360.000	0	-26.260	333.740	333.740	191.655
2100	Internal IT and telecommunications	360.000	0	-26.260	333.740	333.740	191.655
	23. Current administrative expenditure	580.000	0	-88.442	491.558	491.557	406.429
2300	Facility management services	440.000	0	-116.262	323.738	323.738	283.889
2304	Services on administrative matters	75.000	0	27.836	102.836	102.835	59.013
2305	Subscriptions	60.000	0	240	60.240	60.240	59.923
2308	Library Expenditure	5.000	0	-256	4.744	4.744	3.604
	27. Representation expenses, receptions and events	5.000	0	0	5.000	5.000	4.518
2700	Representation expenses, receptions and events	5.000	0	0	5.000	5.000	4.518
	TOTAL TITLE II	6.501.000	0	280.496	6.781.496	6.781.491	6.163.960

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Actual Committed	Actual Paid
TITLE III - OPERATING EXPENDITURE							
	31. Training costs	80.000	0	-1.235	78.765	78.765	64.239
3100	Training costs	80.000	0	-1.235	78.765	78.765	64.239
	32. IT project costs	7.660.000	0	26.443	7.686.443	7.686.443	4.881.374
3200	IT project costs	7.660.000	0	26.443	7.686.443	7.686.443	4.881.374
	34. Studies and legal advice	100.00	0	-50.543	49.457	49.457	31.607
3400	Legal advice	100.000	0	-50.543	49.457	49.457	31.607
	35. Access to data for Economic Research	475.000	0	-17.141	457.859	457.858	439.255
3500	Access to data for Economic Research	475.000	0	-17.141	457.859	457.858	439.255
	36. Mission expenses	600.000	0	-40.000	560.000	560.000	496.936
3600	Mission expenses	600.000	0	-40.000	560.000	560.000	496.936
	37. Information and publishing	655.000	-140.700	246.401	760.701	760.701	463.376
3700	Translation and interpretation	300.000	0	251.030	551.030	551.030	253.722
3701	Communication services	355.000	-140.700	-4.629	209.671	209.671	209.654
	38. Meeting expenses	315.000	0	25.074	340.074	340.073	288.447
3800	General meeting expenses	200.000	0	14.772	214.772	214.772	177.200
3810	Stakeholder groups – consultations	65.000	0	14.000	79.000	79.000	70.216
3820	Governance	40.000	0	-440	39.560	39.560	34.289
3830	Board of Appeal costs	10.000	0	-3.258	6.742	6.741	6.742
	39. Services on operational matters	125.000	0	42.229	167.229	167.228	143.468
3900	Services on operational matters	125.000	0	42.229	167.229	167.228	143.468
	TOTAL TITLE III	10.010.000	-140.700	231.228	10.100.528	10.100.525	6.808.721

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Actual Committed	Actual Paid
TITLE IV – DELEGATED TASKS							
	40. Single Interface to Trade	14.286	0	6.071	20.357	20.357	14.286
4000	Single Interface to Trade Repositories	14.286	0	6.071	20.357	20.357	14.286
	41. Instruments Reference Data	34.747	0	2.668	37.415	37.415	34.747
4100	Instruments Reference Data	34.747	0	2.668	37.415	37.415	34.747
	TOTAL TITLE IV	49.033	0	8.739	57.772	57.772	49.033
	TOTAL BUDGET 2017 – C1	40.539.000	-108.200	0	40.430.800	40.429.363	36.291.710

1.3.2 Appropriations of the current budget – fund source R0

BL	BUDGET CHAPTER / LINE	Initial budget adopted	Not established	Additional funds	Transfers	Final budget available
TITLE IV – DELEGATED TASKS						
	40. Single Interface to Trade Repositories	185.714	-475	-	-	185.239
4000	Single Interface to Trade Repositories	185.714	-475	-	-	185.239
	41. Instruments Reference Data	1.460.205	-167.054	-	-	1.293.151
4100	Instruments Reference Data	1.460.205	-167.054	-	-	1.293.151
	TOTAL TITLE IV	1.645.919	-167.529	-	-	1.478.390
	TOTAL BUDGET 2017 C1 + R0	42.184.919	-275.729	-	-	41.909.190

1.4 Budget Implementation

EXPLANATORY NOTES

Management Systems

ABAC - The accounting and budgetary information is integrated in one system which has SAP as a back-end for the accounting part. The reporting system for ABAC which is used by ESMA is ABAC Datawarehouse. The workflow system in ABAC allows the authorising officer to ensure that the “four eyes” principle has been observed for each transaction. To manage its inventory in accordance with the requirements of the Financial Regulation, the Agency uses ABAC Assets.

Nomenclature

The nomenclature of appropriations is as follows:

- C1: Current Appropriations
- C3: Appropriations non automatically carried over
- C4: Appropriations Internal Assigned Revenue
- C5: Appropriations Internal Assigned Revenue (carried over)
- C8: Appropriations automatically carried forward
- IC1: Universal income voted in the budget
- IC4: Internal assigned revenue
- R0: External assigned revenue

2 Annex to the Budget Accounts

2.1 Budgetary Tables (01.01.2017 – 31.12.2017)

BUDGET IMPLEMENTATION CREDIT OF THE YEAR – Fund Source: C1

Title I: Staff Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-1100	Basic salaries	20.491.626	20.490.198	99.99%	20.490.198	99.99%	0
A-1120	Local salaries	45.280	45.280	100.00%	45.280	100.00%	0
A-1133	Contribution to the Community pension scheme	1.860.737	1.860.737	100.00%	1.860.737	100.00%	0
A-1200	Expenditure relating to staff management	285.030	285.030	100.00%	246.177	86.37%	38.853
A-1400	Medical service	20.308	20.308	100.00%	5.487	27.02%	14.821
A-1410	Schools and kindergartens	87.937	87.937	100.00%	87.937	100.00%	0
A-1420	Canteen	387.791	387.790	100.00%	340.505	87.81%	47.285
A-1600	Training	312.295	312.295	100.00%	193.675	62.02%	118.620
Title I: Staff Expenditure		23.491.004	23.489.575	99.99 %	23.269.996	99.06%	219.579

Title II: Infrastructure and Administrative Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-2000	Building rental, charges and taxes	5.026.547	5.026.544	100.00%	4.771.309	94.92%	255.235
A-2020	Maintenance, works and refurbishment	55.402	55.401	100.00%	41.262	74.48%	14.140
A-2090	Other expenditure on buildings, security and moving services	869.249	869.248	100.00%	748.787	86.14%	120.461
A-2100	Internal ICT and telecommunications	333.740	333.740	100.00%	191.655	57.43%	142.085
A-2300	Facility management services	323.738	323.738	100.00%	283.889	87.69%	39.848
A-2304	Services on administrative matters	102.836	102.836	100.00%	59.013	57.39%	43.822
A-2305	Subscriptions	60.240	60.240	100.00%	59.923	99.47%	318
A-2308	Library expenditure	4.744	4.744	100.00%	3.604	75.96%	1.140
A-2700	Representation expenses, receptions and events	5.000	5.000	100.00%	4.518	90.36%	482
Title II: Infrastructure and Administrative Expenditure		6.781.496	6.781.491	100.00 %	6.163.960	90.89%	617.531

Title III: Operating Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B3-100	Training costs	78.765	78.765	100.00%	64.239	81.56%	14.527
B3-200	IT project costs	7.686.443	7.686.443	100.00%	4.881.374	63.51%	2.805.069
B3-400	Legal advice	49.457	49.457	100.00%	31.607	63.91%	17.850
B3-500	Access to data for Economic	457.859	457.858	100.00%	439.255	95.94%	18.604
B3-600	Mission expenses	560.000	560.000	100.00%	496.936	88.74%	63.064
B3-700	Translation and interpretation	551.030	551.030	100.00%	253.722	46.04%	297.308
B3-701	Communication services	209.671	209.671	100.00%	209.654	99.99%	16
B3-800	General meeting expenses	214.772	214.772	100.00%	177.220	82.52%	37.552
B3-810	Stakeholder group - Consultations	79.000	79.000	100.00%	70.216	88.88%	8.784
B3-820	Governance	39.560	39.560	100.00%	34.289	86.68%	5.270
B3-830	Board of Appeal costs	6.742	6.741	99.99%	6.741	99.99%	0
B3-900	Services on operational matters	167.229	167.228	100.00%	143.468	85.79%	23.760
Title III: Operating Expenditure		10.100.528	10.100.525	100.00%	6.808.721	67.41%	3.291.804

Title IV: Delegated Tasks Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B4-000	Single Interface to Trade Repositories	20.357	20.357	100.00%	14.286	70.18%	6.071
B4-100	Instruments Reference Data	37.415	37.415	100.00%	34.747	92.87%	2.668
Title IV: Delegated Tasks Expenditure		57.772	57.772	100.00%	49.033	84.87%	8.739
TOTAL FUND SOURCE C1		40.430.800	40.429.363	100.00%	36.291.710	89.76%	4.137.653

BUDGET IMPLEMENTATION CREDITS OF THE YEAR – Fund Source: C4

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-1100	Basic salaries	41.747	41.747	100.00%	41.747	100.00%	0
Title I: Staff Expenditure		41.747	41.747	100.00%	41.747	100.00%	0
A-2090	Other expenditure on buildings, security and moving services	824	824	100.00%	0	0.00%	824
Title II: Infrastructure and Administrative Expenditure		824	824	100.00%	0	0.00%	824
B3-200	IT project costs	25.798	25.798	100.00%	25.798	100.00%	0
B3-600	Mission expenses	660	0	0.00%	0	0.00%	0
B3-900	Services on operational matters	15.192	4.792	31.54%	4.792	31.54%	0
Title III: Operating Expenditure		41.650	30.590	73.44%	30.590	73.44%	0
TOTAL FUND SOURCE C4		84.221	73.160	86.87%	72.337	85.89%	824

BUDGET IMPLEMENTATION CREDITS OF THE YEAR – Fund Source: C5

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed	Paid (3)	% Paid (3/1)	R A L (2-3)
A-2304	Service on administrative matters	7.500	7.500	100,00%	7.500	100,00%	0
Title II: : Infrastructure and Administrative Expenditure		7.500	7.500	100,00%	7.500	100,00%	0
B3-900	Service on operational matters	19.500	19.500	100.00%	19.500	100.00%	0
Title III: Operating Expenditure		19.500	19.500	100.00%	19.500	100.00%	0
TOTAL FUND SOURCE C5		27.000	27.000	100,00%	27.000	100,00%	0

BUDGET IMPLEMENTATION CREDITS OF THE YEAR – Fund Source: C8

Title I: Staff Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-1120	Local salaries	99.721	65.540	65.72%	65.540	65.72%	0
A-1200	Expenditure relating to staff	46.258	45.918	99.27%	45.918	99.27%	0
A-1400	Medical Service	14.606	11.530	78.94%	11.530	78.94%	0
A-1420	Canteen	37.317	35.815	95.97%	35.815	95.97%	0
A-1600	Training	104.040	98.615	94.79%	98.615	94.79%	0
Title I: Staff Expenditure		301.942	257.418	85.25%	257.418	85.25%	0

Title II: Infrastructure and Administrative Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
A-2020	Maintenance, works and refurbishment	7.767	7.273	93.64 %	7.273	93.64%	0
A-2090	Other expenditure on buildings, security and moving services	223.308	220.717	98.84%	220.717	98.84%	0
A-2100	Internal ICT and telecommunications	896.160	872.506	97.36%	869.936	97.07%	2.570
A-2300	Facility management services	93.980	92.356	98.27%	92.356	98.27%	0
A-2304	Services on administrative matters	108.460	107.154	98.80%	107.154	98.80%	0
A-2700	Representation expenses, receptions and events	601	181	30.13%	181	30.13%	0
Title II: Infrastructure and Administrative		1.330.276	1.300.187	97.74%	1.297.617	97.54%	2.570

Title III: Operating Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B3-100	Training costs	27.034	18.140	67.10%	18.140	67.10%	0
B3-200	IT project costs	2.409.139	2.367.062	98.25%	2.365.069	98.17%	1.993
B3-400	Legal advice	54.230	41.450	73.43%	41.450	76.43%	0
B3-500	Access to data for Economic Research	1.000	957	95.67%	957	95.67%	0
B3-600	Mission expenses	129.502	128.011	98.85%	128.011	98.85%	0
B3-700	Translation and interpretation	268.337	265.237	98.84%	265.237	98.84%	0
B3-701	Communication services	10.875	3.497	32.16%	3.497	32.16%	0
B3-800	General meeting expenses	24.462	15.091	61.69%	15.091	61.69%	0
B3-810	Stakeholder group - Consultations	2.271	2.271	100.00%	2.271	100.00%	0
B3-900	Services on operational matters	126.400	126.400	100.00%	126.400	100.00%	0
Title III: Operating Expenditure		3.053.250	2.968.116	97.21 %	2.966.123	97.15 %	1.993

Title IV: Delegated Tasks Expenditure

Budget line	Description	Commitment & Payment Appropriations (1)	Commitment (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B4-000	Single Interface to Trade Repositories	1.271	1.271	100.00 %	1.271	100.00 %	0
Title IV: Delegated Tasks Expenditure		1.271	1.271	100.00 %	1.271	100.00 %	0
TOTAL FUND SOURCE C8		4.686.739	4.526.991	96.59 %	4.522.429	96.49 %	4.563

BUDGET IMPLEMENTATION CREDITS OF THE YEAR AND PREVIOUS YEARS – Fund Source: R0

Title IV: Delegated Tasks Expenditure

Budget line	Description	Commitment Appropriations carried over from Last year (LY)	Commitment Appropriations Current year (CY)	Total Commitment Appropriations (1)	Commitment CY (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	R A L (2-3)
B4-000	Single Interface to Trade Repositories	470.132	185.239	655.371	547.908	83.60%	288.339	44.00%	259.569
B4-100	Instruments Reference Data	3.093.296	1.293.151	4.386.447	4.036.416	92.02%	2.619.938	59.73%	1.416.478
Title IV: Delegated Tasks Expenditure		3.563.428	1.478.390	5.041.818	4.584.324	90.93 %	2.908.277	57.68%	1.676.047
TOTAL FUND SOURCE R0		3.563.428	1.478.390	5.041.818	4.584.324	90.93 %	2.908.277	57.68%	1.676.047

3 ESMA's Management Board Members

(December 2017)

Steven Maijoor	Chair	ESMA
Gabriela Figueiredo Dias	Comissão do mercado de valores mobiliários (CMVM)	Portugal
Klaus Kumpfmüller	Finanzmarktaufsicht (FMA)	Austria
Elisabeth Roegele	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Germany
Sebastian Albella Amigo	Comisión Nacional del Mercado de Valores	Spain
Verena Ross	Executive Director (non-voting Member)	ESMA
Ugo Bassi	(non-voting Member)	European Commission
Anneli Tiominen	Vice-Chair (observer)	

On 31 December 2017 there were two vacant Management Board positions.

4 Establishment plan 2017

Function group and grade	2017			
	Authorised under the EU Budget		Filled as at 31/12/2017	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD16		1		1
AD15		1		1
AD14				
AD13		2		
AD12		5		2
AD11		8		3
AD10		13		7
AD9		26		23
AD8		28		27
AD7		26		30
AD6		14		18
AD5		13		22
Total AD		137		134
AST11				
AST10				
AST9				
AST8		1		
AST7		2		
AST6		3		1
AST5		4		2
AST4		3		5
AST3				2
AST2				
AST1				2
Total AST		13		12
Grandtotal		150		146