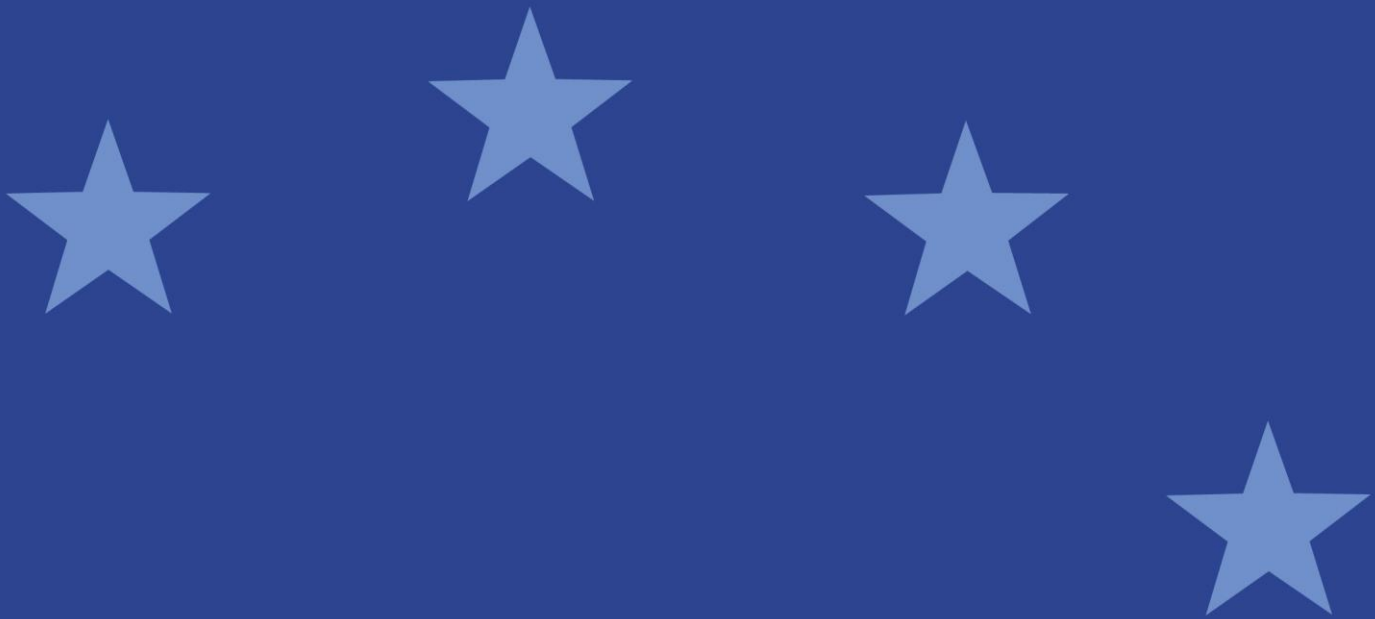




European Securities and
Markets Authority

2019 Annual Work Programme



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1 Foreword and general context

ESMA was founded in 2011. In its initial set-up period up to 2015, ESMA focused on building a single rulebook for EU financial markets and on establishing itself as a credible direct supervisor. In accordance with ESMA's Strategic Orientation 2016-2020 ESMA has now shifted its focus onto its other two activities: supervisory convergence and assessing risks in the financial markets. ESMA, along with the national competent authorities (NCAs), have come a long way in setting up the necessary supervisory convergence processes and working methods for identifying areas for improved convergence and setting up a toolbox for taking action. In 2019, ESMA will continue on this line, as well as fulfilling its responsibilities stemming from the initiatives of the Capital Markets Union.

In addition, ESMA will be taking on new direct supervisory responsibilities under the Securities Financing Transactions Regulation (SFTR) and the Securitisation Regulation, as well as new supervisory convergence powers and responsibilities under the European Social Entrepreneurship Funds (EuSEF) and European Venture Capital Funds (EuVECA) Regulations. Moreover, ESMA is planning to support the Sustainable Finance through a set of priority actions, aiming to integrate environmental, social and governance (ESG) considerations as part of the investment chain.

With regard to ESMA's existing mandates, major work streams for 2019 include supervisory convergence work in the area of Prospectus, following the Level 2 work planned for 2018, as well as input to the Joint Committee sub-committee and supervisory convergence work on the Securitisation Regulation. The continued implementation of MiFID II and MiFIR will be a point of focus, in particular to meet the increasing demand for effective supervisory convergence, to analyse and manage the related data requirements, and to provide advice to the Commission on the retention or the review of the new requirements. ESMA will also work on the third-country regime under MiFIR including, among other tasks, support to the Commission on equivalence assessments and concluding co-operation arrangements with third countries.

As European regulator and supervisor of specific financial entities, ESMA will persistently and prudently continue its work in 2019 to support a smooth and resilient withdrawal of the UK from the European Union. The withdrawal will make demands on ESMA, and NCAs, in terms of supervisory convergence work, financial stability work as well as third-country policies, where ESMA will seek to ensure appropriate regulatory and supervisory coverage of third-country entities. In March 2018, a political agreement was reached between the UK and EU on transition arrangements until end-2020 at the latest. Legal certainty on such transition arrangements will only be obtained with the ratification of the UK and EU of the Withdrawal Agreement. ESMA will continue its preparedness planning based on all scenarios, including a no-deal scenario.

Finally, during 2017, the European Commission made two legislative proposals that, if approved by the co-legislators in 2018, would significantly affect ESMA's planning environment for 2019. The amendment to the European Market Infrastructure Regulation (EMIR 2.2) proposal aims to enhance the supervision of third-country Central Counterparties (CCPs) and

make the supervision of EU CCPs more coherent. In September 2017, an amendment to ESMA's founding Regulation, as part of a wider review of the European System of Financial Supervision (ESAs' Review), was proposed. The ESAs' Review proposal would set up a new governance and funding structure for ESMA, as well as new objectives, tasks and powers.

Key priorities for ESMA in 2019:

Supervisory Convergence	• Implementation of MiFID II / MiFIR, Prospectus and Securitisation
Assessing Risks	• Data requirements of MiFID II / MiFIR
Single Rulebook	• Capital Markets Union Action Plan and Fintech Action Plan
Direct Supervision	• Supervision of CRAs and TRs and registrations under the Securitisation Regulation and SFTR

2 Mission statement

ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.



3 2019 planned resources

On 31 January 2018 ESMA provided a multi-annual 'Programming Document' to the EU institutions. This included a multi-annual work programme with financial and staffing outlook for 2020 and 2021, as well as a detailed annual work programme with a budget and staffing request for 2019. ESMA's resources for 2019 will become final once the EU budget as whole is decided upon at the end of 2018.

In accordance with its 2019 budget request, ESMA's 2019 work programme is based on a budget of €48,382,458¹ and an establishment plan of 176 posts (254² full time equivalents).

¹ This total budget does not include an amount of €2,190,000 for projects delegated to ESMA from NCAs.

² In addition there are four Contract Agent and four Seconded National Expert positions specifically allocated to work on tasks delegated from the NCAs.

ESMA plans according to an activity-based method and allocate budgeted financial and staff resources per activity, rather than per functional cost or per internal management hierarchy. The table below shows an overview of the planned allocation of resources across ESMA's activities:

Activity	Staffing ³		
	Number of staff 2018	Number of staff 2019	% of 2019 total
Supervisory Convergence	81	84	33%
Risk Assessment	47	48	19%
Single Rulebook	39	35	14%
Direct Supervision	65	87	34%
Total⁴	232	254	100%

Activity	Budget		
	2018 (EUR)	2019 (EUR)	% of 2019 total
Supervisory Convergence	13,805,195	14,072,986	29%
Risk Assessment	10,217,442	13,319,619	27%
Single Rulebook	6,156,825	5,103,842	11%
Direct Supervision	11,707,508	15,886,011	33%
Total	41,886,970	48,382,458	100%

These figures reflect ESMA's 2016-2020 Strategic Orientation, which described a shift from focussing on single rulebook work to ESMA's other activities notably supervisory convergence and risk assessment which is gradually taking place over the period.

New tasks stemming from the EMIR 2.2 and ESAs' Review proposals have not been detailed in the 2019 work programme, nor any other new tasks that have not yet been agreed. Once the co-legislators have taken a decision, the detailed implementation of the new tasks and resources will be discussed with ESMA's Management Board and Board of Supervisors before being included in a future version of the 2019 annual work programme.

Additional tasks from SFTR, Securitisation Regulation, and EuVECA and EuSEF have been included on the assumption that the requested additional posts for these mandates are received in 2019.

³ Staff = Temporary Agents, Contract Agents and Seconded National Experts.

⁴ All transversal and support staff are included in these overall figures.

4 Work Programme 2019

4.1 Promoting supervisory convergence

ESMA will pursue implementing the objective set in the Strategic Orientation to ensure a level playing field of high quality regulation and supervision without regulatory arbitrage or a race to the bottom between Member States. In line with this objective ESMA has enhanced the planning and co-ordination of supervisory convergence work, and will continue to work on having a consistent approach to supervisory convergence across different areas.

4.1.1 Corporate Finance

Key objective

Achieve measurable improvements in the level of convergence regarding the application by NCAs of the EU legislation on corporate finance matters. Particular focus will be reserved to the development and application of practices in the prospectus, transparency and securitisation areas.

ESMA will increase the level of supervisory convergence in the area of prospectus in order to ensure supervision by NCAs in line with the provisions of the new Prospectus Regulation that will apply from 21 July 2019. To achieve such an aim ESMA will publish guidelines, review and update existing Q&As and potentially issue new Q&As, as well as review recommendations, supervisory briefings and opinions to ensure that Level 3 guidance is brought in line with the new elements of the Prospectus Regulation.

The work on the expansion of the current Prospectus Register with additional metadata, as well as publication by ESMA of all prospectuses, will also be completed.

As required under the Securitisation Regulation, ESMA will put resources into ensuring the fulfilment of its mandate of supervisory convergence in relation to all competent authorities designated under the Regulation as well as providing relevant input to the Securitisation sub-committee to be established under the Joint Committee and any necessary work in relation to co-operation with other relevant authorities. In addition, ESMA will be monitoring the need for any further guidance (guidelines, Q&A, etc.) in areas related to its competences.

In addition, ESMA will also monitor the application and implementation of the Transparency Directive in relation to notifications of major holdings, as well as the Takeover Directive. Evolutions of corporate governance related issues will be monitored in the context of the implementation of the Shareholder Rights Directive II, including with reference to the review of the Best Practice Principles for Providers of Shareholder Voting Research and Analysis.

Main outputs

- Publish guidelines in the prospectus area
- Update existing Q&As in the prospectus area and publish new ones (as necessary)

	<ul style="list-style-type: none"> – Issue Q&As and guidelines in the securitisation area, depending on needs – Review recommendations, supervisory briefings and opinions – Go-live of new Prospectus Register 		
Sub-activity budget	€2,590,826	Sub-activity staff	14 FTE

4.1.2 Corporate Reporting

Key objective	<p>Increase supervisory convergence in the area of supervision of financial information, non-financial reporting and alternative performance measures as well as enhance co-operation between accounting and auditing enforcers.</p>
	<p>ESMA will continue to foster supervisory convergence on supervision and enforcement of financial information and will continue to prepare common supervisory enforcement priorities on an annual basis. In addition to supervisory convergence in the area of enforcement of financial information prepared according to IFRS, where ESMA will continue to have European Enforcers Coordination Session (EECS) meetings (8-9 meetings per year), emphasis will be put on taking stock of implementation of the ESMA Guidelines on alternative performance measures (APM) and non-financial information. EECS will also engage with representatives of European audit oversight bodies in order to increase the co-operation.</p> <p>Considering the increasing relevance of sustainability issues, ESMA will closely monitor the developments in this area and promote the creation of a common supervisory culture with regards to non-financial reporting.</p> <p>Moreover, ESMA will increase supervisory convergence by ensuring follow-up of the issues identified as part of the peer review of the ESMA Guidelines on enforcement of financial information.</p> <p>ESMA will also continue working in the field of the European Single Electronic Format (ESEF) to consider any need to assist market participants in the implementation of the new standard and whether any improvements are needed to the RTS on ESEF. In addition, ESMA will co-ordinate with national authorities' future enforcement activities relating to the content of electronic reports and the appropriateness of electronic labels ("tags").</p>
Main outputs	<ul style="list-style-type: none"> – Statements on the yearly common enforcement priorities and monitoring the implementation of the priorities for the year before – Publications of selected enforcement decisions – Publications of a study on an accounting topic and on implementation of the ESMA Guidelines on APMS

	– Publication of the Annual Report on enforcement activities, including analysis of specific indicators of performance on enforcers		
Sub-activity budget	€1,193,306	Sub-activity staff	7 FTE

4.1.3 Investment Management

Key objective	Achieve greater convergence and consistency of NCAs' supervisory approaches and practices in relation to the EU legislation on investment management, with a particular focus on the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive and AIFMD.
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ESMA promotes supervisory convergence of NCAs' practices in the application of the following pieces of EU legislation and any related implementing measures: the UCITS Directive, the Alternative Investment Fund Managers Directive (AIFMD), the Regulations on Packaged Retail and Insurance-based Investment Products (PRIIPs), Money Market Funds (MMFs), European Long-term Investment Funds (ELTIF), European Venture Capital Funds (EuVECA) and European Social Entrepreneurship Funds (EuSEF) Regulations. ESMA will continue its focus on the consistent application of the aforementioned pieces of legislation and will do so by developing Q&As, guidelines and other supervisory convergence tools.

The revised EuSEF and EuVECA Regulations set out new powers and responsibilities for ESMA. Under the new framework, ESMA will have access to all relevant information in regard to the registration and notification procedures of these entities, as well as other information such as annual reports, valuation data etc. This information is to be gathered for the purpose of carrying out peer reviews.

ESMA will also develop guidance on the following:

- (i) liquidity stress testing by investment fund managers, building on the work already carried out in the context of the MMF Regulation;
- (ii) leverage limits under the AIFMD.

In 2019, ESMA will finalise the creation of a central database for MMFs and will develop a system to keep a central public register identifying each MMF authorised under the MMF Regulation.

ESMA will also continue its work in ensuring supervisory convergence on the topic of performance fees.

Activities will also concern the impact of the UK's withdrawal from the EU on the EU27 markets.

Main outputs	<ul style="list-style-type: none"> – Go-live of MMF database and register – Guidance on liquidity stress testing and leverage 		
Sub-activity budget	€3,115,210	Sub-activity staff	17 FTE

4.1.4 Investor Protection and Intermediaries

Key objective	Promote consistent application of MiFID II/MiFIR and co-ordination between NCAs in the area of investor protection and intermediaries.		
<p>ESMA will continue its focus on the consistent application of MiFID II/MiFIR by developing Q&As, guidelines and other supervisory convergence tools concerning authorisation of investment firms, conduct of business and organisational requirements. ESMA will also support practical sharing of supervisory practices in the investor protection area, specifically on home host issues, as well as organise workshops and training.</p> <p>ESMA will contribute to the exercise of product intervention powers (own ESMA interventions and assessment of national measures) where relevant or necessary, to the management of any subsequent workstream (co-ordination of NCAs, any renewals).</p> <p>Activities will also concern the impact of the UK's withdrawal from the EU on the EU27 markets.</p>			
Main outputs	<ul style="list-style-type: none"> – Q&As Guidelines, Opinions and Statements on MiFID II/MiFIR – Opinions on product intervention measures – Participation in peer reviews and follow-up to previous Peer Reviews on MiFID topics related to investor protection and intermediaries – Workshops and training sessions on MiFID II/MiFIR topics 		
Sub-activity budget	€1,902,282	Sub-activity staff	12 FTE

4.1.5 Market Integrity and Market Data

Key objectives	<p>Implement data strategy following the enactment of the SFTR, EMIR and MiFIR reporting regimes</p> <p>Improve supervisory convergence on Market Abuse Regulation (MAR) implementation and Benchmarks Regulation (BMR), including on the treatment of third-countries, benchmark colleges and on the Short Selling Regulation (SSR).</p>
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The Securities Financing Transactions Regulation (SFTR), the European Market Infrastructure Regulation (EMIR) and the Markets in Financial Instruments Regulation (MiFIR) each establish reporting regimes and ESMA will work on ensuring they are consistently implemented, potentially through guidelines, Q&As or peer reviews.

ESMA will work on ensuring that MAR, BMR and SSR are consistently implemented, potentially through supervisory briefings, guidelines, Q&As or peer reviews.

The Benchmarks Regulation requires that ESMA participate in the colleges of critical benchmarks to promote and monitor the efficient, effective and consistent functioning of colleges across the EU. ESMA may be required to issue opinions on the assessment by NCAs to designate benchmarks as critical at national level. Also, ESMA will continue its work with the ECB, European Commission, and FSMA in the working group on euro risk-free rates, which is tasked with identifying and recommending alternative to and fall-backs for EONIA and Euribor.

ESMA's ongoing work under the Market Abuse Regulation includes facilitating the sharing of practical supervisory experience.

Under SSR, ESMA has the ongoing requirement to fulfil its co-ordination role in regard to bans on short selling and on entering into or increasing net short positions, including the issuing, when required, of ESMA's opinions.

Main outputs	<ul style="list-style-type: none"> – Guidelines on EMIR/MiFIR and SFTR data requirements – Q&As on EMIR/MiFIR and SFTR data requirements, and BMR – Q&As and supervisory briefings on MAR – Ongoing activities in colleges of critical benchmarks to promote consistent application of Benchmarks Regulation 		
Sub-activity budget	€1,617,487	Sub-activity staff	10 FTE

4.1.6 Post-Trading

Key objectives	<p>Provide guidance to market participants and NCAs on the application of EMIR and the Central Securities Depositories (CSD) Regulation.</p> <p>Contribute to the consistent application of EMIR and to the convergence of supervisory practices for CCPs by initiating, co-ordinating and conducting an EU-wide stress test and a peer review on CCP supervision.</p>
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The further CPMI-IOSCO guidance for PFMI will be analysed and further incorporated in the EU framework for CCPs where necessary; ESMA might need to give dedicated guidance to NCAs for this.

Under the CSD Regulation requirements, ESMA will develop guidance and implement other supervisory convergence mechanisms in order to promote consistent application of the requirements, in particular in light of the entry into force of the settlement discipline regime. ESMA will also continue monitoring the level of settlement fails, including producing reports.

ESMA will continue to prepare and then start co-ordinating the regular EU CCP stress test, with the aim of assessing the resilience of financial market participants to adverse market developments, as well as preparing and then start co-ordinating a regular peer review on CCP supervision.

Main outputs	<ul style="list-style-type: none"> – Guidance on implementation of CCP requirements – Preparation and initiation of the annual EU wide CCP stress tests – Preparation and initiation of the annual peer review on CCP supervision – Guidance on CSDR implementation 		
Sub-activity budget	€1,763,318	Sub-activity staff	12 FTE

4.1.7 Secondary Markets

Key objective	<p>Provide guidance and promote consistent implementation of MiFID II/MiFIR in order for markets to become more transparent.</p> <p>Co-ordinate to ensure supervisory convergence on the backdrop of the UK's withdrawal from the EU.</p>
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Under the MiFID II/MiFIR regime ESMA has various ongoing tasks, including the assessment of third-country venues and of waivers from pre-trade transparency as well as issuing opinions on position limits and on the temporary suspension on transparency. In addition, ESMA may, under clearly specified circumstances, exercise temporary position management powers.

ESMA has various reporting and monitoring tasks under MiFID II/MiFIR. Reporting tasks include annual reports such as on the use of transparency waivers and deferred publication arrangements, the double volume cap and in the context of the trading obligation for derivatives.

ESMA will continue giving guidance, via Q&As and guidelines, to market participants and NCAs on the consistent application of the MiFID II/MiFIR regime for all secondary markets and commodity derivative issues.

If relevant, additional work following the UK's withdrawal from the EU will be carried out to ensure supervisory convergence on the treatment of UK entities.

Main outputs	<ul style="list-style-type: none"> – Opinions on position limits, on waivers for equity and non-equity instruments and on the temporary suspension from pre- and post-trade transparency; – Assessment of third-country venues in the context of transparency and position limits; – Annual reports: on double volume cap, on transparency waivers (equity and non-equity), on the use of deferred publication arrangements (equity and non-equity), on the international application of principles laid down by the trading obligation for derivatives, on the implementation of the trading obligation by third countries benefiting from an equivalence decision. 		
Sub-activity budget	€1,890,557	Sub-activity staff	12 FTE

4.1.8 Cross-cutting supervisory convergence themes

Key objective	<p>Promote a consistent approach among NCAs and across different areas, foster “real case discussions” among supervisors and enforcers, conduct peer reviews, assist NCAs to deal with convergence issues arising in the context of the UK’s withdrawal from the European Union.</p>
<p>ESMA will continue to strive for a consistent approach across areas through setting annual convergence priorities within a concise convergence work programme. For peer reviews, the aim will be to undertake two such assessments in 2019:</p> <ul style="list-style-type: none"> – a peer review on supervisory actions aiming at enhancing the quality of data reported under EMIR, and – a peer review on the collection and use of suspicious transaction and order reports under MAR as a source of information in the context of market abuse investigations <p>Other peer reviews may be launched, including as need be on relocation of business in the context of the UK’s withdrawal from the EU. In addition, there may be follow-ups to earlier peer reviews.</p> <p>Furthermore, in the context of the UK’s withdrawal from the EU, ESMA will foster effective and consistent approaches by NCAs dealing with firms seeking authorisation and relocation of business in the EU27. ESMA will continue to foster intensive exchange among senior enforcement experts as well as national supervisors on strategic issues. One of the transversal topics to which ESMA is paying attention is to reinforce cross-border cooperation among home and host NCAs.</p>	

It is also important to stress that in 2019, subject to resource availability, ESMA will continue with developing the Interactive Single Rulebook⁵ (ISRB). The objective is to facilitate the consistent application of the EU single rulebook in the area of securities markets by gradually providing such an online tool for all directives and regulations under ESMA's remit. The ISRB project began in 2018 with the UCITS Directive and the CRA Regulation and the next focus will be on MiFID II and MiFIR.

Main outputs

- Set priorities for supervisory convergence by publishing the 2019 Supervisory Convergence Work Programme
- Reach common views on files where firms seek authorisation and relocation of business in the EU27
- Peer reviews on EMIR and MAR
- Fostering more consistent use of supervisory convergence tools, including as need be through workshops and training sessions
- Enhanced approach to Q&As

4.2 Assessing risks to investors, markets and financial stability

4.2.1 Data Management and statistics

Key objective

Improve data quality, integration and usability to support ESMA's activities through data management and statistical analyses.

ESMA's work requires a strong data and analysis capacity to support the risk assessment and economic research but also to underpin ESMA's policy and supervisory activities. This ongoing task involves managing the datasets, including their cleaning, reconciliation and maintenance, by preparing basic and automatised reports as well as sophisticated analytical tools and methods.

In 2019 ESMA will have an enriched dataset whose sources will stem from the previously established legislative framework – MiFID/MiFIR, AIFMD, EMIR, and CRA Regulation and new ones such as SFTR and MMFR.

The costs and staff associated with maintaining all ESMA databases (and therefore relevant IT systems) are included in the budget and staff for this sub-activity. In 2019 this will mean

⁵ This project consists of publishing on ESMA's website electronic versions of key level 1 directives or regulations within ESMA's remit, with embedded hyperlinks allowing easy access to all related applicable regulatory or implementing measures such as technical standards, Guidelines, Opinions or Q&As.

maintaining the 18 databases that have been completed to respond to legislative mandates since 2011. These databases are supplemented by commercial data.

ESMA has been developing and applying data process and statistical analysis to support ESMA’s objectives (Investor Protection, Orderly Markets and Financial Stability) in order to obtain synergies in horizontal data activities and to allow the combination of datasets to enrich the information content. The improving of coherence and integrity of the whole ESMA’s dataset underpin both the quality of the data available to market participants and the wider public as well as the internal risk assessment and support for all of ESMA’s activities and its support of NCAs.

ESMA will also continue implementing its Data Strategy that was approved by its Board of Supervisors in November 2017.

Main outputs	<ul style="list-style-type: none"> – Data processes to support policy, supervisory and supervisory convergence activity – Ongoing data quality analysis – Processing of internal and commercial data and statistical generation to support ESMA and NCA activities – Maintenance of ESMA’s databases and IT systems 		
Sub-activity budget	€10,663,830	Sub-activity staff	32 FTE

4.2.2 Risk Monitoring and Analysis

Key objective	Identify financial market risks and report on these risks to the relevant institutions.		
<p>ESMA monitors and analyses market developments in the light of its objectives of promoting financial stability, orderly markets and investor protection. On the basis of sectoral risk assessments for the EU, ESMA contributes to the European systemic risk monitoring work – alongside the European Systemic Risk Board (ESRB) and Joint Committee (JC) - and to international risk monitoring undertaken by the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board (FSB). The results of this work are published in two half-yearly reports on Trends, Risks, and Vulnerabilities and in the quarterly Risk Dashboards. In addition, ESMA undertakes impact assessment on upcoming or existing regulatory instruments.</p>			
Main outputs	<ul style="list-style-type: none"> – Risk monitoring (Trends, Risks and Vulnerabilities Reports and Risk Dashboards), including Brexit related – In-depth research / thematic analysis (topics depend upon wider context at the time and within available resources) 		

	– Contributions to risk monitoring by EU and international bodies (ESRB, ESA JC, IOSCO, FSB).		
Sub-activity budget	€1,548,429	Sub-activity staff	10 FTE

4.2.3 Financial Innovation and Product Risk Analysis

Key objectives	<p>Achieve a co-ordinated approach to the regulation and supervisory treatment of new or innovative financial activities and provide advice to present to the EU institutions, market participants or consumers.</p> <p>Implement the framework for the use of the product intervention powers provided by MiFIR.</p>		
<p>ESMA monitors financial activities and retail investor trends, with a particular focus on financial innovation including Fintech and crypto-assets. It identifies issues and/or risks connected to such activities and trends, and helps to co-ordinate NCAs initiatives on market monitoring and facilitating exchanges of best practices, including providing advice or making proposals of relevant actions where needed.</p> <p>The monitoring also helps ESMA to play a proactive role in market intelligence gathering and to develop metrics that will guide the Authority in determining when and where ESMA will employ its own product intervention powers. Furthermore, the monitoring activity enhances the capacity to fulfil the responsibility to ensure that NCAs' use of the powers is co-ordinated and coherent.</p>			
Main outputs	<ul style="list-style-type: none"> – Ongoing monitoring of retail investor trends, financial activities and innovation, including Fintech – Ongoing market intelligence gathering 		
Sub-activity budget	€1,107,360	Sub-activity staff	6 FTE

4.3 Completing a single rulebook for EU financial markets

4.3.1 Corporate Finance

Key objective	Contribute to the development of Level 2 measures in relation to the revised Prospectus regime.		
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Following the review of the prospectus regime, ESMA has been asked to develop technical advice on the content of exempted documents, which will be delivered in the course of 2019. In addition, ESMA will potentially undertake the drafting of Technical Standards (TS) and Implementing Standards (ITS) under the voluntary empowerments in the new Prospectus Regulation.

Main outputs	<ul style="list-style-type: none"> – Technical Advice on Prospectus Regulation – Possible Regulatory Technical Standards and Implementing Technical Standards
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Sub-activity budget	€535,158	Sub-activity staff	4 FTE
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4.3.2 Corporate Reporting

Key objective	Contribute to the set-up of high-quality accounting standards through providing enforcers' views on new pronouncements and endorsement advice. In addition, ESMA will contribute to the implementation of the Council workplan to tackle Non-Performing Loans (NPL) in Europe.
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ESMA contributes actively to the accounting standard setting and endorsement in the EU through its observership at the European Financial Reporting Advisory Group (EFRAG). In addition, ESMA contributes to the International Accounting Standards Board (IASB) in charge of developing accounting global standards, including the International Financial Reporting Standards (IFRS) Advisory Council and in post-implementation reviews.

ESMA staff will participate in all Non-Performing Loans (NPL) groups and enhance co-operation with the prudential regulators in this field, as foreseen in the Action Plan of the Council.

It also undertakes single-rulebook work in the audit area by providing views on relevant International Standards on Auditing and by participating in the new Committee of European Audit Oversight Bodies (CEAOB), where ESMA chairs the subgroup of International Adequacy and Equivalence.

Main output	– Technical positions on new IFRS pronouncements and amendments
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Sub-activity budget	€527,446	Sub-activity staff	4 FTE
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4.3.3 Investment Management

Key objective	Frame and implement Technical Standards and Technical Advice.		
<p>ESMA will deliver standards, advice and opinions on the following pieces of EU legislation: the UCITS Directive, AIFMD and PRIIPs, MMF, ELTIF, EuVECA and EuSEF. There may also be some workstreams arising from the CMU initiative.</p> <p>The revised EuSEF and EuVECA Regulations empower ESMA to submit a number of draft Regulatory and Implementing Technical Standards to define the information to be submitted by EuVECA and EuSEF managers, as well as the conditions for granting authorisation.</p> <p>In 2019, there may be additional work for ESMA as a result of the upcoming reviews by the European Commission of the UCITS Directive and AIFMD. Similarly, the Commission's review of the PRIIPs Regulation may give rise to additional work. On the PRIIPS regulation, ESMA will gather data and information in order to provide feedback on the implementation of the Regulation with regards to its review clause.</p> <p>ESMA will have to provide technical advice on the integration of sustainability risks in the decisions taken and processes applied by financial market participants subject to the rules under the UCITS Directive and AIFMD, following the mandate given by the Commission in July 2018 as part of the Commission Action Plan on sustainable finance.</p>			
Main output	– Standards, advice and opinions on fund legislation		
Sub-activity budget	€654,229	Sub-activity staff	4 FTE

4.3.4 Investor Protection and Intermediaries

Key objective	Contribute to the development of a single rulebook in the area related to the provision of investment services and applying the third-country firm regime.		
<p>ESMA will assist the European Commission in the preparatory work for reports required under MiFID II or any other work aimed at assessing the impact of MiFID II provisions in the area of investor protection and intermediaries. It will co-operate with the Commission and the other ESAs in developing or amending/reviewing sound Level 1 and Level 2 (including RTS/ITS) provisions on investor protection and intermediaries.</p> <p>ESMA has also a role in the implementation of the MiFIR third-country regime for the provision of investment services, both directly (e.g. co-operation agreements with supervisors of</p>			

equivalent third countries, and maintaining a register of third-country firms) and indirectly (e.g. possible support to European Commission equivalence assessment).

Main outputs	<ul style="list-style-type: none"> – Reports required under MiFID II (preparatory work) – Register of third-country firms – Co-operation arrangements with relevant third-country authorities – Support on equivalence assessments of third-country regimes
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Sub-activity budget	€720,353	Sub-activity staff	5 FTE
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4.3.5 Market Integrity and Market Data

Key objectives	<p>Transpose internationally adopted codes into EU legislation via revised Regulatory Technical Standards.</p> <p>Review the third-country regimes for data providers and the Benchmarks Regulation.</p> <p>Provide MiFIR reports on the assessment of the reporting requirements.</p>
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ESMA conducts ongoing work related to international standard setting on reporting standards through the Financial Stability Board (FSB), the Committee on Payments and Market Infrastructures (CPMI) of International Organization of Securities Commissions (IOSCO) and Legal Entity Identifier (LEI). This international work will require ESMA to amend EU legislation to incorporate the new standards. Additional adjustments to reporting standards under MiFIR, MAR or EMIR are expected. ESMA should also develop reports on reporting requirements under MiFIR.

MAR and the Benchmarks Regulation might be reviewed. In that case, ESMA will have to advise on the possible amendments to these pieces of regulation, addressing specifically MAR sanctions. ESMA may also be asked to develop Technical Standards or to revise the existing ones.

In the context of the Benchmarks Regulation, ESMA should issue advice to NCAs on the recognition of third country administrators. Also, ESMA should be ready to provide advice to the European Commission on the equivalence regime under the Benchmarks Regulation if required to do so.

In the context of SSR, ESMA may revise the Technical Advice delivered in December 2017 and/or add new elements to its previous advice.

Main outputs	<ul style="list-style-type: none"> – Advice on the possible amendment of the Market Abuse Regulation and Benchmarks Regulation. Revision of pre-
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	<p>existing Technical Standards or elaboration of new ones may be necessary (including SME growth market under CMU proposals).</p> <ul style="list-style-type: none"> – Advice(s) on recognition of third country benchmark administrators by NCAs. – ESMA may revise and expand its previous Advice on the Short Selling Regulations. – Revised reporting standards / review of Technical Standards on reporting standards – Provided EMIR Refit is adopted, review of Reporting Technical Standards under EMIR – 		
Sub-activity budget	€789,787	Sub-activity staff	6 FTE

4.3.6 Post-Trading

Key objectives	<p>Review/update the EMIR framework.</p> <p>Develop the relevant reports on post trading matters.</p>		
	<p>ESMA might update the Clearing Obligation RTS, depending on market developments, new clearing offers or changes to the perimeter of the EU. ESMA will review as well the technical standards for CCPs with regards to anti-procyclicality measures. In addition, should EMIR Refit be adopted, ESMA might need to work on a range of reports and technical standards.</p> <p>ESMA will also develop reports on post-trading matters, such as reports under MiFIR on access and interoperability.</p>		
Main outputs	<ul style="list-style-type: none"> – Reviewed Clearing framework – Reports on post trading matters – Provided EMIR Refit is adopted, possibly the development of a range of reports and technical standards 		
Sub-activity budget	€485,263	Sub-activity staff	3 FTE

4.3.7 Secondary Markets

Key objectives	Deliver MiFID II/MiFIR review reports		
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	<p>Revise the Regulatory Technical Standard (RTS) on the transparency requirements for non-equity instruments (RTS 2) provided that the yearly assessment of non-equity transparency supports this.</p> <p>Revise existing RTS on MiFID II/MiFIR if needed.</p>		
<p>ESMA will work in 2019 on the MiFID II/MiFIR review reports assessing the functioning of the MiFID II/MiFIR requirements, including aspects such as the functioning of the consolidated tape for equity instruments, the functioning of OTFs, the regime for SME growth markets, the impact of algorithmic trading and High-Frequency Trading (HFT) and the impact of waivers from pre-trade transparency and the double volume cap mechanism.</p> <p>Furthermore, ESMA will carry out in 2019 an assessment of the operation of the transparency regime for bonds and derivatives. In light of the assessment, ESMA may revise the RTS on the transparency requirements for non-equity instruments to move to the next stage of the phase in.</p> <p>ESMA may revise existing RTS on MiFID II/MiFIR and may draft additional RTS on the trading obligation of derivatives subject to the Clearing Obligation. ESMA may also need to revise level 2 rules following any potential impact of the UK's withdrawal from the EU.</p>			
Main outputs	<ul style="list-style-type: none"> – MiFID II/MiFIR review reports – Revised RTS under MiFID II/MiFIR 		
Sub-activity budget	€1,391,606	Sub-activity staff	9 FTE

4.3.8 Policy activity to support our supervisory mandates⁶

Key objective	<p>Continue to contribute to the establishment of a robust regulatory framework under the Credit Rating Agency, Trade Repository, Securities Financing Transactions and Securitisation Regulations and provide support to ESMA's supervisory activities.</p>		
Credit Rating Agencies			
<p>ESMA will continue to develop the CRA single rulebook by delivering its views on the regulatory framework where required. In this context, ESMA will conduct a stock-take of the existing regulatory framework to assess the need for revising Regulatory Technical Standards (RTS) such as RTS on registration or fees as well as providing additional guidelines/guidance</p>			

⁶ Policy work to support ESMA's supervisory mandates is funded by fees charged to the supervised entities; however these functions are performed independently within ESMA and so are presented separately in this work programme.

in areas such as disclosures or the supervisory approach of fees charged by CRAs for credit ratings and ancillary services.

ESMA will also continue co-operating with EBA and EIOPA to provide a mapping to newly registered External Credit Assessment Institutions (ECAIs) as well as monitor the mapping already provided to the previous ones in order to promote a consistent implementation of Capital Requirements Regulation (CRR) and Solvency II Directive across the EU.

ESMA will continue monitoring and performing assessments of third-country regulatory frameworks for endorsement decisions as well as providing on request Technical Advice to the European Commission on the equivalence of third countries.

Trade Repositories, Securities Financing Transactions, and Securitisation Repositories

ESMA also already co-ordinates and contributes to regulatory and policy work streams for Trade Repositories, both in the European sphere and at the international level. With the expansion of ESMA’s supervisory mandates, this policy role will also be extended to the SFTR and Securitisation Regulations.

Main output	<ul style="list-style-type: none"> – Clear and common understanding of the regulatory framework for CRAs, TRs and Securitisation Repositories: revised RTSs and additional guidance.
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4.4 Directly supervising specific financial entities

4.4.1 Credit Rating Agencies

Key objective	Continue to supervise Credit Rating Agencies ensuring lasting impact of supervisory activities at individual CRA level.
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ESMA’s supervision of CRAs encompasses day-to-day supervision through a risk-based approach and conduct of specific investigations, including on-site inspections.

ESMA assesses registration applications under the CRA Regulation, conducts perimeter monitoring activities, and prepares any necessary reports for the Independent Investigation Officer (IIO) where possible breaches of the regulation have been identified.

ESMA co-operates with the European Central Bank (ECB) and other regulatory and supervisory bodies at international EU and non-EU levels including on Brexit-related issues.

ESMA will also continue assessing Brexit related consequences for UK-based CRAs and take appropriate action.

Main outputs	<ul style="list-style-type: none"> – Investigations, including on-site inspections – Monitoring
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	<ul style="list-style-type: none"> – Assessment of registration applications – Reports for IIO 		
Sub-activity budget	€8,863,937	Sub-activity staff	48 FTE

4.4.2 Trade Repositories

Key objective	Continue to supervise Trade Repositories under EMIR ensuring lasting impact of supervisory activities at individual TR level.		
<p>ESMA's supervision of Trade Repositories involves day-to-day supervision through a risk-based approach with a particular focus on data quality, IT and internal controls, governance and strategy and conflict of interests. ESMA also conducts investigations, including on-site inspections.</p> <p>ESMA assesses registration applications under EMIR and prepares any necessary reports for the IIO.</p> <p>ESMA co-operates with ECB, ESRB, NCAs and other regulatory and supervisory bodies at international EU and non-EU levels including on Brexit-related issues.</p>			
Main outputs	<ul style="list-style-type: none"> – Investigations, including on-site inspections – Monitoring – Assessment of registration applications – Reports for IIO 		
Sub-activity budget	€2,459,339	Sub-activity staff	14 FTE

4.4.3 Securities Financing Transactions

Key objective	Continue to supervise Trade Repositories under SFTR ensuring lasting impact of supervisory activities at individual TR level.		
<p>ESMA will begin registering and supervising Trade Repositories that will report under the Securities Financing Transactions Regulation (SFTR). As with Trade Repository supervision under EMIR, ESMA will apply a risk-based approach, focusing in particular on data quality, and will conduct investigations and on-site inspections as necessary.</p>			
Main outputs	<ul style="list-style-type: none"> – Assessment of registration applications – Investigations, including on-site inspections – Monitoring 		

	– Reports for IIO		
Sub-activity budget	€1,780,550	Sub-activity staff	11 FTE

4.4.4 Securitisation

Key objective	Register Securitisation Repositories and set up their ongoing supervision.		
	<p>The Securitisation Regulation will enter into force in January 2019; it introduces ESMA supervision on the securitisation repositories that will host all information required for transparency purposes. In the first year of supervision, priority will be given to registering the securitisation repositories and setting up the framework for their ongoing supervision.</p> <p>In 2019 ESMA will also finalise its development of a register of securitisation-related sanctions notified to it by NCAs, available to the European Supervisory Authorities (ESAs) and the NCAs, as well as a public register of all securitisations meeting the “simple, transparent and standardised” (STS) criteria.</p>		
Main outputs	<ul style="list-style-type: none"> – Registration decisions – Securitisation sanctions register – Securitisation notifications register 		
Sub-activity budget	€2,782,185	Sub-activity staff	14 FTE

4.5 ESMA as an organisation

4.5.1 UK withdrawal from the European Union

Key objective	Provide strategic lead, co-ordination and consistency across all Brexit-related workstreams within ESMA’s remit		
	<p>The decision by the UK to leave the European Union will fundamentally change financial markets in Europe and will have very important impact on ESMA's work in the years to come. Brexit is presenting important risks and challenges for ESMA and NCAs, as well as financial firms, investors and consumers.</p> <p>The impact of Brexit on ESMA as an organisation requires strong internal co-ordination to prepare and adapt to the changes in ESMA’s external environment, as well as</p>		

communication with institutional and market stakeholders on relevant issues arising out of the Brexit negotiations and/or market developments

Main outputs

- ESMA work to ensure appropriate regulatory and supervisory coverage of third-country entities post-Brexit
- Strategic steer to ESMA’s supervisory convergence work on investment firms, asset management, CCPs and secondary markets
- Ensure risk and mitigating risk assessments across all Brexit related workstreams are executed and followed upon within ESMA and via the standing committees
- ESMA organisational impact assessment and implementation of required adjustments to ESMA as an organisation
- Regular communication with market participants and other stakeholders, including relevant EU institutions and bodies

4.5.2 Corporate Affairs

Key objective

Provide support to ESMA in its communications and stakeholder relations activities; governance, strategic planning and reporting; assurance and accountability.

ESMA’s corporate affairs activity includes providing active support to the whole of ESMA through the following ongoing tasks:

- Leading on external communications including preparation of key messages, media relations, advising and preparing for external speaking events and management of internal and external communications channels including intranet, website and social media.
- Co-ordinating, advising and ensuring cross-organisational coherence on inter-institutional relationships and ensuring liaison with the other ESAs, the ECB as well as relations with third-countries.
- Providing support to the Board of Supervisors, the Management Board and ESMA Securities and Markets Stakeholders Group, assisting internal governance bodies and providing support to senior management
- Producing strategic, multi-annual and annual work plans and reporting on their execution using performance indicators
- Ensuring that ESMA’s policies, procedures and applicable laws and regulations are complied with; that risks are appropriately and continuously identified and managed; that high quality control processes, policies and procedures are

developed and maintained; and that there are controls around the protection of assets and information.

Main outputs

- 2018 Annual Report
- 2020-2022 Programming Document
- 2020 Annual Work Programme
- 2020 Annual risk assessment and work plan
- 2020 Communications Action Plan
- 2020 Stakeholder Relations Prioritisation

4.5.3 Legal

Key objectives

Enhance the legal drafting and soundness of legal acts adopted by ESMA.

Provide clarity on the Authority's legal toolbox and easy access to all applicable acts elaborated by ESMA.

ESMA's legal activity supports legal drafting, minimising the risk of legal challenge for ESMA and handling appeals and actions against ESMA. It also supports ESMA's legal toolbox, including the new product intervention powers. By 2018, ESMA will have an interactive Single Rulebook on its website listing Technical Standards and guidelines, the content of this will be kept continuously updated.

Main outputs

- Legal sign-off of Technical Standards
- Handle complaints/appeals/actions against ESMA
- Updating of tool listing Technical Standards and Guidelines

4.5.4 Facility Management

Key objective

Provide proactive support to ESMA by ensuring the smooth running of the facilities of the Authority and the acquisition of goods and services, in accordance with the EU public procurement rules and procedures. It also ensures the health and safety of ESMA staff and visitors.

The particular area of focus for ESMA's facility management activity in 2019 will be on ESMA's premises. The current lease contract will end in Q4 2019. Should ESMA need to move or extend its current premises, the works for the new premises will be mostly executed in 2019 for a potential move at the end of 2019.

Main outputs

- Premises works and move (if needed)
- Mission organisation

	<ul style="list-style-type: none"> – Meeting organisation – Facility Management helpdesk
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4.5.5 Finance and Procurement

Key objective	Further aligning the financial and procurement function to the ESMA strategy by continuously enhancing the efficiency of financial and procurement processes.
Finance and Procurement activity is to contribute to ESMA as an organisation by managing all financial, procurement and contract-related transactions.	
Main outputs	<ul style="list-style-type: none"> – Processing payments – Issuing recovery orders – Procuring goods and services

4.5.6 Human Resources

Key objective	Deliver HR services, enable ESMA to attract, deploy and retain the talents required to achieve its objectives, and ensure efficient HR administration while at the same time fulfilling the regulatory requirements of an EU authority.
ESMA is still growing and therefore a large part of its HR activity is related to the recruitment, induction and training of its staff.	
Main outputs	<ul style="list-style-type: none"> – Recruitment/induction of new staff – Training of staff

4.5.7 Information and Communication Technologies

Key objective	Provide effective and proactive support to staff, manage resources in a flexible and efficient way.
Maintenance and lifecycle upgrade of ICT office supplies (such as ESMA's staff personal computer and mobile devices, printing devices and supplies, fixed and mobile telecommunication subscriptions).	
Main outputs	<ul style="list-style-type: none"> – ICT Helpdesk

Annex I. Human Resources

The following tables replicate ESMA's budget request for 2019 to the EU Institutions and, as such, include the resources planned for ESMA in the legislative financial statements attached to the ESAs' Review⁷ and EMIR 2.2 proposals⁸:

2019 Establishment Plan			
AD 16	1		
AD 15	2	AST 11	
AD 14	6	AST 10	
AD 13	2	AST 9	
AD 12	7	AST 8	2
AD 11	14	AST 7	3
AD 10	17	AST 6	3
AD 9	38	AST 5	3
AD 8	29	AST 4	1
AD 7	66	AST 3	
AD 6	14	AST 2	
AD 5	36	AST 1	
AD total	232	AST total	12
GRAND TOTAL		244	

Contract Agents	2019 estimate
Function Group IV	44
Function Group III	48
Function Group II	
Function Group I	
Total	92

Seconded National Experts	2019 estimate
Total	22

⁷ The ESAs' Review proposal included 40 Temporary Agents and 16 Contract Agents or Seconded National Experts for ESMA in 2019.

⁸ The EMIR 2.2 proposal included 28 Temporary Agents and 12 Contract Agents or Seconded National Experts for ESMA in 2019.

Annex II. Draft budget

The following tables replicate ESMA's budget request for 2019 to the EU Institutions and, as such, include the resources planned for ESMA in the legislative financial statements attached to the ESAs' Review⁹ and EMIR 2.2¹⁰ proposals. The draft budget will be amended depending on the final outcome of the EC legislative proposal following the ESA review. The draft budget will not be final until the Budgetary Authority agrees it and will be amended in line with the mandates and resources received.

REVENUE	EUR
Revenue from fees and charges	15,886,010 ¹¹
EU contribution	38,282,496 ¹²
Contribution from National Competent Authorities	20,217,853
Contribution for delegated tasks	1,898,864
TOTAL REVENUE	76,285,223

EXPENDITURE	EUR
Staff expenditure	41,196,223
Infrastructure and administrative expenditure	16,274,000
Operating expenditure	16,625,000
Delegated tasks	2,190,000
TOTAL EXPENDITURE	76,285,223

9 The ESAs' Review proposal included a budget of €17,726,608 for ESMA in 2019.

10 The EMIR 2.2 proposal included a budget of €7,986,157 for ESMA in 2019.

11 Including in 2019 CRA fees (€8,863,937), TR fees (€2,459,339), SFTR fees (€1,780,550) and SR fees (€2,782,184).

12 Including the EU subsidy under the MFF (€12,569,731), the EU-advance for EMIR 2.2 (€7,986,157) and the EU-advance for the ESAs Review (€17,726,608).

Annex III. ESMA's Key Performance Indicators

ESMA has defined a list of Key Performance Indicators that are reported to the Management Board. ESMA's work programme in 2019 will be measured against these indicators.

Activity	Key Performance Indicator
Promoting supervisory convergence	Non-compliance with guidelines and recommendations.
	Number of peer reviews conducted.
	Number of opinions issued.
	Number of Q&As issued.
	% of IT systems delivered compared to planned.
	% budget execution of IT Work Programme.
Assessing risks to investors, markets and financial stability	Number of risk topics analysed.
	Trends Risks and Vulnerabilities and Joint Committee (of the ESAs) risk reports delivered against work plan.
	Data and Statistics: Coverage of ESMA databases under central data management.
Completing a single rulebook for EU financial markets	Number of Technical Standards and Technical Advice approved by ESMA's Board of Supervisors
Direct supervision of specific financial entities	Effective calibration of supervisory resources/tools, including enforcement, with aim to ensure independent rating-quality oriented culture in CRAs.
	Effective assessment of applications for registration.
	Effective calibration of supervisory resources/tools, including enforcement, with aim to ensure good levels of TR data quality and stability of TR databases.
	Effective preparation of new supervisory tasks to ensure smooth registration process and subsequent ongoing supervision.
Organisational implications	<ul style="list-style-type: none"> – Budget management measures: – Rate of implementation of Commitment Appropriations – Rate of cancellation of Payment Appropriations

Activity	Key Performance Indicator
	<ul style="list-style-type: none"> – Rate of budget outturn – Rate of payments executed within legal/contractual deadlines
	<ul style="list-style-type: none"> – Human Resource measures: <ul style="list-style-type: none"> – Average vacancy rate – Staff turnover rate – Staff satisfaction survey
	Percentage of completion of the activities of the Annual Work Programme
	Rate of external and accepted internal audit recommendations

Annex IV. Acronyms

AIFMD	Alternative Investment Fund Managers Directive
APM	Alternative performance measures
BMR	Benchmarks Regulation
CCP	Central Counterparty
CEAOB	Committee of European Audit Oversight Bodies
CMU	Capital Markets Union
CPMI	Committee on Payments and Market Infrastructures
CRA	Credit Rating Agency
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECAIs	External Credit Assessment Institutions
ECB	European Central Bank
ESAs	European Supervisory Authorities
EECS	European Enforcers Coordination Session
EFRAG	European Financial Reporting Advisory Group
EIOPA	European Insurance and Occupational Pensions Authority
ELTIF	European Long-term Investment Funds
EMIR	European Market Infrastructure Regulation
ESEF	European Single Electronic Format
ESG	Environmental, Social and Governance
ESRB	European Systemic Risk Board
ESRB	European Systemic Risk Board
EuSEF	European Social Entrepreneurship Funds
EuVECA	European Venture Capital Funds



FSB	Financial Stability Board
FTE	Full Time Equivalent
HFT	High-Frequency Trading
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIO	Independent Investigation Officer
IOSCO	International Organization of Securities Commissions
ITS	Implementing Technical Standard
JC	Joint Committee
LEI	Legal Entity Identifier
MAR	Market Abuse Regulation
MiFID	Markets in Financial Instruments Directive
MiFIR	Markets in Financial Instruments Regulation
MMFs	Money Market Funds
MMFR	Money Market Funds Regulation
NCA	National Competent Authority
NPL	Non-Performing Loans
PRIIPs	Regulations on Packaged Retail and Insurance-based Investment Products
RTS	Regulatory Technical Standards
SFTR	Securities Financing Transactions Regulation
SR	Securitisation Regulation
SSR	Short Selling Regulation
TR	Trade Repository
TS	Technical Standard
UCITS	Undertakings for Collective Investment in Transferable Securities