

## Opening Statement

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**European Securities and Markets Authority (ESMA)**

**Economic and Monetary Affairs Committee**  
**European Parliament**

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Dear Chairwoman, honourable Members of the European Parliament,

I am grateful for this opportunity to present to you a brief outline of ESMA's key activities over the past 12 months. In view of the new legislative term of the European Parliament that started only a few months ago, I am aware that for quite a few of you it may be the first encounter with ESMA and therefore I would like to start with an introduction to ESMA's role in the EU capital markets.

ESMA was established in 2011 as an independent Authority and its mission is ensuring investor protection, orderly financial markets and financial stability. This is achieved through four activities that we undertake: developing the single rulebook, fostering supervisory convergence, assessing risks as well as – distinctive from our EBA and EIOPA colleagues – direct supervision of certain financial market infrastructures.

While the first years of our existence were devoted to ensuring a proper implementation of the post-crisis regulatory reforms, like the ones regarding OTC derivatives (EMIR) and secondary markets trading and investor protection (MiFID II), we have significantly increased our efforts to ensure consistent supervision across the EU. To support the delivery of the Capital Markets Union project, in short the CMU, it is essential that we not only define an appropriate regulatory



framework, but also ensure that the rules are consistently implemented and supervised at national level. Therefore, ESMA has been shifting its focus towards supervisory convergence activities.

I would now like to give you a few practical examples from the last 12 months of how we aim to support the sustainable growth of the EU's capital markets while ensuring stability and investor protection. Firstly, regarding access of European companies to capital markets, ESMA has provided technical advice to the Commission on the minimum information content for prospectus exemption under the Prospectus Regulation. Secondly, in the area of sustainable finance, ESMA issued a number of pieces of advice to the European Commission on how various market participants, including asset managers, investment firms, distributors and credit rating agencies, should be required to address sustainability factors in the course of their activities, in order to efficiently tackle the risks of "green-washing". Thirdly, we finalised the elements of the single rulebook relating to securitisation and securitisation repositories, which will fall soon under ESMA's direct supervision. Finally, we further expanded our data and risk analysis functions which resulted in a number of relevant reports being published last year, thus enhancing transparency around key areas of the EU financial markets to the benefit of supervisors, policy-makers and the general public.

Looking ahead, and in line with what the European Commission Vice-President Dombrovskis has expressed in front of this Committee during his re-appointment hearing a few weeks ago, we should recognize that the CMU is still unfinished business. There are certain areas where I would see the need for targeted actions, both from EU and domestic legislators, and ESMA will support those actions whenever it can. These areas are the generally low participation of retail investors and households, as well as SMEs, in capital markets activities. To ensure that households get a better return on their savings, they need to invest in the capital markets, and reduce saving through deposits. To support this change, we need to bring down the relatively high costs of investment products offered, as was confirmed in ESMA's study published earlier this year. I believe that through access to simple, transparent and cost-efficient investment products households can get better returns on their savings. Equally, a bigger role of capital markets for European SMEs will help to increase the availability of funding for innovative activities and lower their levels of indebtedness. I trust that we will be able to discuss potential initiatives in this regard in the upcoming months.

The second issue I would like to raise with you today is the implementation status of two very important pieces of EU legislation, which have been agreed in the last weeks of the last

legislative cycle, and are directly impacting ESMA's work: the ESAs review and EMIR 2.2. I want to reiterate my gratitude to this Committee which has played an important role in entrusting ESMA with additional tasks and responsibilities, both regarding convergence and supervision, in order to support the CMU project but also to equip the Union's financial markets with tools which are indispensable in the context of the UK's Withdrawal from the EU. I would like to inform you that the implementation of both Regulations is very much on track and therefore we expect that an upgraded ESMA will start 2020 with more effective tools to ensure supervisory convergence, a stronger focus on investor protection, new internal Committees, including a Proportionality Committee, and an amended governance. We have also been working hard to ensure that the necessary resources can be acquired on time for ESMA to be ready to commence its new mandates regarding CCPs, including direct supervisory powers over third-country CCPs. This will also entail working closely with this Committee in the appointment process of the Chair and Independent Members of the new CCP Supervisory Committee as envisaged under EMIR 2.2.

I already briefly mentioned Brexit, and now I would like to share some observations regarding its impact on ESMA's work and the broader EU capital market. ESMA has worked very extensively on Brexit-related preparatory measures and thanks to the excellent cooperation between ESMA's staff and the EU National Competent Authorities (NCAs) we have achieved the current level of preparedness for a no-deal Brexit scenario. I would like to recall that due to Brexit and the resulting re-locations of UK market participants to the EU-27 we have embarked on a completely new area of supervisory convergence work, with the help of innovative structures like ESMA's Supervisory Coordination Network (SCN), which has been involved in more than 230 re-location cases, and Voluntary Supervisory Colleges (VSC). Moreover, Brexit has required additional efforts from our direct supervisory function, to ensure that affected Credit Rating Agencies (CRAs) and Trade Repositories (TRs) are ready on Brexit-date to be fully fledged entities in the EU27.

Honourable Members of the European Parliament,

I would like to conclude by underlining the importance of the continuation of the good cooperation between ESMA and the European Parliament, and the ECON Committee in particular. Since 2011, ESMA staff as well as I personally have highly valued the interactions with Members of this Committee during public hearings, scrutiny slots and in-camera exchanges as well as through other means in the context of our accountability towards the Parliament. Equally, ESMA has appreciated the many opportunities that it has been given to



provide its views on important matters considered by this Committee, be they of a legislative nature or not. I sincerely hope that in its new composition, the new ECON Committee and ESMA can maintain their cooperative and constructive spirit throughout the new legislative cycle to the benefit of EU capital markets, and in particular financial stability, orderly markets and investor protection.

Thank you for your attention and I will be pleased to answer any question you may wish to ask.