ESMA MAKES RECOMMENDATIONS TO IMPROVE INVESTOR PROTECTION

ESMA proposed changes that will make it easier for investors to obtain the key information they need to make well-informed investment decisions while also safeguarding them against aggressive marketing techniques and detrimental practices.

PUBLICATIONS
Your one-stop-shop information source in the world of EU Financial Markets brings together the latest reports, proposals and statements.

THE MONTH AHEAD
The speaking appearances of ESMA staff in May cover topics such as Legal Developments on Fintech, Clearing and Derivatives as well as Consumer Protection.

Joint ESAs Annual Report 2021
Launch of the EU Digital Finance Platform
ESAs see recovery stalling amid existing and new risks
In April, ESMA provided advice to the European Commission on certain elements of retail investor protection. The proposals aim to maintain a high level of investor protection while also enabling retail investors to take advantage of the opportunities digitalisation can bring.

ESMA together with the other European Supervisory Authorities (ESAs) published their Annual Report providing a detailed account of joint work completed over the past year. The main areas of cross-sectoral focus continued to be joint risk assessment, enhancement of consumer protection, development of the regulatory and supervisory frameworks for sustainable finance and securitisation.

Also in April, ESMA Chair, Verena Ross, delivered the closing remarks at the launch of the EU Digital Finance Platform event organised by the European Commission, where she talked about the support for innovation facilitators, the work of the European Forum of Innovation Facilitators as well as the Cross-Border Testing Framework.

Other publications include the first Joint risk assessment report of 2022, where the increasing vulnerabilities across the financial sector as well as the rise of environmental and cyber risks are highlighted. The ESAs encourage national competent authorities, financial institutions, and market participants to take specific policy actions in light of the risks and uncertainties.

A full overview of all publications can be found in the newsletter, together with information on next month’s speaking appearances of ESMA staff and vacancies. For updates, follow us on Twitter and LinkedIn.
ESMA has advised the European Commission on certain aspects relating to retail investor protection.

In the advice ESMA puts forward proposals that will make it easier for investors to get the key information they need to take well-informed investment decisions, whilst also protecting them from aggressive marketing techniques and detrimental practices.

The proposals put forward aim at maintaining a high level of investor protection, while ensuring that retail investors can benefit from digitalisation opportunities.

In addition, ESMA also supports the Commission’s proposal to prohibit the receipt of the payment for order flow to adequately address the serious investor protection risks arising from this practice.

Next steps
The advice has been submitted to the European Commission.
Increased retail participation in financial markets provides opportunities both for savers and for companies seeking financing, and we are encouraged to see that digital trends and new business models are contributing to making investing more accessible to the general public.

These developments do not however come without risk. Gamification techniques in trading apps and personal recommendations on social media may cause retail investors to engage in trading behaviour without understanding the risks involved. We are therefore setting out a number of proposals to ensure that these developments do not compromise investor protection in the EU”.

Verena Ross, ESMA Chair, said:

RECOMMENDATIONS

Requiring machine readability of disclosure documents to facilitate the development of searchable databases available to the public

Addressing information overload by proposing to define what is vital information and by using digital techniques such as layering of information
Development of a standard EU format of information on costs and charges and aligning the disclosures under MiFID and the PRIIPs KID

Possibility for NCAs and ESMA to impose on firms the use of risk warnings for specific financial instruments

Addressing aggressive marketing communications

Addressing issues related to misleading marketing campaigns on social media and the use of online engagement practices, such as the use of gamification techniques by firms or third parties
The Joint Committee of the European Supervisory Authorities (ESAs) – EBA, EIOPA and ESMA – has published its 2021 Annual Report, providing a detailed account of its joint work completed over the past year.

The Joint Committee, under ESMA’s chairmanship in 2021, continued to play a central role in the coordination and exchange of information between the ESAs, the European Commission (EC) and the European Systemic Risk Board (ESRB). A significant part of its work in 2021 focused on developing the regulatory and supervisory framework for sustainability-related disclosures. The main areas of cross-sectoral focus continued to be joint risk assessment, enhancement of consumer protection, development of the regulatory and supervisory frameworks for sustainable finance and securitisation. In addition, monitoring and contributing to the digital finance developments, supporting FinTech scale up through innovation hubs and sandboxes as well as cyber security completed the work programme.
KEY WORKSTREAMS

DIGITAL FINANCE
Extensive technical discussions on topics such as crypto-assets and digital operational resilience

SEcuritisation
The delivery of a report on the implementation and functioning of the Securitisation Regulation as well as an Opinion on its jurisdictional scope

CONSUMER PROTECTION
Work to prepare the response to the Call for Evidence from the European Commission in the context of the review of the PRIIPs Regulation, following the submission of the draft RTS in January 2021

SUSTAINABILITY
Work to prepare the response to the Call for Evidence from the European Commission in the context of the review of the PRIIPs Regulation, following the submission of the draft RTS in January 2021
LAUNCH OF THE EU DIGITAL FINANCE PLATFORM

ESMA Chair, Verena Ross, delivered the closing remarks at the launch of the EU Digital Finance Platform, event organised by the European Commission.

Ms Ross talked about the support for innovation facilitators, the work of the European Forum of Innovation Facilitators (EFIF), the Cross-Border Testing Framework – one of the most prominent projects of the EFIF in the past year – and the future ambitions of the Platform.

The event brought together the European Commission, Banca d’Italia, Finanzmarktaufsicht, Austria, European Fintech Association, European Banking Federation, European Digital Finance Association and Insurance Europe.

Verena Ross, Chair:

“ESMA, together with the other European Supervisory Authorities, will continue to support the EU Digital Finance Platform. It provides a single access point for all the information related to facilitating financial innovation in Europe. But the ambition is greater than this. We look forward to making the Platform a tool that will be recognised and used by FinTech in Europe.”
The three European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) issued their first joint risk assessment report for 2022. The report highlights the increasing vulnerabilities across the financial sector as well as the rise of environmental and cyber risks.

Russia's invasion of Ukraine and its economic consequences have aggravated the outlook for growth and inflation and brought heightened market volatility. Market resilience will critically depend on the ability of markets and financial institutions to deal with the economic consequences of the Russian invasion of Ukraine, and to withstand changes in public policy support on the monetary or fiscal side without material disruptions.

Some of the risks emerging during 2021 and highlighted in the report were amplified by Russia’s invasion of Ukraine. The EU economy was on track for a strong recovery from the crisis caused by the Covid-19 pandemic and the financial sector largely proved resilient. However, the recovery appears to have been hindered by new waves and variants of the virus, concerns regarding inflation risk, rising commodity prices and heightened geopolitical risks.

Additional vulnerabilities and risks for the financial system have built up over time. Financial markets remain vulnerable to changes in market sentiment, particularly if financial conditions tighten unexpectedly due to inflation pressures. In the real estate sector, persistent price increases and higher borrowing by households have increased risks. At the same time, the financial sector is increasingly exposed to environmental risks and risks stemming from digitalisation.
In light of the risks and uncertainties, the ESAs advise national competent authorities, financial institutions and market participants to take the following policy actions:

- Financial institutions should be prepared for further potential negative implications stemming from geopolitical tensions and ensure compliance with the sanctions regimes put in place both at the EU and at global levels.

- Financial institutions and supervisors should prepare for a possible deterioration of asset quality in the financial sector.

- The impact of further increases in yields and sudden reversals in risk premia on financial institutions and investors should be closely monitored.

- Retail investors are of particular concern, and supervisors should monitor risks to retail investors seeing that their participation in financial markets has increased substantially in recent years.

- Financial institutions should further incorporate ESG considerations into their business strategies and governance structures.
ESMA PUBLISHES THE ANNUAL TRANSPARENCY CALCULATIONS FOR NON-EQUITY INSTRUMENTS AND THE QUARTERLY SYSTEMATIC INTERNALISER CALCULATIONS

ESMA MAKES RECOMMENDATIONS TO IMPROVE INVESTOR PROTECTION

ESMA POSTPONES THE ANNUAL CALCULATIONS OF LIS AND SSTIT FOR BONDS AND THE QUARTERLY BONDS LIQUIDITY ASSESSMENT

ESAS SEE RECOVERY STALLING AMID EXISTING AND NEW RISKS

ESMA PUBLISHES COMPLEMENTARY ANNUAL TRANSPARENCY CALCULATIONS

ESAS PUBLISH JOINT ANNUAL REPORT FOR 2021

VERENA ROSS DELIVERS CLOSING REMARKS AT THE LAUNCH OF THE EU DIGITAL FINANCE PLATFORM

ESMA RESPONDS TO EUROPEAN COMMISSION CONSULTATION ON EMIR REVIEW

ESG FUNDS PROVIDED BETTER RETURNS FOR INVESTORS IN 2020

ESMA PUBLISHES LATEST EDITION OF ITS NEWSLETTER
04 Apr  ESMA PUBLISHES ITS FINAL REPORT ON THE REVIEW OF THE SHORT SELLING REGULATION

01 Apr  ESMA SEES EMIR AND SFTR DATA QUALITY IMPROVE FOLLOWING COORDINATED ACTIONS

04 Apr  ESMA SEEKS EXPERTS IN SUSTAINABLE FINANCE FOR ITS NEW CONSULTATIVE WORKING GROUP

01 Apr  NEW Q&AS AVAILABLE

01 Apr  ESMA POSTPONES RTS 2 ANNUAL REVIEW
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<tr>
<td>3 May</td>
<td>“Food for Thought” event</td>
<td>Frankfurt Main Finance</td>
<td>Klaus Loeber</td>
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<td>5 May</td>
<td>Annual conference of the AEDBF</td>
<td>European Society for Banking and Financial Law (AEDBF/ESBFL)</td>
<td>Roxana De Carvalho</td>
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<td>10 May</td>
<td>European Compliance Conference (TECC)</td>
<td>Securities Houses Compliance Officers Group (SHCOG)</td>
<td>Roxana De Carvalho</td>
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<td>11 May</td>
<td>ISDA AGM</td>
<td>ISDA</td>
<td>Verena Ross</td>
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<td>11 May</td>
<td>ISDA AGM</td>
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<td>Fabrizio Planta</td>
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<td>11 May</td>
<td>AFME European Sustainable Finance Conference</td>
<td>AFME</td>
<td>Iliana Lani</td>
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<td>12 May</td>
<td>Salone del Risparmio 2022</td>
<td>Assogestioni</td>
<td>Salvatore Gnoni</td>
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<td>17 May</td>
<td>Future of FMI’ talk</td>
<td>LSE</td>
<td>Klaus Loeber</td>
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<td>17 May</td>
<td>Cross Border Distribution Conference</td>
<td>Deloitte Luxembourg/Elvinger Hoss Prussen/FT Live</td>
<td>Evert van Walsum</td>
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<td>17 May</td>
<td>Microsoft Europe Financial Services Compliance Summit</td>
<td>Microsoft</td>
<td>Barbara Daskala</td>
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<td>18 May</td>
<td>FT Moral Money Europe Summit</td>
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<td>18 May</td>
<td>BaFin-Tech 2022 – Consumer Protection</td>
<td>BaFin</td>
<td>Karl Balz</td>
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<td>19 May</td>
<td>EACH's 30th Anniversary Celebration</td>
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<td>24 May</td>
<td>International conference on ESG for firms, banks and investors</td>
<td>School of Economics and Finance</td>
<td>Natasha Cazenave</td>
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<td>24 May Derivatives Forum Frankfurt 2022</td>
<td>Eurex</td>
<td>Klaus Loeber</td>
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<td>25 May International Bankers Forum European SSM Round Table</td>
<td>International Bankers Forum</td>
<td>Steffen Kern</td>
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<td>30 May WFC Conference 2022</td>
<td>ECSDA</td>
<td>Fabrizio Planta</td>
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<td>30 May WFE’s Clearing and Derivatives Conference 2022</td>
<td>WFE (World Federation of Exchanges)</td>
<td>Froukelien Wendt</td>
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<td>31 May ERA conference on Legal developments on Fintech</td>
<td>ERA (Academy of European Law)</td>
<td>Olga Petrenko/Giulia Ferraris</td>
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<td>31 May Irish Funds Annual conference</td>
<td>Irish Funds</td>
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# OPEN VACANCIES

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<tr>
<td>Traineeship notice – Legal profile (F/M)</td>
<td>Open call (without a specific deadline)</td>
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<td>Traineeship notice – Transversal profile (F/M)</td>
<td>Open call (without a specific deadline)</td>
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<tr>
<td>Traineeship notice - Financial Markets Profile (F/M)</td>
<td>Open call (without a specific deadline)</td>
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All open vacancies can be found on ESMA’s recruitment portal.
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