



European Securities and  
Markets Authority

# ESMA Risk Assessment Work Programme 2019



7 February 2019

ESMA50-157-1588

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# 1 Summary

This Risk Assessment Work Programme provides an overview of the analytical, research, data and statistical activities by ESMA scheduled to be undertaken in 2019.

ESMA's 2019 risk assessment agenda is focused on further developing ESMA's proprietary data sources and their analytical exploitation.

- As market data collected under the AIFMD, MiFID and EMIR mandates and others are becoming available, ESMA is – in close cooperation with the National Competent Authorities – completing the necessary technical infrastructure for their processing, programming routines for their management, and making them available for the relevant analytical evaluation.
- ESMA will further enhance its risk monitoring capacities, generating market descriptive statistics as well as sophisticated risk indicators and metrics on the basis of new proprietary data. Most importantly for 2019, ESMA is planning to complement its ongoing market monitoring through our semi-annual Report on Trends, Risks and Vulnerabilities and our quarterly Risk Dashboards by continuing the publication of an annual statistical report series. Here, ESMA will cover (i) EU derivatives markets, based on EMIR data, (ii) EU alternative investment funds, drawing on AIFMD data, and (iii) the cost and past performance of long-term retail investment products (UCITS, retail AIFs and structured retail products). During 2019, we will prepare the first annual statistical report on MiFID II data.
- ESMA continues to pursue in-depth analysis around key topics, including market and fund liquidity, fund leverage, and the impact of innovation especially in the areas of market infrastructures and investment advice.
- ESMA is set to continue its impact assessment activities, complementing the regulatory work programme, and will – in close cooperation with the National Competent Authorities – further enhance its stress testing work, aiming at successively more sophisticated Union-wide tests on Central Counterparties in future years, and a continued focus on developing ESMA's approach to investment fund stress testing.

The 2019 Risk Assessment Work Programme complements ESMA's activity reporting documents, most importantly the Single Programming Document, the Regulatory Work Programme, the Supervisory Work Programme and the Supervisory Convergence Work Programme. Also, ESMA is preparing for any changes to our analytical and statistical framework that may need to be made when the UK leaves the EU. The risk assessment projects identified in the present document reflect the horizontal nature of the data and analytical work at ESMA, contributing to the overarching objectives and activities of the Authority. Additional analytical and data projects specifically related to individual regulatory, supervisory or convergence dossiers are highlighted in the respective other work programmes.

## 2 Introduction

### 2.1 Objectives of ESMA Risk Assessment

In undertaking risk assessments, ESMA works on the basis of its mandate in the ESMA founding regulation<sup>1</sup>. In particular, ESMA monitors and assesses market developments and new financial activities in its remit.

ESMA risk assessments are carried out with a view to supporting the Authority's objectives of promoting investor protection, orderly markets, and financial stability.

### 2.2 Coverage

This Risk Assessment Work Programme provides an overview of the main analytical projects and the underlying data and statistical operations to be undertaken by ESMA in 2019. The list is not exhaustive, the prioritisation of the projects may change, and new projects may be added to the portfolio.

ESMA risk assessment activities cover the monitoring and analysis of risks as well as developing the required data and statistical infrastructure.

#### 2.2.1 Risk monitoring and analysis

Analytical activities are carried out as a horizontal function in ESMA, with data and analyses being contributed to a wide range of projects in support of ESMA's activities in the areas of regulation, supervision, supervisory convergence as well as ESMA risk assessment mandate.

In addition to the workstreams summarised in the Risk Assessment Work Programme, these activities form an essential part of a variety of operational projects which are presented in detail in the ESMA Work Programmes on supervision, regulation, and supervisory convergence, as well as ESMA's Single Programming Document.

ESMA risk assessment work is undertaken by ESMA staff in close cooperation with National Competent Authorities as well as expert consultative working groups. Depending on the mandates of individual workstreams, analytical outcomes are presented to or developed in close collaboration with ESMA's Committee on Economic and Market Analysis (CEMA), and the Financial Innovation Standing Committee (FISC). The analytical outcomes may also be presented to other policy standing committees. Ultimately, the contribution and results of ESMA's risk assessment work feed into the consideration of the ESMA Board of Supervisors and much of ESMA's outputs, whether in the form of publications or other actions.

#### 2.2.2 Data and statistics

The extensive use of data is a key strategic objective of ESMA. To achieve this ESMA will keep reinforcing its data and statistical capabilities during 2019. In 2018, ESMA has made progress on advancing the statistical usability of key market data – such as derivatives data on the basis of EMIR, market data on the basis of MiFID II-MiFIR, alternative fund data on the basis of AIFMD and others. In addition, future data mandates are being implemented – such as those specified in the Money Market Fund Regulation, Securitization Regulation, and the Securities Financing Transactions Regulation. As market data collected under the AIFMD, MiFID and EMIR mandates and others are becoming available, ESMA is – in close cooperation with the National Competent Authorities through the Data Standing Committee (DSC) – completing the necessary infrastructure and data quality action plans to ensure its quality and

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<sup>1</sup> Regulation (EU) No. 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC. Market monitoring and risk assessment cf. Arts. 8f, 8g, 23.1, 32, 32.3. Financial innovation cf. Arts. 9.2, 9.4. Product intervention cf. Art. 9.5.



allow its use to support all ESMA activities, to assist the work of the National Competent Authorities as well as to publish relevant information to market participants and the public in general.

## 3 Risk monitoring and analysis

### 3.1 Risk monitoring

ESMA risk monitoring activities are centred around periodic reports to the EU Institutions, which are publicly available on the ESMA webpage.

#### 3.1.1 Reporting on Trends, Risks and Vulnerabilities

#### **Semi-annual ESMA Trends, Risks and Vulnerabilities Report (TRV)**

##### Activities

- Informing stakeholders, markets, and the wider public of risks in the markets under ESMA's remit, including ESMA's ongoing risk assessment, risk alerts and risk warnings.
- Monitoring and assessment of market developments.
- Identification and measuring of systemic risks.
- At least yearly assessments to the European Parliament, the Council, the Commission and the ESRB of trends, potential risks and vulnerabilities in its area of competence.
- Enhancement of risk monitoring with respect to operational risks in the ESMA remit; non-conventional risks, incl. political and geostrategic risks as well as ecological, social and governance considerations; Brexit related risks, esp. cliff effect and financial stability related uncertainties.

##### Deliverables

- Two semi-annual TRV reports for spring and autumn European Financial Council meetings.
- TRV publication.

##### ESMA objectives

- |                     |                                     |
|---------------------|-------------------------------------|
| Financial stability | <input checked="" type="checkbox"/> |
| Orderly market      | <input checked="" type="checkbox"/> |
| Investor protection | <input checked="" type="checkbox"/> |

##### ESMA activities

- |                 |                                     |
|-----------------|-------------------------------------|
| Supervision     | <input type="checkbox"/>            |
| Single rulebook | <input type="checkbox"/>            |
| Convergence     | <input type="checkbox"/>            |
| Risk assessment | <input checked="" type="checkbox"/> |

## Quarterly ESMA Risk Dashboard (RD)

- Activities**
- Informing stakeholders, markets, and the wider public of risks in the markets under ESMA's remit, including ESMA's ongoing risk assessment, risk alerts and risk warnings.
  - Monitoring and assessment of market developments.
  - Identification and measuring of systemic risks.
  - At least yearly assessments to the European Parliament, the Council, the Commission and the ESRB of trends, potential risks and vulnerabilities in its area of competence.

- Deliverables**
- Four quarterly RD report publications.

ESMA objectives	ESMA activities	Supervision
Financial stability	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Orderly market	<input checked="" type="checkbox"/>	Single rulebook <input type="checkbox"/>
Investor protection	<input checked="" type="checkbox"/>	Convergence <input type="checkbox"/>
		Risk assessment <input checked="" type="checkbox"/>

## Annual Statistical Reports

- Activities**
- Statistical and analytical preparation, drafting, agreement and publication of annual market reports on (i) EU derivative markets, based on EMIR data, (ii) EU alternative fund markets, based on AIFMD data, (iii) the cost and past performance of EU long-term retail investment products (UCITS, retail AIFs and structured retail products), (iv) EU securities markets based on MiFID II data.

- Deliverables**
- Publication (i) an Annual EU Derivatives Markets Report, (ii) an Annual EU Alternative Investments Report, and (iii) an annual report on the cost and performance of EU long-term retail investment products.
  - Working towards the first edition of an annual report on EU securities markets based on MiFID II data.

ESMA objectives	ESMA activities	Supervision
Financial stability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Orderly market	<input checked="" type="checkbox"/>	Single rulebook <input type="checkbox"/>
Investor protection	<input checked="" type="checkbox"/>	Convergence <input checked="" type="checkbox"/>
		Risk assessment <input checked="" type="checkbox"/>

### 3.1.2 ESA Joint Committee risk reporting

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## Semi-annual Risk Report by the Joint Committee of the European Supervisory Agencies

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#### Activities

- Monitoring and assessment of market developments.
- Identification and measuring of systemic risks.
- At least yearly assessments to the European Parliament, the Council, the Commission and the ESRB of trends, potential risks and vulnerabilities in its area of competence.

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#### Deliverables

- Contribution to two semi-annual Risk Reports.

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#### ESMA objectives

- |                     |                                     |
|---------------------|-------------------------------------|
| Financial stability | <input checked="" type="checkbox"/> |
| Orderly market      | <input checked="" type="checkbox"/> |
| Investor protection | <input checked="" type="checkbox"/> |

#### ESMA activities

- |                 |                                     |
|-----------------|-------------------------------------|
| Supervision     | <input type="checkbox"/>            |
| Single rulebook | <input type="checkbox"/>            |
| Convergence     | <input type="checkbox"/>            |
| Risk assessment | <input checked="" type="checkbox"/> |
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## 3.2 Risk analysis

ESMA analytical activities are grouped in thematic areas of research and conducted by project teams led by ESMA staff, drawing on the in-house regulatory, supervisory, analytical and convergence expertise, as well as close cooperation with national authorities, political and market stakeholders as well as academia<sup>2</sup>. In particular, ESMA is aiming to enhance its external research cooperation in 2019, to promote the public availability, exploitation and analysis of ESMA proprietary databases, and to encourage a better understanding of the markets under ESMA’s remit and their risks beyond the analytical work undertaken directly by ESMA.

### 3.2.1 Securities markets, infrastructures, and investors

#### Alternative investment fund risk indicators

<b>Activities</b>	<ul style="list-style-type: none"> <li>ESMA analysis of AIFMD data towards the construction of risk metrics and indicators in the alternative funds industry.</li> <li>CEMA-led risk analysis project on the use of AIFMD data.</li> <li>AIFMD inventory of data quality issues.</li> </ul>				
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Ongoing analytical input into ESMA convergence and risk monitoring.</li> <li>Annual EU Alternative Investments Report.</li> </ul>				
<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

<sup>2</sup> Further analytical work is undertaken by ESMA in the context of regulatory, supervisory or convergence projects which is specified in the respective work programmes.

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## Cost and performance of investment products

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<b>Activities</b>	<ul style="list-style-type: none"> <li>ESMA analysis of fees on investment products and their absolute and relative performance.</li> <li>ESMA analysis of performance of active vs passive investment funds.</li> </ul>
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<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Ongoing analytical input into ESMA convergence, risk monitoring and, potentially, rule-making.</li> <li>Annual report on the cost and past performance of EU retail investment products.</li> <li>ESMA contribution to the EU Commission's Capital Markets Union Action Plan.</li> <li>Ongoing ESMA surveillance of closet indexing in the EU.</li> </ul>
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<b>ESMA objectives</b>	Financial stability	<input type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

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## Derivatives trading, market structures, and risks

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<b>Activities</b>	<ul style="list-style-type: none"> <li>ESMA analysis of EMIR data towards the construction of risk metrics and indicators for derivatives market monitoring.</li> <li>CEMA-led risk analysis project on the use of EMIR data.</li> <li>ESMA risk analysis on the use of derivatives by investment funds.</li> </ul>
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<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Ongoing analytical input into ESMA convergence and risk monitoring.</li> <li>Annual EU Derivatives Markets Report.</li> </ul>
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<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

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## Liquidity situation in EU securities markets

<b>Activities</b>	<ul style="list-style-type: none"> <li>ESMA research on equity and bond market liquidity.</li> <li>CEMA-led risk analysis project on the use of MiFID II data.</li> <li>Analysis of MiFID II data.</li> </ul>				
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Ongoing analytical activity.</li> <li>Analytical input into ESMA regulatory activities and risk monitoring.</li> <li>Working towards the first edition of the first annual EU securities market overview report.</li> </ul>				
<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input type="checkbox"/>		Convergence	<input type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

## Stress testing

<b>Activities</b>	<ul style="list-style-type: none"> <li>Coordination of and contribution to ESMA stress testing activities, and coordination with National Competent Authorities, esp. CCPs.</li> <li>Further enhancement of stress testing concepts, methods, and scenarios, esp. CCPs and investment funds.</li> <li>Coordination of cooperation with the ESRB.</li> </ul>				
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Conceptual development of ESMA approach to stress testing in the asset management industry.</li> <li>For details see ESMA 2019 Supervisory Convergence Work Programme.</li> <li>Definition of common reference parameters of the stress test scenarios for ESMA guidelines on MMF stress testing.</li> </ul>				
<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

## Securities financing transactions and repo markets

Activities	<ul style="list-style-type: none"> <li>ESMA research on securities financing market activities and repo markets, and the application of margins and haircuts.</li> </ul>				
Deliverables	<ul style="list-style-type: none"> <li>Ongoing analytical input into ESMA regulatory work and risk monitoring.</li> <li>Contribution to 2019 ESRB thematic work on shadow banking.</li> </ul>				
ESMA objectives	Financial stability	<input checked="" type="checkbox"/>	ESMA activities	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

## Investment fund leverage and liquidity

Activities	<ul style="list-style-type: none"> <li>ESMA research on liquidity as well as financial and synthetic leverage in UCITS and AIFMD funds.</li> </ul>				
Deliverables	<ul style="list-style-type: none"> <li>Ongoing analytical input into ESMA supervisory convergence, risk monitoring and, potentially, rule-making.</li> <li>Contribution to 2019 ESRB thematic work on shadow banking.</li> </ul>				
ESMA objectives	Financial stability	<input checked="" type="checkbox"/>	ESMA activities	Supervision	<input type="checkbox"/>
	Orderly market	<input type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

## High-frequency, algorithmic trading and trading halts

Activities	<ul style="list-style-type: none"> <li>ESMA research on high frequency and algorithmic trading.</li> <li>ESMA research on application and impact of circuit breakers and trading halts on trading venues in the EU.</li> </ul>				
Deliverables	<ul style="list-style-type: none"> <li>ESMA working papers.</li> <li>Ongoing enhancement of risk monitoring tools.</li> <li>Ongoing analytical input into ESMA regulatory work and risk monitoring.</li> </ul>				
ESMA objectives	Financial stability	<input checked="" type="checkbox"/>	ESMA activities	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

## Impact assessments

<b>Activities</b>	<ul style="list-style-type: none"> <li>• Provision of ESMA impact assessments on Regulatory Technical Standards to be drafted in 2019.</li> <li>• Further develop best practices and common standards for ESMA impact assessments.</li> <li>• Fulfil cost-benefit analysis requirements set out in ESMA regulation.</li> </ul>
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<b>Deliverables</b>	<ul style="list-style-type: none"> <li>• For details see ESMA 2019 Regulatory Work Programme.</li> </ul>
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<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input type="checkbox"/>
				Risk assessment	<input type="checkbox"/>

### 3.2.2 Financial innovation

#### Product Intervention

<b>Activities</b>	<ul style="list-style-type: none"> <li>• Ongoing risk identification and monitoring on the basis of ESMA qualitative and quantitative risk metrics, market intelligence, and the ESMA Financial Innovation Scoreboard.</li> </ul>
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<b>Deliverables</b>	<ul style="list-style-type: none"> <li>• Populate Financial Innovation Scoreboard and conduct deep dive analysis of potential product intervention issues.</li> <li>• Provide ongoing analytical support to areas in which the use of possible intervention intervention measures is being considered</li> </ul>
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<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

## Retail investor trends and risks

<b>Activities</b>	<ul style="list-style-type: none"> <li>Identify changes in investor and distributor behaviour, and potential risks in the area of investor protection.</li> <li>Identify issues that impact investors (positively or negatively) .</li> <li>Identify products or processes where financial technology can improve financial inclusion.</li> </ul>
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<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Share results with ESMA stakeholders internally through FISC and publically primarily via TRV.</li> </ul>
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<b>ESMA objectives</b>	<table border="0"> <tr> <td>Financial stability</td> <td><input type="checkbox"/></td> <td style="vertical-align: top;"><b>ESMA activities</b></td> <td>Supervision</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Orderly market</td> <td><input type="checkbox"/></td> <td></td> <td>Single rulebook</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Investor protection</td> <td><input checked="" type="checkbox"/></td> <td></td> <td>Convergence</td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Risk assessment</td> <td><input checked="" type="checkbox"/></td> </tr> </table>	Financial stability	<input type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>	Orderly market	<input type="checkbox"/>		Single rulebook	<input type="checkbox"/>	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input type="checkbox"/>				Risk assessment	<input checked="" type="checkbox"/>
Financial stability	<input type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>																	
Orderly market	<input type="checkbox"/>		Single rulebook	<input type="checkbox"/>																	
Investor protection	<input checked="" type="checkbox"/>		Convergence	<input type="checkbox"/>																	
			Risk assessment	<input checked="" type="checkbox"/>																	

## Financial technology (FinTech)

<b>Activities</b>	<ul style="list-style-type: none"> <li>ESMA to analyse NCA regimes of FinTech firms across the EU to identify potential gaps and issues in the current regulatory framework and assess how the principles of proportionality and flexibility are applied by Member States.</li> <li>Following the publication of the Report on Regulatory Sandboxes and Innovation Hubs in January 2019, ESMA to continue to engage in enhancing cross-border coordination and cooperation between innovation facilitators.</li> </ul>
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<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Depending on the findings of the survey, ESMA will determine whether there are areas of FinTech regulation that the EC needs to address and whether there are substantial divergences among national regulations of FinTechs where convergence is needed.</li> <li>ESMA will examine ways to foster more convergence across innovation hubs in the EU and facilitate experience sharing and cooperation.</li> </ul>
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<b>ESMA objectives</b>	<table border="0"> <tr> <td>Financial stability</td> <td><input checked="" type="checkbox"/></td> <td style="vertical-align: top;"><b>ESMA activities</b></td> <td>Supervision</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Orderly market</td> <td><input checked="" type="checkbox"/></td> <td></td> <td>Single rulebook</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Investor protection</td> <td><input checked="" type="checkbox"/></td> <td></td> <td>Convergence</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Risk assessment</td> <td><input checked="" type="checkbox"/></td> </tr> </table>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input type="checkbox"/>	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>				Risk assessment	<input checked="" type="checkbox"/>
Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>																	
Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input type="checkbox"/>																	
Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>																	
			Risk assessment	<input checked="" type="checkbox"/>																	

## Regulatory and supervisory technology (RegTech, SupTech)

- Activities**
- Continue to monitor and analyse how the emergence of regulatory technology and its use may improve regulators' ability to gather, process and analyse regulatory reporting data.
  - Analyse any risks that may emerge from the use of such technology.

- Deliverables**
- Update ESMA BoS on developments

ESMA objectives		ESMA activities	
Financial stability	<input checked="" type="checkbox"/>	Supervision	<input checked="" type="checkbox"/>
Orderly market	<input checked="" type="checkbox"/>	Single rulebook	<input type="checkbox"/>
Investor protection	<input checked="" type="checkbox"/>	Convergence	<input checked="" type="checkbox"/>
		Risk assessment	<input type="checkbox"/>

## Initial Coin Offerings (ICO), crypto assets

- Activities**
- Following the publication of the Advice to EU institutions in January 2019, ESMA to continue actively monitoring market developments around ICOs and crypto-assets.
  - ESMA to work with NCAs to provide a forum to share experience and views on the challenges/issues faced by NCAs when regulating/supervising crypto-assets and related activities.

- Deliverables**
- Share results with NCAs through FISC.
  - Depending on market developments, ESMA will determine whether further actions are needed to support supervisory convergence.

ESMA objectives		ESMA activities	
Financial stability	<input type="checkbox"/>	Supervision	<input type="checkbox"/>
Orderly market	<input checked="" type="checkbox"/>	Single rulebook	<input type="checkbox"/>
Investor protection	<input checked="" type="checkbox"/>	Convergence	<input checked="" type="checkbox"/>
		Risk assessment	<input checked="" type="checkbox"/>

## 4 Data and statistics

### 4.1 Data management

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#### Market trading (MiFID II/MiFIR)

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##### Activities

- Monitor the quality and timely provision of the MiFID II / MiFIR data by reporting entities and NCAs, propose remedial actions to NCAs and monitor their implementation.
- Support timely and high-quality publication of FIRDS, FITRS, DVCAP and associated registers
- Support reporting entities and NCAs in their reporting activities as well as users of the publications
- Implement further analysis on quality in particular regarding OTC activity, standardization of reference data and outlier analyses
- Extend the use of MiFID II / MiFIR reference and transparency data to support other ESMA activities
- Contribute to the arrangements to adapt systems to the withdrawal of the UK from the European Union

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##### Deliverables

- Regular data quality frameworks outputs for MiFID II / MiFIR data: regular reports to ESMA staff, DSC, NCAs as well as the Board of Supervisors; proposals for remedial actions and monitoring of their implementation
- Timely publication of high quality information to the public regarding reference data, transparency calculations and double-volume cap
- Contributions to Single rulebook activities and its implementation
- Publication of First MiFID II Annual Report on 2018 data and effective use for market monitoring and in-depth topical analyses (e.g. TRV, RD) as specified in section 3.1 and 3.2 of this document.

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##### ESMA objectives

Financial stability	<input type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
			Risk assessment	<input checked="" type="checkbox"/>

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## Alternative investment funds (AIFMD)

### Activities

- Monitor the quality and timely provision of data by NCAs, propose remedial actions and monitor its implementation to enhance usability of the data
- Support NCAs in their reporting activities as well as users of the data
- Determine, in collaboration with NCAs and other users in the authorities, the current shortcomings of the AIFMD data and implement remedial actions at different levels
- Support Single Rulebook activities specific to AIFMD reporting regimen by detecting current shortcomings in the reporting model, uncertainties and contribute to the AIFMD review.

### Deliverables

- Data quality framework outputs for AIFMD data: regular reports to ESMA staff, DSC and NCAs; proposals for remedial actions and monitoring of its implementation.
- Contributions to Single rulebook activities and its implementation, including AIFMD review.
- Publication of Second AIFMD Annual Report on 2018 data and effective use for market monitoring and in-depth topical analyses (e.g. TRV, RD) as specified in section 3.1 and 3.2 of this document.

ESMA objectives		ESMA activities	
Financial stability	<input checked="" type="checkbox"/>	Supervision	<input type="checkbox"/>
Orderly market	<input type="checkbox"/>	Single rulebook	<input checked="" type="checkbox"/>
Investor protection	<input checked="" type="checkbox"/>	Convergence	<input checked="" type="checkbox"/>
		Risk assessment	<input checked="" type="checkbox"/>

## Derivatives (EMIR)

### Activities

- Monitor the usability of data provided by trade repositories to support ESMA Risk assessment and Single rulebook activities and design additional analytical methodologies to handle possible shortcomings in the available data.
- Contribute to the execution of the data quality framework specific to EMIR, remedial actions and its monitoring
- Report to ESMA Supervision Department on any issue relevant to their activities and contribute to ESMA's supervisory work where appropriate
- Support Single Rulebook activities specific to the EMIR reporting regime and other regulations (e.g. benchmark regulation, MiFID II ancillary activities opinion)
- Provide analysis on EMIR data and the derivatives market to external regulatory bodies (e.g. European Commission, ESRB, FSB, LEI-ROC)
- Contribute to internal research projects
- Contribute to the arrangements to adapt existing and future analysis to the withdrawal of the UK from the European Union

### Deliverables

- Data quality framework on EMIR including reports to ESMA staff, NCAS and proposal of remedial actions
- Analyses to support Single Rulebook activities (e.g. EMIR guidelines on reporting, update of MiFID II Ancillary Activities test opinion, clearing obligation).
- Publication of Second Derivatives Markets Annual Report on 2018 data and effective use for market monitoring and in-depth topical analyses (e.g. TRV, RD) as specified in section 3.1 and 3.2 of this document.

ESMA objectives		ESMA activities	
Financial stability	<input checked="" type="checkbox"/>	Supervision	<input checked="" type="checkbox"/>
Orderly market	<input checked="" type="checkbox"/>	Single rulebook	<input checked="" type="checkbox"/>
Investor protection	<input type="checkbox"/>	Convergence	<input checked="" type="checkbox"/>
		Risk assessment	<input checked="" type="checkbox"/>

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## Credit Rating Agencies (CRA)

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### Activities

- Monitor the quality and timely provision of related data by CRAs and propose remedial actions to ESMA's supervisors as well as monitor their implementation
- Support timely and high-quality publication of CEREP and CRA associated registers
- Design and implement further analysis on CRA data to support ESMA supervision activity
- Design future Annual Report on CRAs foreseen for 2020
- Contribute to the arrangements to adapt existing and future analysis to the withdraw of the UK from the European Union

### Deliverables

- Execution of the CRA Data Action Plan to support supervisory activities
- Analyses to support Single Rulebook activities

### ESMA objectives

- |                     |                                     |
|---------------------|-------------------------------------|
| Financial stability | <input checked="" type="checkbox"/> |
| Orderly market      | <input checked="" type="checkbox"/> |
| Investor protection | <input type="checkbox"/>            |

### ESMA activities

- |                 |                                     |
|-----------------|-------------------------------------|
| Supervision     | <input checked="" type="checkbox"/> |
| Single rulebook | <input type="checkbox"/>            |
| Convergence     | <input type="checkbox"/>            |
| Risk assessment | <input checked="" type="checkbox"/> |
-

## Securities financing transactions and repo markets (SFTR)

- Activities**
- Define future data quality plan under the coordination of DSC
  - Define the technical needs and the quantitative methodologies to implement the ESMA-specific data quality plan activities as well as the analysis to support Risk assessment activities
  - Support the design of SFTR guidelines on reporting, position calculation and portability
  - Contribute to ESMA supervision activities

- Deliverables**
- Proposed data quality framework
  - Design and test the data analysis techniques for ESMA to execute in the future the i) data quality framework on SFTR, ii) the analyses to support Single Rulebook activities and iii) analyses to support risk assessment activity including its effective use for market monitoring and in-depth topical analyses (e.g. TRV, RD) as specified in section 3.1 and 3.2 of this document

ESMA objectives	Financial stability	<input checked="" type="checkbox"/>	ESMA activities	Supervision	<input checked="" type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

## Benchmark register

- Activities**
- Ensure that the information provided by NCAs on Administrators and Benchmarks is promptly published in ESMA website
  - Contribute to the migration of ESMA's interim solution for Benchmark publication to the final IT solution alongside IT departemtn
  - Analyse possible use for ESMA data operations as golden source for other reporting regimes

- Deliverables**
- Final migration from the interim solution to the IT system.

ESMA objectives	Financial stability	<input type="checkbox"/>	ESMA activities	Supervision	<input type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

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## Other data management activities

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- Activities**
- Activities towards the analysis, quality enhancement and exploitation of other ESMA proprietary databases
  - The databases are, among others, Registers, Short Selling Data, CSDR, Prospectus, Securitization
  - Explore and execute the combination of data to support data management activities and enhance statistical analyses

- Deliverables**
- Contribution to data model definitions (RTS, ITS) and supporting IT systems
  - Increase in the level of completion of relevant data fields, regarding the provision of LEIs in particular
  - Quality monitoring and proposal of remedial actions
  - Contributions to all ESMA activities
  - Statistical use and combination with other available data

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<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input checked="" type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

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## 4.2 Statistics

### Statistical use of ESMA proprietary data

<b>Activities</b>	<ul style="list-style-type: none"> <li>• Provision of market descriptive statistics, risk indicators and metrics for ongoing risk monitoring, and primary statistical analyses for analytical projects</li> <li>• Statistical tools and algorithms for supervisory work at ESMA and at National Competent Authorities</li> <li>• Provision of evidence to support single-rule book activities, direct supervision and supervisory convergence</li> <li>• Provision of data to other European Union and National authorities according to established procedures</li> </ul>				
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>• Contributions to TRV and RD production and research activities</li> <li>• 2<sup>nd</sup> AIFMD statistical reporting.</li> <li>• Design of CRA statistical reporting.</li> <li>• 1<sup>st</sup> MiFID II/ MiFIR statistical reporting.</li> <li>• 2<sup>nd</sup> EMIR statistical reporting.</li> </ul>				
<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input checked="" type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

### Statistical use of external data

<b>Activities</b>	<ul style="list-style-type: none"> <li>• Provision of market descriptive statistics, risk indicators and metrics for ongoing risk monitoring, and primary statistical analyses for analytical projects based in commercial data and data from public sources.</li> </ul>				
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>• Data provision for TRV and RD using commercial and publicly available data.</li> <li>• Dissemination of relevant information to other ESMA departments based on their needs, requirements and the existing commercial restrictions.</li> <li>• Efficient use of ESMA available budget for the purchase of data.</li> </ul>				
<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input checked="" type="checkbox"/>
	Orderly market	<input checked="" type="checkbox"/>		Single rulebook	<input checked="" type="checkbox"/>
	Investor protection	<input checked="" type="checkbox"/>		Convergence	<input checked="" type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

## 5 External cooperation

### 5.1 ESRB

#### ESRB coordination and analytical contribution

<b>Activities</b>	<ul style="list-style-type: none"> <li>Contribute to the prevention or mitigation of systemic risks to financial stability in the Union that arise from developments within the financial system.</li> <li>Fulfil cooperation requirement set out in ESMA regulation.</li> </ul>				
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Participation in and contribution to ESRB General Board, Advisory Technical Committee, and associated groups.</li> <li>Contribution to output of and participation in ESRB groups, including Instruments Working Group, Expert Group Investment Funds, CCP Expert Group, Expert Group Shadow Banking.</li> <li>Co-chairing of Expert Group Shadow Banking.</li> </ul>				
<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
	Orderly market	<input type="checkbox"/>		Single rulebook	<input type="checkbox"/>
	Investor protection	<input type="checkbox"/>		Convergence	<input type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

### 5.2 FSB

#### FSB expert group participation

<b>Activities</b>	<ul style="list-style-type: none"> <li>Contribution to FSB work in order to support the prevention or mitigation of systemic risks to financial stability that arise from developments within the financial system; and bring securities market regulator perspective into FSB work.</li> <li>Lead FSB Financial Innovation work on Regulatory Technology.</li> </ul>				
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Participation in and contribution to output of FSB working groups on ETFs, data and shadow banking .</li> </ul>				
<b>ESMA objectives</b>	Financial stability	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	Supervision	<input type="checkbox"/>
	Orderly market	<input type="checkbox"/>		Single rulebook	<input type="checkbox"/>
	Investor protection	<input type="checkbox"/>		Convergence	<input type="checkbox"/>
				Risk assessment	<input checked="" type="checkbox"/>

## 5.3 IOSCO

### IOSCO expert group participation

<b>Activities</b>	<ul style="list-style-type: none"> <li>• Contribution to IOSCO Committee on Emerging Risks (CER) work.</li> <li>• Monitor financial stability, orderly market and investor protection risks at a global level.</li> <li>• Bring EU-wide perspective into the IOSCO CER work.</li> <li>• Participation in IOSCO CER working groups on cyber risks, regulatory technology and collateral.</li> </ul>
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<b>Deliverables</b>	<ul style="list-style-type: none"> <li>• Contribution to output of IOSCO CER.</li> </ul>
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<b>ESMA objectives</b>	<table border="0"> <tr> <td>Financial stability</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Orderly market</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Investor protection</td> <td><input checked="" type="checkbox"/></td> </tr> </table>	Financial stability	<input checked="" type="checkbox"/>	Orderly market	<input checked="" type="checkbox"/>	Investor protection	<input checked="" type="checkbox"/>	<b>ESMA activities</b>	<table border="0"> <tr> <td>Supervision</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Single rulebook</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Convergence</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Risk assessment</td> <td><input checked="" type="checkbox"/></td> </tr> </table>	Supervision	<input type="checkbox"/>	Single rulebook	<input type="checkbox"/>	Convergence	<input type="checkbox"/>	Risk assessment	<input checked="" type="checkbox"/>
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