

Press Release

High risks persist for European securities markets and investors, ESMA says

European securities markets, infrastructures and investors remain at risk, the European Securities and Markets Authority (ESMA) said today in its latest Trends, Risks, and Vulnerabilities (TRV) Report (No 1, 2018). ESMA also re-iterated its concerns about retail investors investing in speculative and risky products, such as virtual currencies and Initial Coin Offerings (ICOs).

The TRV, which covers the second half of 2017, finds that overall risk levels for the EU's securities markets remained stable but at high levels for most risk categories. However, February 2018 saw severe market corrections and the return of equity market volatility, confirming ESMA's prevailing concerns. On the other hand, the level of credit risk eased, from very high to high, reflecting a strengthening macroeconomic environment and higher credit ratings in several EU Member States.

The TRV identifies the following key risks in EU securities markets:

- **Market risk** remains at very high level due to concerns about high asset market valuations and prevailing geopolitical uncertainties, such as around the current Brexit negotiations; and
- **Credit risk** has eased in relation to an improving macroeconomic environment but remains high due to possible and sudden repricing in risk premia; and
- **Operational risk** continued to be elevated with a deteriorating outlook, with extensive concerns around cyber security; and
- **Retail investor risks** associated with investments in virtual currencies and ICOs.

The TRV examines the performance of securities markets, assessing both trends and risks in order to develop a comprehensive picture of systemic and macro-prudential risks in the EU, to assist both national and EU bodies in their risk assessments.



ESMA's TRV contributes to promoting financial stability and enhancing consumer protection by regularly looking into cross-border and cross-sector trends, risks and vulnerabilities, both at the wholesale and retail level.



Notes for editors

1. Trends, Risks, and Vulnerabilities (TRV) Report (No 1, 2018)
2. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- assessing risks to investors, markets and financial stability;
 - completing a single rulebook for EU financial markets;
 - promoting supervisory convergence; and
 - directly supervising specific financial entities.
3. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board (ESRB), and with national authorities with competencies in securities markets (NCAs).

Further information:

Reemt Seibel

Senior Communications Officer

Tel: +33 (0)1 58 36 42 72

Email: press@esma.europa.eu