2016 discharge: European Securities and Markets Authority (ESMA)

2017/2173(DEC) - 18/04/2018 - Text adopted by Parliament, single reading

The European Parliament decided to **grant discharge** to the Executive Director of the European Securities and Markets Authority (ESMA) in respect of the implementation of the Agency's budget for the financial year 2016, and to approve the closure of the accounts for the financial year in question.

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that the agency's annual accounts for the financial year 2016 are reliable and that the underlying transactions are **legal and regular**, Parliament adopted by 578 votes to 114 with 7 abstentions, a resolution containing a series of recommendations, which form an integral part of the decision on discharge and which add to the general recommendations set out in the resolution on performance, financial management and control of EU agencies:

- **Agency's financial statements**: the final budget of the Authority for the financial year 2016 was EUR 39 398 106, representing an increase of 7.11 % compared to 2015. As a reminder, the Authority is financed by a contribution from the Union (EUR 10 203 000), contributions from national supervisory authorities of the Member States and observers (EUR 16 180 250) and fees (EUR 10 550 293).
- **Budget and financial management**: Members acknowledged that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 99.97 %, representing an increase of 0.33 % compared to 2015, and that the payment appropriations execution rate was 87.29 %, representing an increase of 2.75 % compared to 2015.
- **Commitments and carryovers**: 92.8% of the 2015 budget credits carried forward to 2016 were paid within the year. Members observed that the carryover rate was relatively low with the exception of operational expenditure, which was at 38.09%. Carryovers are often justified by the multiannual nature of the Authority's operational programmes, and do not necessarily indicate weaknesses in budget planning and implementation.
- **Performance**: Parliament welcomed the fact that the Authority, together with the European Banking Authority and the European Insurance and Occupational Pensions Authority, forms part of the Joint Committee which works to ensure cross-sector consistency and joint positions in the area of supervision of financial conglomerates and on other cross-sector issues. It has also worked on building its cooperation with the Single Supervisory Mechanism and the European Central Bank in areas of mutual interest such as market infrastructures and financial stability.

Members also made a series of observations regarding transfers, procurement, staff policy and the prevention and management of conflicts of interests and internal audits. They deplored the significant **imbalance** in the composition of the board of directors, the ratio being 17% of women against 83% of men. They also stressed the need to establish an independent body with sufficient budgetary resources to help **whistleblowers** to disclose information about possible irregularities affecting the Union's financial interests, while protecting their confidentiality.

Parliament noted that the **withdrawal of the United Kingdom** from the Union might affect the Authority's activities since many significant supervised entities are currently located there. However, the Authority is engaging proactively with national competent authorities to understand the impact of the withdrawal of the United Kingdom from the Union on the supervision of the financial markets as well as its impact on the Authority.

The resolution welcomed ESMA’s contribution to financial stability by conducting the global first **EU-wide stress test** for central counterparties.