2019 discharge: European Securities and Markets Authority (ESMA)

2020/2176(DEC) - 28/04/2021 - Text adopted by Parliament, single reading

The European Parliament decided by 610 votes to 59, with 29 abstentions, to **grant discharge** to the Executive Director of the European Securities and Markets Authority (ESMA) for the financial year 2019 and to approve the closure of the accounts for that year.

Noting that the Court of Auditors has stated that it has obtained reasonable assurance that the Authority's annual accounts for the financial year 2018 are reliable and that the underlying transactions are legal and regular, Parliament adopted, by 602 votes to 65, 24 abstentions, a resolution containing a series of recommendations which form an integral part of the discharge decision and which complement the general recommendations set out in the resolution on the performance, financial management and control of EU agencies.

Financial statements of the Authority

The Authority's final budget for the financial year 2019 was EUR 47 379 354, which represents an increase of 7.21% compared to 2018. The Authority's budget is financed by Union funds (28.73%), contributions from Member States' supervisory authorities (45.76%) and fees collected from supervised entities (24.33%).

Budgetary and financial management

Parliament welcomed the budget monitoring efforts during the 2019 financial year which resulted in a budget implementation rate of 99.95%, which represents a slight decrease of 0.03% compared to the 2018 financial year. The implementation rate for payment appropriations was 88.77% (a decrease of 0.11% compared to the previous year).

According to the Court's report, the Authority charges fees to CRAs and trade repositories in accordance with the Regulation on fees due to the Authority. These fees should exclusively cover the Authority's expenses related to the fees charged. Members noted that while the Authority has correctly applied the fees regulation, the Court of Auditors has identified some risks and reported them to the Commission. According to the Authority's reply, it will actively participate in all initiatives to avoid any shortcomings in the fees Regulation.

Other observations

Members also made a number of observations concerning performance, staff, public procurement and the prevention of conflicts of interest.

In particular, they noted that:

- the Authority has completed 95% of the activities foreseen in its annual work programme, which represents an increase of 5% compared to 2018;

- like the European Banking Authority and the European Insurance and Occupational Pensions Authority, ESMA is part of a joint committee whose aim is to ensure cross-sectoral consistency and establish common positions in the area of supervision of financial conglomerates and on other cross-sectoral issues;

- the Authority has made efforts to establish a more coordinated supervisory regime across the European financial system: Members look forward to receiving an update on future steps in this direction, including measures to address the challenges posed by the digital transition of the economy and sustainability measures;

- to be effective, the assignment of new responsibilities for direct supervision and for strengthening convergence must take place in a gradual and continuous manner;

- the changing workload of the Authority, with its tasks becoming less regulatory and more focused on the application and enforcement of EU law, requires the reallocation of budgetary and human resources internally;

- the integration of the digital transition and sustainability objectives into the regulatory and supervisory framework requires the provision of sufficient resources;

- at the end of 2019, 73.81% of the establishment plan was implemented on 31 December 2019, with 155 temporary appointed out of the 210 temporary agents authorised under the EU budget. The Authority is close to achieving gender balance in its Management Board (6 men and 5 women) and at staff level;

- the combination of public-private experience that its staff brings is beneficial to the Authority;

- measures have been implemented to mitigate conflicts of interest. The Authority is invited to consider extending the mandatory 12-month cooling-off period for senior members of staff that contemplate a move that may give rise to post-public employment conflicts of interest.