2020 discharge: European Securities and Markets Authority (ESMA)

2021/2138(DEC) - 04/05/2022 - 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) for the financial year 2020 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 2020 are reliable and that the underlying transactions are legal and regular, Parliament adopted, by 558 votes to 50, 35 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.

Authority's financial statements

The Authority's final budget for the financial year 2020 was EUR 56 246 722, representing an increase of 18.72 % compared to 2019. The Authority is financed by Union funds (29.81 % of the total budget), contributions from Member States' supervisory authorities (38.41 %) and fees received from supervised entities (27.67 %).

Budgetary and financial management

The budget monitoring efforts during the financial year 2020 resulted in a budget implementation rate of 99.03 %, representing a slight decrease of 0.92 % compared to 2019. The execution rate of payment appropriations was at 85.51 %, representing a decrease of 3.26 % compared to the previous year.

Parliament noted that the surpluses and deficits from the fees charged to credit rating agencies and trade repositories can lead to an annual cross-financing of activities. The Authority should find a means of avoiding such cross-financing.

Other observations

Parliament also made a number of observations concerning performance, staff, public procurement and the prevention of conflicts of interest and Covid-19.

In particular, it noted that:

- the Authority shares the accounting officer function with the EBA, and the majority of its procurements are joint procurements with other agencies and the Commission; further notes that the Authority has implemented its administrative digitalisation programme based on joint IT software shared by six Union agencies, which together cooperate to communicate on best user practices and new releases;

- as a consequence of the impact of the Covid-19 pandemic, the Authority completed 81.5 % of the activities included in its annual work programme in 2020, representing a decrease of 13.5 % compared to 2019;

- the Authority continues to contribute actively to the development of the Union regulatory and practical framework for sustainability that is required to meet the political ambition and pressing timetable of the European Green Deal, especially in relation to the disclosure of non-financial and diversity information by certain large undertakings and groups; on sustainability-related disclosures in the financial services sector and on the establishment of a framework to facilitate sustainable investment;

- on 31 December 2020, the establishment plan was 76.11 % implemented, with 172 temporary agents appointed out of 226 temporary agents authorised under the Union budget (compared to 210 authorised posts in 2019). There is a need for a geographical and gender balance among members of staff;

- the Authority experienced a planned increase in its workload in 2020, for which it received 16 new posts that had been foreseen in the Multiannual Financial Framework for 2020. It reallocated posts internally to continue to provide input in the Capital Markets Union agenda and to manage the pressure on the Authority's activities as a result of the UK's withdrawal from the Union;

- in March 2020, the Authority signed a 'data services master agreement' with a Canadian company, for a maximum period of seven years. The maximum amount of the contract was not clearly stated, which reduces the transparency of the signed agreement. Corrective actions were however taken by the Authority to address that serious internal control weakness;

- synergies were created through joint procurement procedures with other Union agencies;

- overall, the pandemic had several key impacts on the Authority, including more frequent meetings of the board of supervisors and other group meetings of the Authority, an increase in the digitalisation and use of audio and video conferencing and voting tools, an increase in the importance of having an online presence on social media and attending online conferences, and a reduced carbon footprint as a result of less printing and less travelling;

- the Authority reinforced its coordination role regarding the supervision of investment funds through the organisation of frequent exchanges with national competent authorities on market developments and supervisory risks, in particular on liquidity issues;

- lastly, it continued to prepare for the end of the transition period of the UK's withdrawal from the Union, in line with its mission to enhance investor protection and promote stable and orderly financial markets.