2021 discharge: European Securities and Markets Authority (ESMA)

2022/2115(DEC) - 10/05/2023 - 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 2021 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 20210 are reliable and that the underlying transactions are legal and regular, Parliament adopted, by 555 votes to 38, with 36 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 2021 was EUR 60 600 822, representing an increase of 7.64 % compared to 2020. The Authority is financed by a contribution from the Union (EUR 19 172 407, representing 30.59 % of the total budget), contributions from national supervisory authorities of the Member States (EUR 23 936 648, representing 38.20 %) and fees received from supervised entities (EUR 17 087 867, representing 27.27 %).

Budgetary and financial management

Budget monitoring efforts during the financial year 2021 resulted in a budget implementation rate of 99.94 %, representing a slight increase of 0.92 % compared to 2020. The execution rate of payment appropriations was at 89.91 %, representing an increase of 4.40 % compared to the previous year.

2021 was the first full year in which the Authority collected fees from third-country central counterparties (CCPs) and the first year when it started collecting fees from securitisation repositories, in addition to fees from credit rating agencies and trade repositories.

The Authority has upgraded its payment management system aimed at managing better the late payments made, for example, by credit rating agencies or trade repositories, and the accrued interest in connection with those payments.

Other observations

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

In particular, it noted that:

- the Authority for its 2021 work programme being 91 % completed, with most of its KPIs having been achieved or exceeded;

- the Authority was commended for: (i) having grouped its outputs and deliverables for 2021; (ii) its efforts to provide the Union institutions with technical feedback regarding the Commission’s proposals for a regulation on markets in crypto-assets and the digital operational resilience act;

- on 31 December 2021, the establishment plan was 85.20 % implemented, with 213 temporary agents appointed out of 250 temporary agents authorised under the Union budget (compared to 226 authorised posts in 2020);

- the Authority managed 15 procurement procedures, seven of which were completely finalised. Parliament commended the efforts made by the Authority to create synergies through joint procurement procedures with other Union agencies and the Commission;

- several actions were undertaken to raise awareness about the rules regarding conflicts of interest, ethics rules, the inquiry into dealing in financial instruments, and post-employment rules and cooling off-periods;

- in accordance with its conflicts of interest and ethics policy, the Authority has made use of a temporary ban on trading in selected financial instruments by its staff to avoid any risk of insider dealing;

- more systematic rules on transparency, incompatibilities, conflict of interests, illegal lobbying and revolving doors should be put in place. The Authority should also strengthen its internal control mechanisms, including the setting up of an internal anticorruption mechanism;

- the Authority has continued to work smoothly in 2021 owing to its prior investments in audio- and videoconferencing and a voting tool;

- the Authority identified risks in 2021 such as, among others, a limited capacity to deliver on its mandates, inadequate resources and lack of expertise to manage the extensive legislative agenda (namely as regards the capital markets union and CCPs), the consequences of the withdrawal of the United Kingdom from the Union, potential new mandates for the Authority in certain areas (such as in relation to central securities depositories), more volatile financial markets, and a limited supervisory convergence and supervision of third-country CCPs. In this regard, the Commission was called on to take these issues into account and allocate the resources necessary for the Authority to deliver on new or extended mandates.