Basic information

2014/2122(DEC) DEC - Discharge procedure	Procedure completed
2013 discharge: European Securities and Markets Authority (ESMA) **Subject** 8.70.03.03 2013 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	CZARNECKI Ryszard (ECR)	09/10/2014
	Shadow rapporteur ZDECHOVSKÝ Tomáš (PPE) VAUGHAN Derek (S&D) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) JÁVOR Benedek (Verts/ALE) VALLI Marco (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs	FERBER Markus (PPE)	21/10/2014

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
30/07/2014	Non-legislative basic document published	COM(2014)0510	Summary
20/10/2014	Committee referral announced in Parliament		

23/03/2015	Vote in committee		
30/03/2015	Committee report tabled for plenary	A8-0087/2015	Summary
28/04/2015	Debate in Parliament		
29/04/2015	Decision by Parliament	T8-0152/2015	Summary
29/04/2015	Results of vote in Parliament		
29/04/2015	End of procedure in Parliament		
30/09/2015	Final act published in Official Journal		

Technical information

Procedure reference	2014/2122(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/01582

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE539.735	23/01/2015	
Committee opinion	ECON	PE544.164	26/02/2015	
Amendments tabled in committee		PE539.772	06/03/2015	
Committee report tabled for plenary, single reading		A8-0087/2015	30/03/2015	Summary
Text adopted by Parliament, single reading		T8-0152/2015	29/04/2015	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2014)0510	30/07/2014	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0092/2014 OJ C 442 10.12.2014, p. 0247	01/07/2014	Summary

Additional information

Source	Document	Date

European Commission	EUR-Lex	

Final act	
Budget 2015/1673 OJ L 255 30.09.2015, p. 0298	Summary

2013 discharge: European Securities and Markets Authority (ESMA)

2014/2122(DEC) - 29/04/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 588 votes to 133, with 4 abstentions, a decision to grant discharge to the Executive Director of the European Securities and Markets Authority (ESMA) for the financial year 2013. The vote on the discharge decision approved the closure of the accounts (in accordance with Annex VI, Article 5(1) of the Rules of Procedure of the European Parliament).

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Authority for the financial year 2013 are reliable, and that the underlying transactions are legal and regular, Parliament adopted by 565 votes to 107, with 13 abstentions, a resolution containing a number of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the resolution on performance, financial management and control of EU agencies.

- **Budget and financial management**: Parliament noted that the final budget of the Authority for the financial year 2013 was EUR 28 188 749, representing an increase of 39% compared to 2012, due to the additional tasks entrusted to the Authority.
- **Carry-overs**: It noted that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 93.18% and that the payment appropriations execution rate was 72.54%. In order to ensure that corrective actions related to the budget implementation were taken in due time, the Authority used a variety of methods, such as monthly reporting to the Executive Director and quarterly reporting to the Management Board. Members noted with concern that the level of committed appropriations carried over remains high for operational expenditure at 58%. This high level of carryovers results mainly from **delays in IT procurements** and from the multiannual nature of related IT projects. It called on the Authority to inform the discharge authority on the steps taken in order to reduce the level of carryovers to the lowest possible amount.

Parliament also made a series of observations on transfers, procurement and recruitment procedures as well as comments on prevention and conflicts of interest and internal controls.

It also called on the Authority, given its limited resources, to stick to the tasks assigned to it by Parliament and the Council. It should carry out those assignments in full, but that it must not seek to go beyond its mandate, and that it must remain independent.

Lastly, it regretted that late payments constituted 27% of all payments for goods and services received, resulting in **paid interest** (average delays of 32 days). Therefore, it called on the Authority to provide the discharge authority with detailed information on the steps taken in order to tackle this issue and to improve timeliness of payment processes.

2013 discharge: European Securities and Markets Authority (ESMA)

2014/2122(DEC) - 29/04/2015 - Final act

PURPOSE: to grant discharge to the European Securities and Markets Authority (ESMA) for the financial year 2013.

NON LEGISLATIVE ACT: Decision (EU) 2015/1673 of the European Parliament on discharge in respect of the implementation of the budget of the European Securities and Markets Authority for the financial year 2013.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the European Securities and Markets Authority for the implementation of the latter’s budget for the financial year 2013.

This decision is in line with the European Parliament's resolution adopted on 29 April 2015 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 29 April 2015).

Amongst Parliament’s main observations, the latter noted that the declarations of interests of members of the Board of Supervisors and the Management Board **are not publicly available through the website** and it called on ESMA to remedy this.

2013 discharge: European Securities and Markets Authority (ESMA)

2014/2122(DEC) - 30/03/2015 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ryszard CZARNECKI (ECR, PL) on discharge in respect of the implementation of the budget of the European Securities and Markets Authority (ESMA) for the financial year 2013.

It called on the European Parliament to grant the Executive Director of the Authority discharge in respect of the implementation of its budget for the financial year 2013.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Authority for the financial year 2013 are reliable, and that the underlying transactions are legal and regular, Members called on the Parliament to approve the closure of the Authority's accounts. They made, however, a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies.

- **Budget and financial management**: Members noted that the final budget of the Authority for the financial year 2013 was EUR 28 188 749, representing an increase of 39% compared to 2012, due to the additional tasks entrusted to the Authority;
- **Carry-overs**: Members noted that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 93.18% and that the payment appropriations execution rate was 72.54%. In order to ensure that corrective actions related to the budget implementation were taken in due time, the Authority used a variety of methods, such as monthly reporting to the Executive Director and quarterly reporting to the Management Board. Members noted with concern that the level of committed appropriations carried over remains high for operational expenditure at 58%. This high level of carryovers results mainly from **delays in IT procurements** and from the multiannual nature of related IT projects. They called on the Authority to inform the discharge authority on the steps taken in order to reduce the level of carryovers to the lowest possible amount.

Members also made a series of observations on transfers, procurement and recruitment procedures as well as comments on prevention and conflicts of interest and internal controls.

Lastly, they regretted that late payments constituted 27% of all payments for goods and services received, resulting in **paid interest** (average delays of 32 days).

Therefore, they called on the Authority to provide the discharge authority with detailed information on the steps taken in order to tackle this issue and to improve timeliness of payment processes.

2013 discharge: European Securities and Markets Authority (ESMA)

2014/2122(DEC) - 01/07/2014 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Securities and Markets Authority (ESMA) for the financial year 2013, together with the Authority's replies.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the ESMA Agency.

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Authority, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Authority's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects.

The report also makes a series of observations on the budgetary and financial management of the Authority, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- **budgetary management**: the Court noted that the level of committed appropriations carried over to 2014 was high for operational expenditure at 58%. This was caused by IT services received in 2013 but not yet paid for. In 2013 the Authority made 12 budget transfers amounting to EUR 5.1 million or 18% of the budget), which indicates continued weaknesses in budget planning;
- **financial management**: the Court noted that some 27% of payments made in 2013 for goods and services received were late. Where payments were late, they were overdue by an average of 32 days. Late interest paid in 2013 amounted to EUR 3 834. According to the Protocol on the privileges and immunities of the European Union and the EU VAT Directive, the Authority is exempt from indirect taxes. Total

VAT charged to ESMA in the period 2011-2013 was EUR 3.3 million. Following lengthy discussions with the host Member State, the Authority started claiming VAT reimbursements in the last quarter of 2012, but only EUR 1.3 million had been claimed back by the end of 2013.

The Authority's replies:

- **budgetary management**: the Authority noted that it is further strengthening the procurement plan monitoring to reduce the level of carry-overs to the minimum level possible. Regarding the number of budget transfers, ESMA started in 2013 to set up periodic budget reviews to improve budget implementation;
- **financial management**: ESMA is aware of the issue related to late payments and took several initiatives in 2013 in order to address it. ESMA has streamlined at the end of 2013 the financial circuits and adapted the forms to improve the timeliness of the process. Due to the ongoing discussions on the headquarter agreement, ESMA's process to recover VAT from the French government was implemented only end 2012. In 2013, ESMA had therefore to process a back log of VAT claims for which the last batch was sent out in May 2014.

Lastly, the Court of Auditors' report contains **a summary of the Authority's activities in 2013**. This is focused on the following:

Budget: EUR 28.189 million including a EUR 8.6 million Union subsidy.

Activities:

- publication of periodic risk reports and trend summaries of financial markets;
- development of benchmark principles and recommendations together with EBA;
- carrying out in-depth analysis of innovative financial products and processes, notably crowdfunding;
- monitoring and analysing retail investor trends;
- work on investor education;
- issuing remuneration guidelines for investment firms. Guidelines covered governance, design and control of pay schemes;
- publication of three ESAs joint positions on principles for manufacturers' product oversight and governance processes;
- strengthening credit rating agencies (CRA) supervision. Twenty-two CRAs registered, two certified;
- advice to the Commission;
- conclusion of supervisory cooperation arrangements for alternative investment funds with 46 non-EU authorities.

2013 discharge: European Securities and Markets Authority (ESMA)

2014/2122(DEC) - 30/07/2014 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2013, as part of the 2013 discharge procedure.

Analysis of the accounts of the **European Securities and Markets Authority (ESMA)**.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2013 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the European Securities and Markets Authority (ESMA).

The document contains the figures on which the discharge procedure is based.

Discharge procedure of the EU agencies: the EU Budget finances a wide range of policies and programmes throughout the EU. In accordance with the priorities set by the European Parliament and the Council in the multi-annual financial framework (MFF), the European Commission carries out specific programmes, activities and projects in the field with the technical support of some specialised agencies.

The consolidated annual accounts of the EU provide information on the activities of the institutions, agencies and other bodies of the EU from a budgetary and accrual accounting perspective.

The consolidated reports on the implementation of the general budget of the EU include the budget implementation of all Institutions. **Agencies do not have a separate budget inside the EU budget**; and they are partially financed by a Commission budget subsidy.

Each agency is subject to its own discharge procedure.

ESMA: in 2013, the tasks and budget of this agency were as follows:

- **description of ESMA's tasks**: ESMA, which is located in Frankfurt, was set up by Regulation (EU) No 1095/2010 of the European Parliament and of the Council with a view to protecting the public interest by contributing to the short, medium and long-term stability and efficiency of the financial system for the economy of the European Union, its citizens and its companies;
- **ESMA's budget for the 2013 financial year**: ESMA's budget for 2013, as presented in the Commission document on the consolidated annual accounts of the European Union, gives the following figures:

§ **Commitment appropriations** :

- **committed** : EUR 28 million;

- **paid** : EUR 26 million;

- **carried-over** : 0.

§ **Payment appropriations** :

- **committed** : EUR 32 million;

- **paid** : EUR 24 million;

- **carried-over** : EUR 6 million.

Please refer also to the final accounts of the Securities and Market Authority.