Basic information

2017/2173(DEC) DEC - Discharge procedure	Procedure completed
2016 discharge: European Securities and Markets Authority (ESMA) **Subject** 8.70.03.06 2016 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	STAES Bart (Verts/ALE)	14/09/2017
	Shadow rapporteur SARVAMAA Petri (PPE) LIBERADZKI Bogusław (S&D) MARIAS Notis (ECR) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs	SWINBURNE Kay (ECR)	05/10/2017

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
26/06/2017	Non-legislative basic document published	COM(2017)0365	Summary
13/09/2017	Committee referral announced in Parliament		

20/03/2018	Vote in committee		
26/03/2018	Committee report tabled for plenary	A8-0101/2018	Summary
18/04/2018	Decision by Parliament	T8-0155/2018	Summary
18/04/2018	Results of vote in Parliament		
18/04/2018	Debate in Parliament		
18/04/2018	End of procedure in Parliament		
03/10/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/2173(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/10828

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE613.465	05/02/2018	
Committee opinion	ECON	PE613.565	01/03/2018	
Amendments tabled in committee		PE618.261	02/03/2018	
Committee report tabled for plenary, single reading		A8-0101/2018	26/03/2018	Summary
Text adopted by Parliament, single reading		T8-0155/2018	18/04/2018	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05941/2018	09/02/2018	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2017)0365	26/06/2017	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0033/2018 OJ C 417 06.12.2017, p. 0176	12/09/2017	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2018/1403 OJ L 248 03.10.2018, p. 0288	Summary

2016 discharge: European Securities and Markets Authority (ESMA)

2017/2173(DEC) - 09/02/2018 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the European Securities and Markets Authority (ESMA), as well as the Court of Auditors' report on the annual accounts of the Authority for the financial year 2016, accompanied by the Authority's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Executive Director of the Agency in respect of the implementation of the budget for the financial year 2016.

No further comments were made as regards the accounts.

2016 discharge: European Securities and Markets Authority (ESMA)

2017/2173(DEC) - 03/10/2018 - Final act

PURPOSE: to grant discharge to the European Securities and Markets Authority (ESMA) for the financial year 2016.

NON-LEGISLATIVE ACT: Decision (EU) 2018/1403 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 2016.

CONTENT: the European Parliament decided to **grant discharge** to the Executive Director of the European Securities and Markets Authority for the implementation of the latter’s budget for the financial year 2016.

This decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the discharge decision in respect of the implementation of the general budget of the European Union for the financial year 2016 (*please refer to the summary dated 18.4.2018*).

In this resolution, Parliament welcomed the fact that in the course of 2016, the Authority began to publish a register of staff meetings with external stakeholders and that whistleblowing rules have been successfully implemented as envisaged in the first half of 2017.

Parliament noted that, as the Authority’s workload is increasingly shifting from regulatory tasks to enforcing and applying the Union law, the Authority’s budget and manpower should be reallocated internally.

It noted that, according to the Court’s report, the withdrawal of the United Kingdom from the Union might affect the Authority’s activities since many significant supervised entities are currently located there. It noted with satisfaction that 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.

2016 discharge: European Securities and Markets Authority (ESMA)

2017/2173(DEC) - 26/03/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Bart STAES (Greens/EFA, BE) on discharge in respect of the implementation of the budget of the European Securities and Markets Authority (ESMA) for the financial year 2016.

The committee called on the European Parliament to grant the Executive Director of the Authority discharge in respect of the implementation of the Authority's budget for the financial year 2016.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Authority for the financial year 2016 were reliable and that the underlying transactions were legal and regular, Members called on 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:

- **Agency's financial statements**: Members noted that 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**: the report 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.

Members 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.

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.

2016 discharge: European Securities and Markets Authority (ESMA)

2017/2173(DEC) - 12/09/2017 - 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 for the financial year 2016 together with the Authority's reply.

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 focused on the annual accounts of the European Securities and Markets Authority (**ESMA**). To recall, the Authority's task is to improve the functioning of the EU internal financial market by ensuring a high, effective and consistent level of regulation and supervision, promoting the integrity and stability of the financial systems and strengthening international supervisory coordination in order to ensure the stability and effectiveness of the financial system.

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 2016 and
- 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 2016 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 2016 are legal and regular in all material respects.

The report made 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 comments: without calling into question its opinion, the Court draws attention to the fact that the United Kingdom (UK) notified the European Council on 29 March 2017 of its decision to withdraw from the European Union. An agreement setting out the arrangements for its withdrawal will be negotiated. The Authority's budget is financed by 26 % from European Union funds, by 47 % through direct contributions from EU Member States and by 27 % from and fees received from supervised entities (credit-rating agencies and trade repositories). The departure of the UK might affect the Authority's activities since the most significant supervised entities are currently located there. A future decrease of the Authority's revenue resulting from the UK's decision to leave the EU is possible.

The Court did not make any other particular comment on the Authority's budgetary management.

Lastly, the Court of Auditors' report also contained a summary of the **Authority's key figures in 2016**:

- **Budget**: EUR 39.4 million.
- **Staff**: 204 including officials, temporary and contract staff and seconded national experts.

2016 discharge: European Securities and Markets Authority (ESMA)

2017/2173(DEC) - 26/06/2017 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 discharge procedure.

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

CONTENT: the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

This Commission document concerns the EU's consolidated accounts for the year 2016 and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies, including the European Securities and Markets Authority (**ESMA**), with a view to granting discharge.

Discharge procedure: the final step of a budget lifecycle is the discharge of the budget for a given financial year. It represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "**releases**" the Commission (and other EU bodies) from its responsibility for management of a given budget by marking the end of that budget's existence. The European Parliament is the discharge authority within the EU.

The discharge procedure may produce three outcomes: (i) the granting; (ii) postponement or; (iii) the refusal of the discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

Each agency is subject to its own discharge procedure, including the **ESMA**.

The European Securities and Markets Authority (ESMA): the Authority, which is located in Paris (FR), 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.

As regards the ESMA's accounts, these are presented in detail in the document on the consolidated annual accounts of the European Union for 2016:

Commitment appropriations:

- available: EUR 42 million;
- made: EUR 40 million.

Payment appropriations:

- available: EUR 47 million;
- paid: EUR 38 million.

For further details on expenditure, please refer to the final accounts of the Securities and Market Authority.