

MEMO# 31444

October 18, 2018

ESMA's 2019 Work Programme

[31444]

October 18, 2018 TO: ICI Global EU Capital Markets Union Task Force
ICI Global Regulated Funds Committee
International Operations Advisory Committee RE: ESMA's 2019 Work Programme

On 26 September 2018, the European Securities and Markets Authority (ESMA) published its annual work programme for 2019.[\[1\]](#) At a high level, ESMA will continue to strategically focus on supervisory convergence and assessing risks in financial markets, including fulfilling new responsibilities stemming from Capital Markets Union (CMU) initiatives. ESMA's key priorities for 2019 are:

- **Supervisory Convergence:** Implementation of MiFID II/MiFIR, Prospectus and Securitisation;
- **Assessing Risks:** Data requirements of MiFID II/MiFIR;
- **Single Rulebook:** CMU Action Plan and FinTech Action Plan; and
- **Supervision:** direct supervision of CRAs and TRs and registrations under the Securitisation Regulation and Securities Financing Transactions Regulation (SFTR).

Supervisory Convergence

The following aspects of ESMA's work programme, under the auspices of promoting supervisory convergence, are of greatest relevance to regulated funds and their managers:

- **Liquidity Stress Testing:** ESMA will develop guidance building on the work it has undertaken in respect of the Money Market Fund (MMF) Regulation, including its recent consultation;[\[2\]](#)
- **AIFMD Leverage Limits:** ESMA will develop guidance, building on the current questions and answers it has produced;[\[3\]](#)
- **MMF Database:** ESMA will develop a central public register identifying each MMF authorised under the MMF Regulation;
- **Market Integrity and Market Data:** ESMA will implement a data strategy across the Securities Financing Transactions Regulation (SFTR), European Market Infrastructure Regulation (EMIR) and MiFIR reporting regimes;
- **Brexit:** ESMA may carry out additional work related to Brexit to ensure supervisory convergence on the treatment of UK entities;[\[4\]](#)
- **Performance fees:** ESMA will continue its in ensuring supervisory convergence in the regulation of performance fees, as part of ESMA's broader agenda to assess trends in fund fees[\[5\]](#) and their impact on fund returns;[\[6\]](#)

Assessing Risks

ESMA has outlined various initiatives under the auspices of assessing risks to investors, markets and financial stability, including:

- **Data management and statistics:** Improve data quality, integration and usability to support ESMA's activities through data management and statistical analyses;
- **Risk Monitoring and Analysis:** Identify financial market risks and report on these risks to the relevant institutions;
- **Financial Innovation and Product Risk Analysis:** Achieve a co-ordinated approach to the regulation and supervisory treatment of new or innovative financial activities and provide advice to present to the EU institutions, market participants or consumers. Implement the framework for the use of the product intervention powers provided by MiFIR.

Single Rulebook

The following aspects of ESMA's work programme, under the auspices of completing a single rulebook for EU financial markets, are of greatest relevance to regulated funds and their managers:

- **UCITS, AIFMD and PRIIPs Reviews:** ESMA notes that it may need to undertake additional work as a result of EU Commission reviews of the UCITS and AIFM Directives and gather data and information to provide feedback on the implementation of the PRIIPs Regulation with regard to the review clause;[\[7\]](#)
- **Sustainable Finance:** ESMA will provide technical advice on the integration of sustainability risks in the decisions taken and processes applied by financial market participants subject to the rules under the UCITS Directive and AIFM Directives, in line with the mandate provided to ESMA and EIOPA by the European Commission.[\[8\]](#)

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endnotes

[\[1\]](#)
https://www.esma.europa.eu/sites/default/files/library/esma20-95-933_2019_annual_work_programme.pdf

[\[2\]](#) Consultation Paper: Draft guidelines on stress test scenarios under the MMF Regulation, 28 September 2018, available from
https://www.esma.europa.eu/sites/default/files/library/esma-34-49-131_cp_on_mmf_stress_test.pdf

[\[3\]](#) ESMA Questions and Answers, Application of the AIFMD, 4 October 2018, available from
https://www.esma.europa.eu/sites/default/files/library/esma34-32-352_qa_aifmd.pdf

[\[4\]](#) ESMA previously published Opinions containing principles on relocations from the UK to the EU27, available from
<https://www.esma.europa.eu/press-news/esma-news/esma-issues-principles-supervisory-approach-relocations-uk> and

<https://www.esma.europa.eu/press-news/esma-news/esma-issues-sector-specific-principles-relocations-uk-eu27>

[5] ESMA Mandate on fund performance from the European Commission, available from <https://www.esma.europa.eu/press-news/esma-news/esma-receives-mandate-fund-performance-european-commission>

[6] The impact of charges on mutual fund returns, ESMA report on trends, risks and vulnerabilities, available from https://www.esma.europa.eu/sites/default/files/library/esma50-165-422_trv_-_vulnerabilities_-_investor_protection_corrected.pdf

[7] Article 33, PRIIPs Regulation, available from <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX%3A32014R1286>

[8] https://ec.europa.eu/info/sites/info/files/letter-eiopa-esma-24072018_en.pdf

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