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ESMA Publishes 2022 Annual Work Programme

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TO: ICI Global Members SUBJECTS: International/Global
MiFID, EMIR, AIFMD, UCITS V RE: ESMA Publishes 2022 Annual Work Programme

On 27 September 2021, the European Securities and Markets Authority (ESMA) published its 2022 Annual Work Programme.[\[1\]](#) Similar to the 2021 Annual Work Programme, ESMA notes at the outset that this programme is established at a time of significant change for ESMA.

In 2022, ESMA will continue to focus on its objectives of enhancing investor protection and promoting stable and orderly financial markets. As such, ESMA will continue to contribute to the EU priorities in relation to the development of a Capital Markets Union (CMU), Innovation and Digitalization, and Sustainable Finance.

Highlighted below are ESMA's priorities that are most relevant to regulated funds and their managers, specifically in the areas of sustainable finance, supervisory convergence, risk assessment, single rulebook, and direct supervision.

Sustainable Finance

ESMA will prioritize the construction of relevant rules related to environmental, social, and governance (ESG) disclosures, in respect of the Commission's Renewed Sustainable Finance Strategy and ESMA's own Sustainable Finance Strategy. Through promoting ESG transparency and harmonization, ESMA's goal is to help investors better understand the impact ESG standards have on their investments.

Supervisory Convergence

ESMA will continue to contribute to a strong EU Single Market by promoting convergence that is focused on supervisory outcomes and innovative tools and will prioritize this convergence through risk-driven assessments and a commitment to consumer protection. It will assess the results of the Union Strategic Supervisory Priorities, and undertake a thorough review of its own supervisory convergence toolkit in order to update it where needed.

ESMA is also committed to performing peer reviews this upcoming year on various topics:

- i. the supervision of cross-border activities of investment firms,
- ii. national competent authorities' (NCAs) handling of relocation to the EU27 in the context of the United Kingdom's withdrawal from the European Union,
- iii. the supervision of central securities depositories providing cross-border services or participating in interoperable links
- iv. the scrutiny and approval procedures of prospectuses
- v. the implementation of simple, transparent, and standardized criteria and
- vi. supervision of central counterparties' business continuity under remote working arrangement

Risk Assessment

ESMA is focused on working with NCAs, and other public authorities at various levels, including the European Systemic Risk Board, the International Organization of Securities Commissions, and the Financial Stability Board, to further strengthen risk identification. ESMA will use its proprietary financial market data to act as a data hub for NCAs while ensuring respect to their institutional roles. Finally, through ESMA's new coordination role on mystery shopping, it will be able to provide greater insight into misconduct across the European Union.

Single Rulebook

ESMA will continue to develop its expertise and strategic direction on financial market regulation recognized by its stakeholders (EU institutions, market participants, investors, and citizens). As part of this development, ESMA will continue efforts to be more proactive and offer advice on the strategic direction of the regulatory agenda.

Furthermore, ESMA will contribute to post-implementation reviews on the Prospectus and Transparency directives, MiFID II/MiFIR, PRIIPS, Security Sector Reform, and the Central Securities Depositories Regulation, as well as continuing a high level of transparency when developing regulations. ESMA will also continue contributing to the EU retail investment strategy, including by responding to the Commission's request for advice received in July 2021.

Direct Supervision

ESMA will have new entities under its direct supervision - critical benchmarks, data reporting services providers, and Tier 2 CCPs - and will play an important role in the oversight of the critical market infrastructure. In addition, ESMA aims to further strengthen its reputation as supervisor of credit rating agencies and trade repositories and to establish itself as a credible supervisor of securitization repositories.

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[1] ESMA's 2022 Annual Work Programme is available at https://www.esma.europa.eu/sites/default/files/library/esma20-95-1430_2022_annual_work_programme.pdf.

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