

## SUMMARY OF CONCLUSIONS

### Management Board

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**Date:** 28 January 2015  
**Time:** 14:45 – 18:00  
**Location:** ESMA, 103, rue de Grenelle, 75007 Paris  
**Contact:** [Frederiek.Vermeulen@esma.europa.eu](mailto:Frederiek.Vermeulen@esma.europa.eu) Tel: +33 1 58 36 43 37

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| <b>1. Adoption of agenda</b>                                 | MB/1 | decision    |
| <b>Decision:</b> The agenda was approved.                    |      |             |
| <b>2. Summary of Conclusions of 16 December 2014 meeting</b> | MB/2 | decision    |
| <b>Decision:</b> The summary of conclusions was adopted.     |      |             |
| <b>3. Report by Chair and Executive Director</b>             | Oral | information |

The Chair reported on the need to propose two alternate members for the panel in charge of the assessment of the completeness of the file submitted by the Independent Investigation Officer to the Board of Supervisors for appointment. The Management Board will propose Klaus Kumpfmüller (AT) and Cyril Roux (IE).

The Executive Director reported on:

- The Key Performance Indicators (KPIs) related to Finance and Procurement, HR and ICT as well as some additional information on the external meetings hosted by ESMA and staff missions for the financial year 2014. She particularly highlighted the 99% budget execution, the delay in the execution of the IT programme due to contractor changes and the significant improvement achieved on payment delays;
- The preparation of the 2014 annual report which will be presented to the Management Board by written procedure; and
- The different ongoing audits to which ESMA is subject. In particular, the European Court of Auditors' financial audit (including the part Ernst&Young is carrying out on the Court's behalf) and the performance audit on supervisory activities. She also updated the Board on the audit by the Internal Audit Service of the European Commission on stakeholder management and external communication.

**4. Presentation by the European Commission Internal Audit Service on IT Project Management and related IT Governance processes in ESMA** MB/3 & discussion Annex 1-2

Rogero Vincitore (European Commission Internal Audit Service) presented the outcome of the audit on IT Project Management and related IT governance processes at ESMA. He particularly highlighted:

- The strengths and good practices identified, including the commitment of senior management to continuous improvement, the competence, skills and experience of ESMA staff involved in IT projects and the existing platform for knowledge transfer;
- The need for ESMA to improve its multi-annual planning, budgeting and monitoring system, to establish a holistic/integrated Programme Management Framework and fully adopt the revised project management process.

The IT Team Leader presented the action plan ESMA developed following the audit. He particularly mentioned:

- The development of an IT Strategy and a work programme which both have been discussed with the IT Management and Governance (ITMG) group; and
- The continued investment in project management tools tailored to ESMA needs and the recruitment of a central project manager for all IT projects to ensure timely delivery and project quality.

The Board discussed the report and emphasized the need to discuss ESMA's IT strategy during a future meeting and the importance of aligning it with the business strategy.

**Conclusion:** the Board took note of the IAS audit and ESMA's action plan.

**5. 2015 Budget and Work Programme**

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| — Cover Note  | MB/4      | information |
| — 2015 Budget | Annex 1-4 | decision    |

The Executive Director presented the proposed revised 2015 budget following the decision by the budget authority, comprised of the European Parliament and the Council of the European Union. She clarified that in relation to Title II and III, whilst not impacting the overall budget, different figures were presented between the Cover Note and the Annexes due to a transfer between two IT lines that was not presented in the cover note. The Board was invited to approve the budget as set out in the annexes.

**Decision:** The Board approved the 2015 budget as set out in the annexes.

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| — 2015 Work Programme            | Annex 5 | decision |
| — 2015 Regulatory Work Programme | Annex 6 | decision |

The Executive Director presented the revised work programme and regulatory work programme highlighting the need to prioritise ESMA's work and to be clear on which activities ESMA will not be able to carry out as a consequence of the decision of the budget authority not to follow ESMA's

budget request. She also referred to the annual work programme for supervisory activities.

The Board discussed the work programme, in particular:

- The legal requirements imposed on ESMA, the level of discretion in that respect and whether the Authority will be able to deliver high quality work in time;
- The potential consequences of not translating ESMA guidelines; and
- The need for the Board to be provided with different strategic choices when setting the priorities;

The Executive Director clarified that though that the highest possible effort will be made to deliver all that is legally required from the Authority no commitment could be made that this will be possible. She added that ESMA should not only aim to deliver in time but also of the highest possible quality.

**Decision:** The Board approved the proposed revised 2015 work programme and regulatory work programme. The Regulatory Work Programme will need to be amended to reflect the revised priorities.

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| — Risk Assessment | Annex 7 | discussion |
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**Conclusion:** The Board took note of the Risk Assessment.

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| <b>6. 2015-2017 revised IT Work Programme</b> | MB/5 | decision |
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The Head of Operations presented the 2015-2017 IT work programme.

The Board discussed the report, and in particular:

- The impact of delaying projects from 2015 to 2017 due to limited resources and the potential non-delivery of the projects; and
- The budget needed to develop the website on Structured Finance Instruments and the ongoing contacts with the European Commission and the European Central Bank in that respect.

The Head of Operations informed the Board that updates to the Transaction Reporting and Exchange Mechanism (TREM) are planned as part of the IT delegated project.

**Decision:** The Board approved the revised 2015-2017 IT work programme.

## **7. 2016 planning**

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| — Cover Note                               | MB/6       | information |
| — 2016 Budget                              | Annex 1a-b | decision    |
| — 2016 high level work programme           | Annex 2    | decision    |
| — 2016-2018 Multi-annual staff policy plan | Annex 3    | decision    |

The Executive Director introduced the draft 2016 budget and work programme. She particularly

highlighted that the proposal builds further on the 2015 budget proposal approved by the Board of Supervisors in January 2014 and included the effect of the pension contribution ESMA has to cater for following a decision of the co-legislators.

The Board discussed the proposed budget, and in particular:

- The decision of the co-legislators that ESMA shall pay the part of the employer’s contributions which corresponds to the proportion between the Authority’s revenues with subsidy from the general budget of the Union and its total revenues and the impact this will have on the 40/60 budget key;
- The importance of planning, prioritisation and transparent communication in that respect;
- The risk of non-delivery of certain projects due to repeated delays from one year to the next; and
- The changed budgetary and macro-economic situation since the approval of the 2015 budget proposal and the significant impact of the proposed increase on national competent authorities who also face budget restrictions.

The European Commission representative expressed his disagreement with the proposed budget. He referred to the EU subsidy and establishment plan as foreseen in the Multi-annual Financial Framework.

The Chair highlighted that ESMA needs to submit a budget request to the European Commission by 31 January 2015 which will serve as an input for the negotiations within the Commission and later on with the budget authority.

**Decision:** The Board decided that the proposed budget should be revised downwards by limiting staff and budget, particularly by cutting activities to reach a contribution level by NCAs similar to the 2015 contributions as approved by the Board in January 2014 whereas the suggested increase stemming from the pension contribution would be partially absorbed by ESMA, and partially covered by NCAs’ contributions (50/50). The IT delegated projects would be considered separately. The Board approved to present a proposal along those lines to the Board of Supervisors which can then ultimately adopt the budget.

## 8. Human Resources – implementing rules

- Cover Note MB/7 information

The Head of Operations presented the proposed decisions. He mentioned that ESMA has not yet received the agreement from the European Commission on the decision related to the Implementing Rules on Administrative Enquiries which is thus proposed for adoption subject to the potential amendments by the Commission.

- Decision on the Implementing Rule on Working Time (Flexitime) MB/8 & Decision  
Annex 1

**Decision:** The Board adopted the Decision on the Implementing Rule on Working Time (Flexitime).

- Decision on Implementing Rules on Administrative Enquiries and MB/9 & Decision

## Disciplinary Proceedings

**Decision:** The Board adopted the Decision on the Implementing Rules on Administrative Enquiries and Disciplinary Proceedings subject to the approval by the Commission.

- Decision on Implementing Rules on Appraisal and Reclassification of Contract Agents MB/10 & Decision Annexes 1-2

Following a question from the Board, the Head of Operations explained that the reason to request from the European Commission authorisation of the non-application of these rule is that ESMA does not employ contract staff of the type that is covered by these Implementing Rules.

**Decision:** The Board adopted the Decision on the Implementing Rules on Appraisal and Reclassification of Contract Agents.

- 9. Anti-Fraud Strategy** MB/11 & discussion Annex 1

The Executive Director introduced the topic by highlighting the need for a solid anti-fraud strategy proportionate to fraud risk at ESMA.

The Internal Control Officer presented the Anti-Fraud Strategy which was developed in close co-operation with staff of the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) and focused in particular on its four objectives.

The Board welcomed the development of an anti-fraud strategy and discussed in particular:

- The need to take into account ESMA's supervisory activities;
- The importance of the project implementation phase; and
- The reputational impact fraud could have on ESMA and the need to consider whether ESMA should develop a communication plan in case fraud would be detected.

**Conclusion:** The Board approved the anti-fraud strategy and will discuss the project implementation with detailed actions during a future meeting.

- 10. Budget Transfer** MB/12 information

**Conclusion:** The Board took note of the proposed budget amendment.

- 11. A.O.B.**

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- 12. Future meetings**

- 18 March 2015
- 23 June 2015
- 23 September 2015 (Luxembourg)



— 4 November 2015

— 9 December 2015

## Participants list

	Members	Advisers
ESMA	Steven Maijor (Chair)	
AT	Klaus Kumpfmüller	Andrea Kuras-Goldman
EL	Konstantinos Botopoulos	Eleftheria Apostolidou
FR	Françoise Buisson (alternate)	
IE	Cyril Roux	Gareth Murphy (alternate)
PL	Marek Szuszkiewicz	Anna Skrzypek
UK	David Lawton (alternate)	Mark Aurliah

European Commission	Martin Merlin
Vice-Chair	Carlos Tavares (by video conference)
Executive Director	Verena Ross
Summary of Conclusions	Frederiek Vermeulen
Head of Operations	Nicolas Vasse
IT Team Leader	Alexandru Dincov
Internal Control Officer	Elena Muñoz Aguilar

European Commission Internal Audit Service	Rogero Vincitore
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Done at Paris on 18 March 2015

Steven Maijor

Chair

For the Management Board