

SUMMARY OF CONCLUSIONS

Management Board

Date: 16 December 2014
Time: 14:00 – 18:00
Location: ESMA, 103, rue de Grenelle, 75007 Paris
Contact: Frederiek.Vermeulen@esma.europa.eu Tel: +33 1 58 36 43 37

1. **Activity report on CRA and TR supervisory activities** MB/75 discussion

VOTING MEMBERS AND ADVISORS ONLY

Indicative timing: 14h00 – 14h20

The Head of the Markets Division updated the Board on the activities related to trade repository supervision, in particular:

- The main issues stemming from the CCP colleges;
- The post-authorisation activities including ESMA's role in the validation of significant changes to CCP models and stress-testing for CCPs; and
- The reporting activity by trade repositories and data quality.

The Board discussed the report, in particular:

- The importance of high-quality data, the rejection of trades by trade repositories and data publicly available; and
- The co-operation with third country regulators.

The Head of Credit Rating Agencies Unit updated the Board on the activities of the CRA Unit and in particular:

- Individual reviews on corporate rating process; and
- The recent registration decisions and pending applications.

The Board discussed the report, in particular the impact of the restrictive measures imposed by the EU against the Russian Federation.

Conclusion: The Board took note of the reports. The Board will be kept informed on these topics at future meetings.

2. Adoption of agenda MB/74 decision

Decision: The agenda was adopted.

3. Summary of conclusions of 7 November 2014 meeting MB/76 decision

Decision: The summary of conclusions was adopted.

4. Report by Chair and Executive Director Oral information

The Executive Director reported on:

- The first visit part of the financial audit carried out by the European Court of Auditors (ECA) and the appointment of Ernst&Young by ESMA as the auditor for the 2014 financial audit;
- The performance audit the ECA is carrying out on ESMA's supervisory activities;
- The conclusions from the European Commission's Internal Audit Service on IT Project Management and related IT Governance processes in ESMA; and
- The agreement with the European Railway Agency (ERA) extending the term of the accounting officer ;

The Board took note of the report but emphasized ESMA's independence as a direct supervisor in relation to the performance audit carried out by the ECA on ESMA's supervisory activities. Some concerns were expressed about the limited expertise of the assessors in that area.

5. Activity Report MB/77 discussion

The Executive Director and the Head of Operations Divisions presented the general activity report, in particular:

- The progress on executing the regulatory work programme;
- The budget execution and staffing plan; and
- The status of the IT projects.

Conclusion: The Board took note of the report.

6. ESMA Strategy

- Cover Note MB/78 information
- Strategic Orientation 2016-2020 MB/79 discussion
- Presentation MB/80 discussion

The Chair introduced the topic indicating that following ESMA's first years of operation and the reports on the review of the European System of Financial Supervision (ESFS) by the European Commission and the European Parliament, ESMA should have a discussion on its strategy for the years ahead. He emphasized that, in line with the findings of the evaluation reports, the focus of the strategic discussion was on refining ESMA's mission, objectives and activities.

The external advisor presented the strategic orientations for the development of ESMA 2016-2020 and the selected topics for discussion.

The Board welcomed the opportunity to have a comprehensive discussion on the future development of the Authority and discussed the report, in particular:

- The European Commission’s initiative to establish a Capital Markets Union, the role securities markets can play in achieving this objective and how ESMA should contribute to that;
- The strategic direction to promote supervisory convergence within the Internal Market and in particular the need for prioritisation and identifying potential focus areas as part of a comprehensive multi-annual plan and the different tools available to ESMA to promote supervisory convergence;
- ESMA’s role as a direct supervisor of credit rating agencies and trade repositories; and
- The importance of cross-sectoral and international co-operation;

Conclusion: The strategic orientation will be further developed taking into account the views from the Management Board and will be presented to the Board of Supervisors for discussion at a future meeting.

7. Budget 2015

MB/81 & decision
annexes 1-3

The Executive Director presented a revised 2015 budget following the tentative agreement reached by the Budget Authority (pending formal adoption by the European Parliament and the Council of the European Union) including a decrease of approximately 4.65 million EUR and 10 members of staff compared to ESMA’s requested budget. She also highlighted that ESMA will continue to consider whether budgetary savings are possible in other areas.

The Board discussed the note, and in particular:

- The links between the proposed negative priorities and legal requirements, including translation requirements and the need for high quality cost-benefit analyses; and
- The training provided to national competent authorities as part of ESMA’s objective to promote supervisory convergence.

The Executive Director provided an update on the budget for a potential project to run two delegated IT projects: Access to Trade Repositories and MiFIR Instruments Reference Data.

Decision: The Board approved the revised 2015 budget noting that the EU subsidy needed to be formally approved by the Council of the European Union and the European Parliament. The Board also approved the 2015 expenditure and revenue budget for the delegated IT projects, pending the agreement to the projects by the Board of Supervisors the next day.

8. 2016 planning

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| — | Cover Note / 2016 budget | MB/82 & discussion
annexes 1-2 |
| — | 2016 high level work programme | MB/83 discussion |
| — | Multi-annual staff policy plan | MB/84 discussion |

The Executive Director introduced the topic by referring to the position of the EU Budget Authority

on the 2015 budget and the need to revise the 2016 budget and work programme in that respect.

Conclusion: ESMA staff will prepare an amended 2016 budget and corresponding work programme.

9. Securities and Markets Stakeholder Group (SMSG)

- Replacement of a member MB/85 & Decision annex

The Executive Director presented a note on the appointment of a member of the Securities and Markets Stakeholder Group (SMSG) following the earlier resignation of a member and the subsequent call for interests published by ESMA.

The Board discussed the short list prepared by ESMA staff and in particular the need to ensure an experienced and balanced (gender and geographical) composition of the SMSG. The Chair abstained from participating in the discussion.

Decision: The Board decided to propose to the Board of Supervisors to appoint Ms Christiane Hólz (DE) as SMSG member.

10. 2015 Training Programme MB/86 decision

The Executive Director introduced the note by highlighting that considering the Board's earlier decision to withdraw the 2015 training budget, it will need to be considered whether an alternative approach can be found. This will be brought forward for discussion during the January 2015 Board meeting.

Decision: ESMA staff will prepare a revised training programme.

11. Update to expenses policy for non-ESMA persons MB/87 & decision annexes 1-2

The Executive Director presented an update to the expenses policy for non-ESMA person.

The Board discussed the amended policy, and in particular:

- The proposed increase of the overall remuneration cap for the President or Member of the Board of Appeal nominated to preside over a case; and
- The cost of hotel accommodation in Paris compared to the allowances provided for such accommodation by ESMA.

Decision: The Board approved the content of the annexed policy on the reimbursement of travel and subsistence expenses for external persons related to the Board of Appeal and the Securities and Markets Stakeholder Group (SMSG). In addition, ESMA staff will try to make and/or renew arrangements with hotels in the area with the objective to control experts and NCA staff's travel expenses.

12. Budget

- Budget transfer MB/88 information

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

13. A.O.B.

On the suggestion of Cyril Roux (IE) the meeting had an exchange of views on the concerns expressed by members of the Board Supervisors on the Conflict of Interest Policy and how those could best be addressed.

14. Future meetings

- 28 January 2015
- 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
FR	Gérard Rameix	Françoise Buisson
EL	Konstantinos Botopoulos	Eleftheria Apostolidou
IE	Cyril Roux	Bryan Field
PL	Marek Szuszkiewicz	Anna Skrzypek
UK	David Lawton (alternate)	Nick Miller

European Commission	Martin Merlin
Vice-Chair	Carlos Tavares (by video conference)
Executive Director	Verena Ross
Head of Operations Division	Nicolas Vasse
Head of Markets Division	Rodrigo Buenaventura
Head of CRA Unit	Felix Flinterman
Summary of conclusions	Frederiek Vermeulen
	Hanzo van Beusekom



Done at Paris on 28 January 2015

Steven Maijor

Chair

For the Management Board