



SPOTLIGHT ON MARKETS

APRIL 2022 N°33

ESMA MAKES RECOMMENDATIONS TO IMPROVE INVESTOR PROTECTION

Joint ESAs Annual Report 2021

Launch of the EU Digital Finance Platform

ESAs see recovery stalling amid
existing and new risks

RECOMMENDATIONS TO IMPROVE INVESTOR PROTECTION

ESMA proposed changes that will make it easier for investors to obtain the key information they need to make well-informed investment decisions while also safeguarding them against aggressive marketing techniques and detrimental practices.

PUBLICATIONS

Your one-stop-shop information source in the world of EU Financial Markets brings together the latest reports, proposals and statements.

THE MONTH AHEAD

The speaking appearances of ESMA staff in May cover topics such as Legal Developments on Fintech, Clearing and Derivatives as well as Consumer Protection.

IN THIS ISSUE

In April, [ESMA provided advice to the European Commission](#) on certain elements of retail investor protection. The proposals aim to maintain a high level of investor protection while also enabling retail investors to take advantage of the opportunities digitalisation can bring.

ESMA together with the other European Supervisory Authorities (ESAs) published their [Annual Report](#) providing a detailed account of joint work completed over the past year. The main areas of cross-sectoral focus continued to be joint risk assessment, enhancement of consumer protection, development of the regulatory and supervisory frameworks for sustainable finance and securitisation.

Also in April, ESMA Chair, [Verena Ross](#), delivered the closing remarks at the launch of the [EU Digital Finance Platform](#) event organised by the European Commission, where she talked about the support for innovation facilitators, the work of the European Forum of Innovation Facilitators as well as the Cross-Border Testing Framework.

Other publications include the first [Joint risk assessment report of 2022](#), where the increasing vulnerabilities across the financial sector as well as the rise of environmental and cyber risks are highlighted. The ESAs encourage national competent authorities, financial institutions, and market participants to take specific policy actions in light of the risks and uncertainties.

A full overview of all publications can be found in the newsletter, together with information on next month's speaking appearances of ESMA staff and vacancies. For updates, follow us on [Twitter](#) and [LinkedIn](#).

ESMA IN APRIL

ESMA MAKES RECOMMENDATIONS TO IMPROVE INVESTOR PROTECTION 3

ESAS JOINT ANNUAL REPORT 2021 6

LAUNCH OF THE EU DIGITAL FINANCE PLATFORM 8

ESAS SEE RECOVERY STALLING AMID EXISTING AND NEW RISKS 9

PUBLICATIONS 11

THE MONTH AHEAD: MAY

SPEAKING APPEARANCES 13

OPEN VACANCIES 16

CONTACT INFO 17



ESMA MAKES RECOMMENDATIONS TO IMPROVE INVESTOR PROTECTION

ESMA has advised the European Commission on certain aspects relating to retail investor protection.

In the advice ESMA puts forward proposals that will make it easier for investors to get the key information they need to take well-informed investment decisions, whilst also protecting them from aggressive marketing techniques and detrimental practices.

The proposals put forward aim at maintaining a high level of investor protection, while ensuring that retail investors can benefit from digitalisation opportunities.

In addition, ESMA also supports the Commission's proposal to prohibit the receipt of the payment for order flow to adequately address the serious investor protection risks arising from this practice.

Next steps

The advice has been submitted to the European Commission.

Verena Ross, ESMA Chair, said:

“Increased retail participation in financial markets provides opportunities both for savers and for companies seeking financing, and we are encouraged to see that digital trends and new business models are contributing to making investing more accessible to the general public.

These developments do not however come without risk. Gamification techniques in trading apps and personal recommendations on social media may cause retail investors to engage in trading behaviour without understanding the risks involved. We are therefore setting out a number of proposals to ensure that these developments do not compromise investor protection in the EU”.

RECOMMENDATIONS



Requiring machine readability of disclosure documents to facilitate the development of searchable databases available to the public



Addressing information overload by proposing to define what is vital information and by using digital techniques such as layering of information



Development of a standard EU format of information on costs and charges and aligning the disclosures under MiFID and the PRIIPs KID



Possibility for NCAs and ESMA to impose on firms the use of risk warnings for specific financial instruments



Addressing aggressive marketing communications



Addressing issues related to misleading marketing campaigns on social media and the use of online engagement practices, such as the use of gamification techniques by firms or third parties



ESAS JOINT ANNUAL REPORT FOR 2021

The Joint Committee of the European Supervisory Authorities (ESAs) – EBA, EIOPA and ESMA – has published its [2021 Annual Report](#), providing a detailed account of its joint work completed over the past year.

The Joint Committee, under ESMA’s chairmanship in 2021, continued to play a central role in the coordination and exchange of information between the ESAs, the European Commission (EC) and the European Systemic Risk Board (ESRB). A significant part of its work in 2021 focused on developing the regulatory and supervisory framework for sustainability-related disclosures.

The main areas of cross-sectoral focus continued to be joint risk assessment, enhancement of consumer protection, development of the regulatory and supervisory frameworks for sustainable finance and securitisation. In addition, monitoring and contributing to the digital finance developments, supporting FinTech scale up through innovation hubs and sandboxes as well as cyber security completed the work programme.

KEY WORKSTREAMS



DIGITAL FINANCE

Extensive technical discussions on topics such as crypto-assets and digital operational resilience



SECURITISATION

The delivery of a report on the implementation and functioning of the Securitisation Regulation as well as an Opinion on its jurisdictional scope



CONSUMER PROTECTION

Work to prepare the response to the Call for Evidence from the European Commission in the context of the review of the PRIIPs Regulation, following the submission of the draft RTS in January 2021



SUSTAINABILITY

Work to prepare the response to the Call for Evidence from the European Commission in the context of the review of the PRIIPs Regulation, following the submission of the draft RTS in January 2021

LAUNCH OF THE EU DIGITAL FINANCE PLATFORM

ESMA Chair, Verena Ross, delivered the closing remarks at the launch of the EU Digital Finance Platform, event organised by the European Commission.



Ms Ross talked about the support for innovation facilitators, the work of the European Forum of Innovation Facilitators (EFIF), the Cross-Border Testing Framework – one of the most prominent projects of the EFIF in the past year – and the future ambitions of the Platform.

The event brought together the European Commission, Banca d'Italia, Finanzmarktaufsicht, Austria, European Fintech Association, European Banking Federation, European Digital Finance Association and Insurance Europe.

Verena Ross, Chair:

“

ESMA, together with the other European Supervisory Authorities, will continue to support the EU Digital Finance Platform. It provides a single access point for all the information related to facilitating financial innovation in Europe. But the ambition is greater than this. We look forward to making the Platform a tool that will be recognised and used by FinTech in Europe.

”



THE EUROPEAN SUPERVISORY AUTHORITIES SEE RECOVERY STALLING AMID EXISTING AND NEW RISKS

The three European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) issued their first joint risk assessment report for 2022. The report highlights the increasing vulnerabilities across the financial sector as well as the rise of environmental and cyber risks.

Russia's invasion of Ukraine and its economic consequences have aggravated the outlook for growth and inflation and brought heightened market volatility. Market resilience will critically depend on the ability of markets and financial institutions to deal with the economic consequences of the Russian invasion of Ukraine, and to withstand changes in public policy support on the monetary or fiscal side without material disruptions.

Some of the risks emerging during 2021 and highlighted in the report were amplified by Russia's invasion of Ukraine. The EU economy was on track for a strong recovery from the crisis caused by the Covid-19 pandemic and the financial sector largely proved resilient.

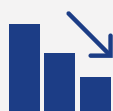
However, the recovery appears to have been hindered by new waves and variants of the virus, concerns regarding inflation risk, rising commodity prices and heightened geopolitical risks.

Additional vulnerabilities and risks for the financial system have built up over time. Financial markets remain vulnerable to changes in market sentiment, particularly if financial conditions tighten unexpectedly due to inflation pressures. In the real estate sector, persistent price increases and higher borrowing by households have increased risks. At the same time, the financial sector is increasingly exposed to environmental risks and risks stemming from digitalisation.

In light of the risks and uncertainties, the ESAs advise national competent authorities, financial institutions and market participants to take the following policy actions:



Financial institutions should be prepared for further potential negative implications stemming from geopolitical tensions and ensure compliance with the sanctions regimes put in place both at the EU and at global levels



Financial institutions and supervisors should prepare for a possible deterioration of asset quality in the financial sector



The impact of further increases in yields and sudden reversals in risk premia on financial institutions and investors should be closely monitored



Retail investors are of particular concern, and supervisors should monitor risks to retail investors seeing that their participation in financial markets has increased substantially in recent years



Financial institutions should further incorporate ESG considerations into their business strategies and governance structures

PUBLICATIONS



Click to read the news items

29
Apr

ESMA PUBLISHES THE ANNUAL TRANSPARENCY CALCULATIONS FOR NON-EQUITY INSTRUMENTS AND THE QUARTERLY SYSTEMATIC INTERNALISER CALCULATIONS

19
Apr

ESAS PUBLISH JOINT ANNUAL REPORT FOR 2021

29
Apr

ESMA MAKES RECOMMENDATIONS TO IMPROVE INVESTOR PROTECTION

08
Apr

VERENA ROSS DELIVERS CLOSING REMARKS AT THE LAUNCH OF THE EU DIGITAL FINANCE PLATFORM

21
Apr

ESMA POSTPONES THE ANNUAL CALCULATIONS OF LIS AND SSTI FOR BONDS AND THE QUARTERLY BONDS LIQUIDITY ASSESSMENT

05
Apr

ESMA RESPONDS TO EUROPEAN COMMISSION CONSULTATION ON EMIR REVIEW

13
Apr

ESAS SEE RECOVERY STALLING AMID EXISTING AND NEW RISKS

05
Apr

ESG FUNDS PROVIDED BETTER RETURNS FOR INVESTORS IN 2020

08
Apr

ESMA PUBLISHES COMPLEMENTARY ANNUAL TRANSPARENCY CALCULATIONS

04
Apr

ESMA PUBLISHES LATEST EDITION OF ITS NEWSLETTER

04
Apr
ESMA PUBLISHES ITS FINAL
REPORT ON THE REVIEW OF
THE SHORT SELLING
REGULATION

01
Apr
ESMA SEES EMIR AND SFTR
DATA QUALITY IMPROVE
FOLLOWING
COORDINATED ACTIONS

04
Apr
ESMA SEEKS EXPERTS IN
SUSTAINABLE FINANCE FOR
ITS NEW CONSULTATIVE
WORKING GROUP

01
Apr
NEW Q&AS AVAILABLE

01
Apr
ESMA POSTPONES RTS 2
ANNUAL REVIEW



SPEAKING APPEARANCES

by ESMA staff in May

	EVENT	ORGANISER	SPEAKER
3 May	“Food for Thought” event	Frankfurt Main Finance	Klaus Loeber
5 May	Annual conference of the AEDBF	European Society for Banking and Financial Law (AEDBF/ESBFL)	Roxana De Carvalho
10 May	European Compliance Conference (TECC)	Securities Houses Compliance Officers Group (SHCOG)	Roxana De Carvalho
11 May	ISDA AGM	ISDA	Verena Ross
11 May	ISDA AGM	ISDA	Fabrizio Planta
11 May	AFME European Sustainable Finance Conference	AFME	Iliana Lani
12 May	Salone del Risparmio 2022	Assogestioni	Salvatore Gnoni

	EVENT	ORGANISER	SPEAKER
17 May	Future of FMI' talk	LSE	Klaus Loeber
17 May	Cross Border Distribution Conference	Deloitte Luxembourg/ Elvinger Hoss Prussen/ FT Live	Evert van Walsum
17 May	Microsoft Europe Financial Services Compliance Summit	Microsoft	Barbara Daskala
18 May	FT Moral Money Europe Summit	FT	Verena Ross
18 May	BaFin-Tech 2022 – Consumer Protection	BaFin	Karl Balz
19 May	20th annual Symposium on Building the Financial System of the 21st Century: An Agenda for Europe and the United States	Program on International Financial Systems (PIFS) / Harvard Law School	Verena Ross
19 May	EACH's 30th Anniversary Celebration	EACH	Klaus Loeber
24 May	International conference on ESG for firms, banks and investors	School of Economics and Finance	Natasha Cazenave

	EVENT	ORGANISER	SPEAKER
24 May	Derivatives Forum Frankfurt 2022	Eurex	Klaus Loeber
25 May	International Bankers Forum European SSM Round Table	International Bankers Forum	Steffen Kern
30 May	WFC Conference 2022	ECSDA	Fabrizio Planta
30 May	WFE's Clearing and Derivatives Conference 2022	WFE (World Federation of Exchanges)	Froukelien Wendt
31 May	ERA conference on Legal developments on Fintech	ERA (Academy of European Law)	Olga Petrenko/Giulia Ferraris
31 May	Irish Funds Annual conference	Irish Funds	Verena Ross



OPEN VACANCIES

POSITION

DEADLINE

Traineeship notice -
Legal profile (F/M)

Open call
(without a specific deadline)

Traineeship notice -
Transversal profile (F/M)

Open call
(without a specific deadline)

Traineeship notice -
Financial Markets Profile
(F/M)

Open call
(without a specific deadline)

All open vacancies can be found on [ESMA's recruitment portal](#)



CONTACT INFO



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