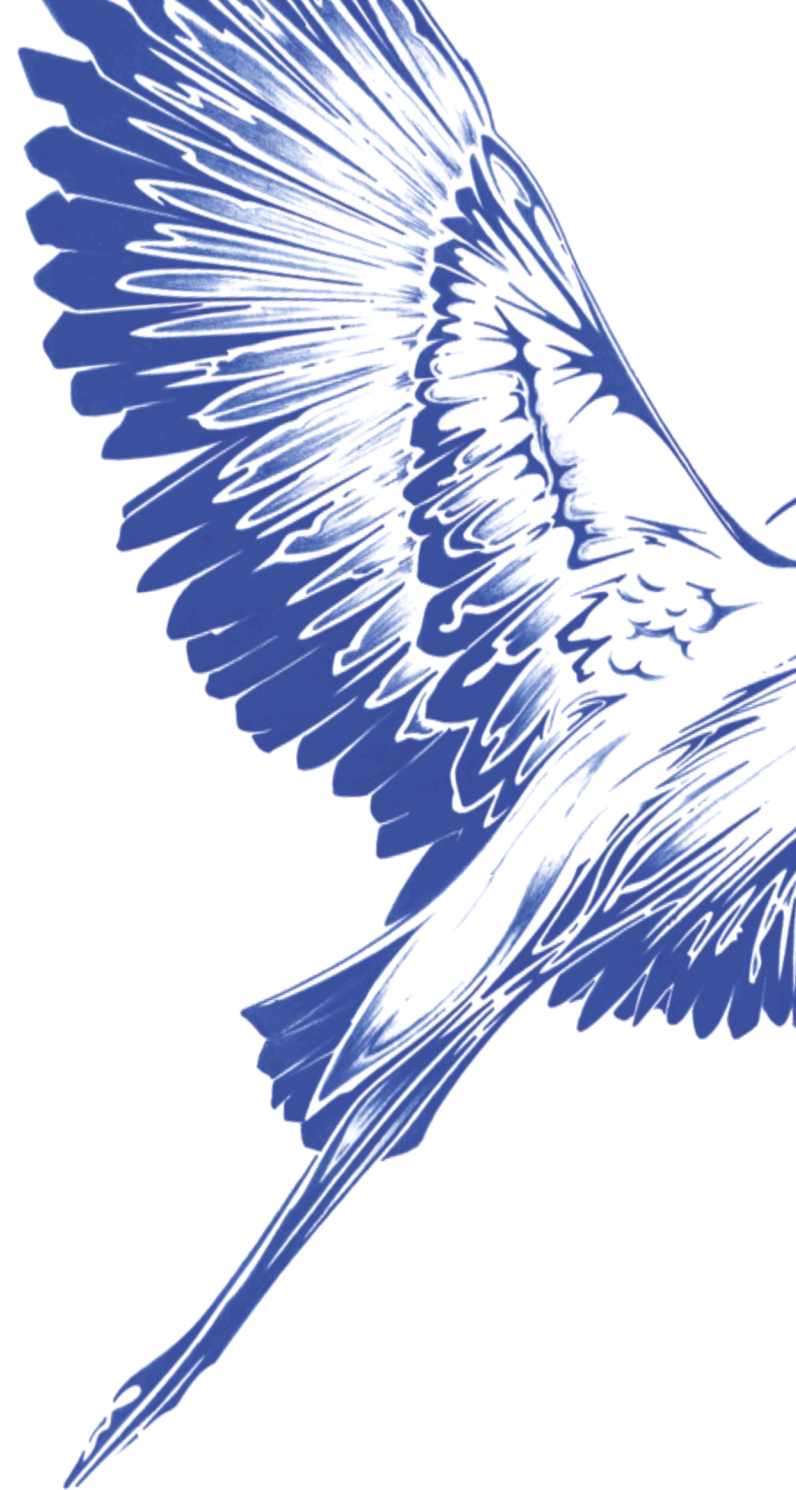


CLEVELAND&CO

External in-house counsel

ESMA WORK PROGRAMME 2015



Activity

Key deliverables

Further explanation

1. CONVERGENCE

a) Guidelines, Opinions and Q&As:

In 2015, ESMA will enhance its international engagement with non-EU regulators and supervisors to further improve the global consistency of regulation and effective co-operation between EU and non-EU supervisors.

- Consultation Paper on MAR guidelines - Q2 2015
- Update of Q&A on Transparency Directive - Q3 2015
- Opinion on the functioning of the passport for EU AIFMs pursuant to Articles 32 and 33 of the AIFMD and on the functioning of the national private placement regimes set out in Articles 36 and 42 of the AIFMD - Q3 2015
- Guidelines on the standardised procedures and messaging protocols for arrangements put in place by Investment Firms to limit the number of settlement fails - Q4 2015
- Guidelines on investment fund legislation - Depends on legislation
- Joint Committee Guidelines on cross-selling - Q4 2015
- MiFID/MiFIR Guidelines - Q4 2015

In the area of investment management, ESMA will continue to develop opinions and Q&As with a view to ensuring harmonised application of requirements at Levels 1 and 2, as well as ESMA's guidelines. As a complement to the single rulebook, the opinions and Q&As will focus on how provisions are applied by NCAs and firms in practice.

PROVIDING ADVICE ON ALL RIPS

b) EU IT projects

- Delivery of IT work programme – Q4 2015
- CEREP and SOCRAT, will be merged into a single data- base along with the European Rating Platform (ERP)
- The Markets Programme contains the MiFIR/MiFID II projects, CSDR, MAR and Securities Financing Transactions Regulation projects. It will support capabilities related to the development and the implementation of new regulatory and supervisory standards in these areas.
- In 2015 the requirements for the European Single Electronic Format (ESEF) will be drafted, impact assessments and cost-benefit analyses for the European Electronic Access Point (EEAS) will be pre- pared and the prospectus notifications will be extended, as required by the Omnibus II Directive
- ESMA is still building its internal IT capacity having allocated most of its IT resources since its set-up in 2011 to regulatory projects

c) International and European co-operation

- The ESMA will be chairing the Joint Committee and it may provide secretarial support to the Board of Appeal
- ESMA will actively contribute to the International Organization of Securities Commissions (IOSCO)

ESMA will continue to ensure accountability, openness and transparency on its work and to strive to make sure that practical implications for ESMA stemming from new tasks provided for in forthcoming legislative proposals are adequately taken into account

d) Peer reviews, breach of Union law and mediation

- Completion of Peer Review work programme – Q4 2015

The targeted peer reviews will assess compliance with the following guidelines and corresponding legal basis at Level 1:

- Market Making Guidelines (to be continued from 2014);
- Suitability Guidelines, i.e. 2012/387 guidelines on the MiFID suitability requirements;

Prospectuses supervision, including approval process ESMA will in addition carry out follow-up work in the areas of Market Abuse Supervisory practices and as regards Money Market Funds Guidelines.

e) Accounting and Auditing

- Extracts of EECS decisions – Q1 and Q4 2015
- EECS Activity Report – Q2 2015
- Analysis of common enforcement priorities – Q3 2015
- Study on accounting topic – Q4 2015

f) EMIR convergence, reports and review

- Technical advice on the Commission on the Review of EMIR – Q2 2015
- Review of Trade Repository reporting standards

ESMA will continue to promote convergence, through guidance and agreed Q&As on the application of EMIR.

– Q2 2015

- Report on penalties – Q4 2015

g) Training

- ESMA maintains a programme of training courses for the National Competent Authorities that develop both technical and soft-skills. A proportion of these courses are run in co-operation with EBA and EIOPA and address issues that are relevant across the sectors – Q4 2015

2. RISK MONITORING AND ANALYSIS

The Authority will focus on financial market surveillance and economic research. In turn, ESMA will further intensify its co-operation with the EU institutions, the other European Supervisory Authorities and the European Systemic Risk Board (ESRB).

a) Monitoring of financial activities and innovation and preparing for product intervention

- Quarterly summary report on the results of the monitoring activities
- Financial Innovation Day: in-depth discussion of topics relevant to financial innovation – Q1 2015
- ESMA's third Investor Education Day – Q4 2015

The monitoring employs three primary sources of information: firstly, a range of contacts to generate intelligence on market activities; secondly, quantitative metrics on market movements from a variety of data sources; thirdly, active interaction with NCAs in Europe and other regulators in major financial centres outside Europe.

b) Financial market surveillance

- Semi-annual reports on Trends, Risks and Vulnerabilities
- Quarterly Risk Dashboards
- Programme on Data Integration and Analytics – Q4 2015
- Establish Trade Repositories-related databases – Q4 2016

c) Economic Research

- Continuation of research projects on High Frequency Trading, Credit Default Swaps, CCP, UCITS, Exchange Traded Funds, Non-Bank Non-Insurer Global Systemically Important Financial Institutions, Shadow banking. – Q3 2015.

3. SINGLE RULEBOOK

In 2015 ESMA's single rulebook work will be focused, amongst others, on the revision of the Markets in Financial Instruments (MiFID) and Market Abuse Directives (MAD), legislation related to European investment funds and to transparency and prospectus, and the implementation of the CRA III legislation.

a) MiFID II and MiFIR

- MiFID/MiFIR Draft Regulatory Technical Standards – Q4 2015

- MiFID/MiFIR Draft Implementing Technical Standards – Q4 2015
- Operational arrangements – Mid 2016

b) Market Abuse, Short Selling and Securities Financing Transactions

- Final Report on MAR technical advice – Q1 2015
- Draft MAR technical standards – Q2 2015
- MoU templates – Q4 2015
- Securities Financing Transactions Regulation Discussion or Consultation Paper on technical standards – Q4 2015
- Draft MoUs for NCAs – Q4 2015
- Market abuse regime equivalence assessment report – Q4 2015

ESMA is tasked by the Market Abuse Regulation (MAR) to produce 15 technical standards to be finalised and delivered to the European Commission.

c) Credit Rating Agency policy

- CRA3 implementation – Q4 2015:
 - designing and implementing the Structured Finance Instruments (SFI) platform
 - developing new templates for disclosure requirements for private and
 - bilateral SFIs, Asset-back Commercial Papers and other remaining instruments
 - designing and implementing the European Rating Platform
 - designing and implementing an internal IT platform for the supervision of CRAs' fees
 - contributing to the ECAI process together with EBA and EIOPA
- Start working on Technical Advices and reports mandated in Article 39 and 39b of CRA3 on the

following subjects – Q4 2015:

- reducing reliance on ratings
- mandatory CRA rotation and double ratings for SFIs
- extension of the scope of the SFI platform
- conflict of interest
- Competition in the CRA market
- Assess legal and regulatory framework for CRAs on third countries according to Art 4 of CRA Regulation – Q4 2015

d) Corporate Reporting

- Draft RTS on EEAP – Q3 2015
- Draft RTS on ESEF – Q4 2015

e) Benchmark policy

- IOSCO review – Q1 2015
- OSSG report – Q1 2015
- Advice to Commission on Benchmark legislation – TBD

The proposed regulation on benchmarks would require ESMA to provide advice for delegated acts to the Commission, co-ordinate the development of co-operation arrangements with third countries and involves ESMA in participating and mediating in Colleges and maintaining registers of notifications on the use of benchmarks and a list of registered benchmark administrators.

f) CSDR

- Technical advice on CSDR – Q1 2015
- Draft technical standards on CSDR, including a cost benefit analysis and evidence of public consultations – Q2 2015
- Preparation and guidance on CSDR recognition – Q4 2015

The CSDR will be published in 2014 and according to the available draft, ESMA will have to deliver around 30 technical standards, covering settlement discipline measures, CSD requirements, links and access requirements focusing on risks, data reporting, including on internalised settlement.

g) European Investment Fund Legislation

- Technical standards on investment fund legislation – Depends on legislation
- Technical advice on investment fund legislation - II-

ESMA is expected to be tasked with the development of technical standards on upcoming legislation in the area of investment funds, such as UCITS V, Money Market Funds and European Long-Term Investment Funds (ELTIFs).

h) Transparency and Prospectus

- Informal evaluation of the prospectus regime – Q2 2015
- Draft RTSs in the prospectus are in accordance with Omnibus II Directive – Q3 2015
- Conduct equivalence assessments of third-country regimes in accordance with Prospectus Directive – Q4 2015
- Review of the Best Practice Principles related to the proxy industry – Q4 2015

Provide further focus on development of opinions, statements and Q&As to assist in developing the single rulebook and work towards supervisory convergence in particular the area of transparency and prospectus.

i) Clearing obligation under EMIR

- Submit draft RTS to the European Commission on the clearing obligation – 6 months after authorisation and recognition
- Publish a call for development of proposals for the clearing obligation – N/A
- Review the values of the clearing thresholds and submit draft RTS to the European Commission to amend them where necessary – On-going

- Under the bottom-up approach, ESMA needs to determine the classes of Over-The-Counter (OTC) derivative contracts subject to the clearing obligation among the classes that are already cleared by Central Counterparties (CCP).
- Under the top-down approach, ESMA needs to identify classes of OTC derivatives that should be cleared but for which no CCP has developed an offer, and to publish a call for a development of proposals for the clearing of those classes.

j) AIFMD

- Advice on the application of the passport to third-country AIFMs and AIFs in accordance with the rules set out in Article 35 and Articles 37 to 41 of

ESMA shall issue to the European Parliament, the Council and the Commission advice on the application of the passport to third-country AIFMs

	the AIFMD – Q3 2015	and AIFs in accordance with the rules set out in Article 35 and Articles 37 to 41 of the AIFMD.
k) Packaged Retail and Insurance-based Investment Products	<ul style="list-style-type: none"> RTS on format and content disclosure in KID for PRIIPs – 15 months after entry into force of Level 1 text 	Through the Joint Committee of the European Supervisory Authorities, ESMA will work with EBA and EIOPA to prepare draft Regulatory Technical Standards (RTS) under the Packaged Retail and Insurance- based Investment Products (PRIIPS) Regulation.

4. SUPERVISION

a) Credit Rating Agency Supervision	<ul style="list-style-type: none"> CRA supervisory work programme – Q4 2015 Risk report/annual report – Q4 2015 CRAs' business model analysis – Q4 2015 Q&As on the CRA Regulation – Q2 2015 Guidelines on periodic information to be submitted by CRAs – Q2 2015 Guidelines on fees' supervision – Q4 2015 Guidelines on implementation of the CRA3 Regulation – Q4 2015 Joint Committee Guidelines on reducing contractual reliance on credit ratings – Q3 2015 	<p>Main areas of focus:</p> <ul style="list-style-type: none"> Supervision; Risk; and Supervisory Guidance.
b) Trade Repository supervision	<ul style="list-style-type: none"> Authorisation or rejection of third-country CCPs – Q4 2015 	Supervision of Trade Repositories by ESMA aims to ensure that they comply on an on-going basis

	<ul style="list-style-type: none"> • TR supervision work programme – Q1 2015 	with all EMIR requirements, thereby enabling regulators to access data and details of derivative contracts in order for them to fulfil their respective mandates.
c) Central Counterparty supervision	<ul style="list-style-type: none"> • Authorisation or rejection of third-country CCPs 	Through the recognition of third-country CCPs, ESMA aims to ensure compliance with relevant third-country requirements. The process will be carried out on an on-going basis with the aim of enabling the objectives of a global playing field and financial stability to be met.
d) Enforcement/Independent Investigation	<ul style="list-style-type: none"> • Enhanced Activity Based Costing – Q1 2015 • Document Management System/guidelines/policies – Q2 2015 • Annual Report – Q2 2015 • Compliance of IT systems with ESMA security rules 	ESMA has the power to take appropriate enforcement action where it discovers a breach of regulation in its supervised entities. ESMA maintains an Independent Investigation Officer function that is required in enforcement cases.

ESMA OPERATIONAL OBJECTIVES – INTERNAL

a) Organisational support

- Enhanced Activity Based Costing – Q1 2015
- Document Management System/guidelines/policies – Q2 2015
- Annual Report – Q2 2015
- Compliance of IT systems with ESMA security rules

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