

Annual Report 2024



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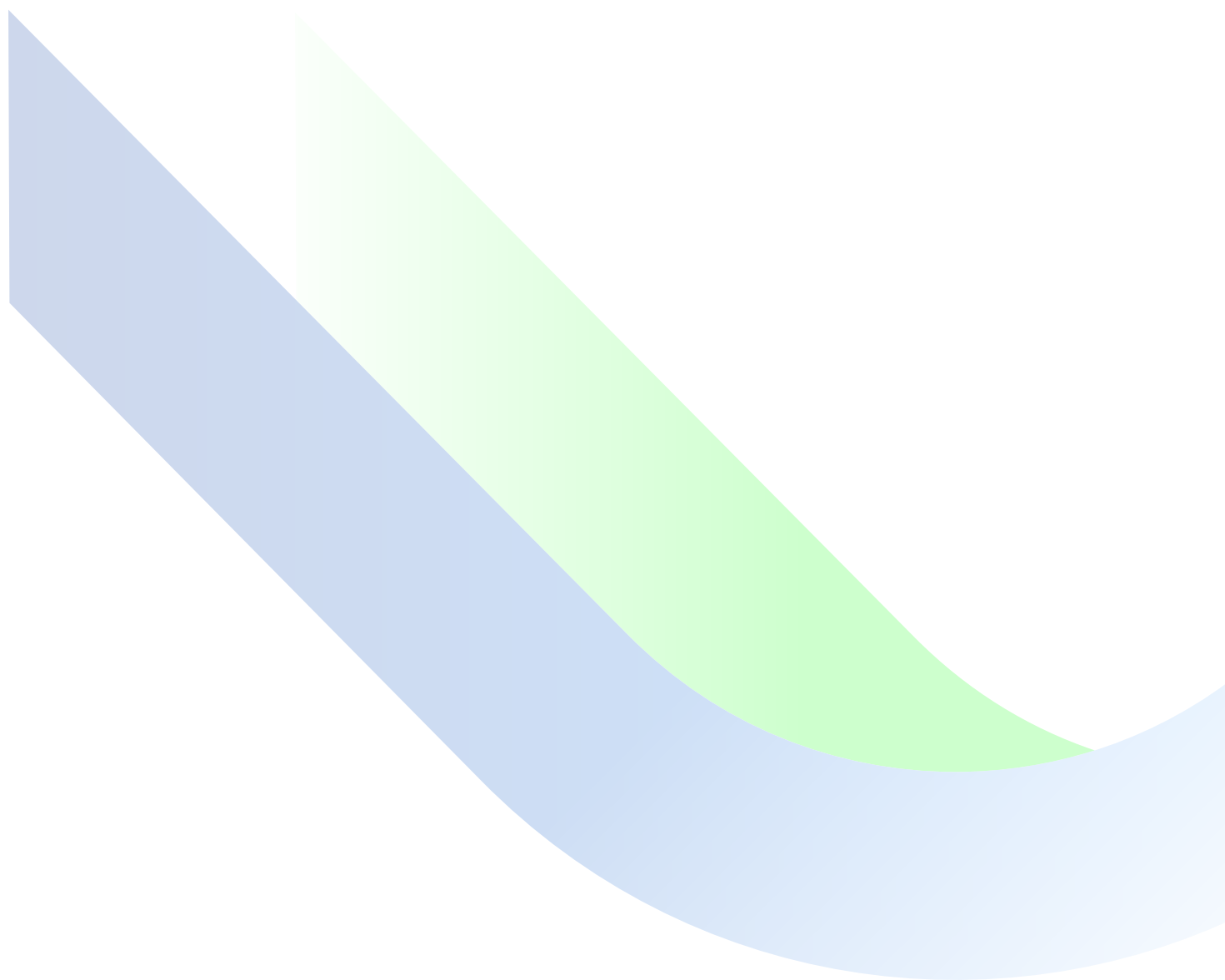
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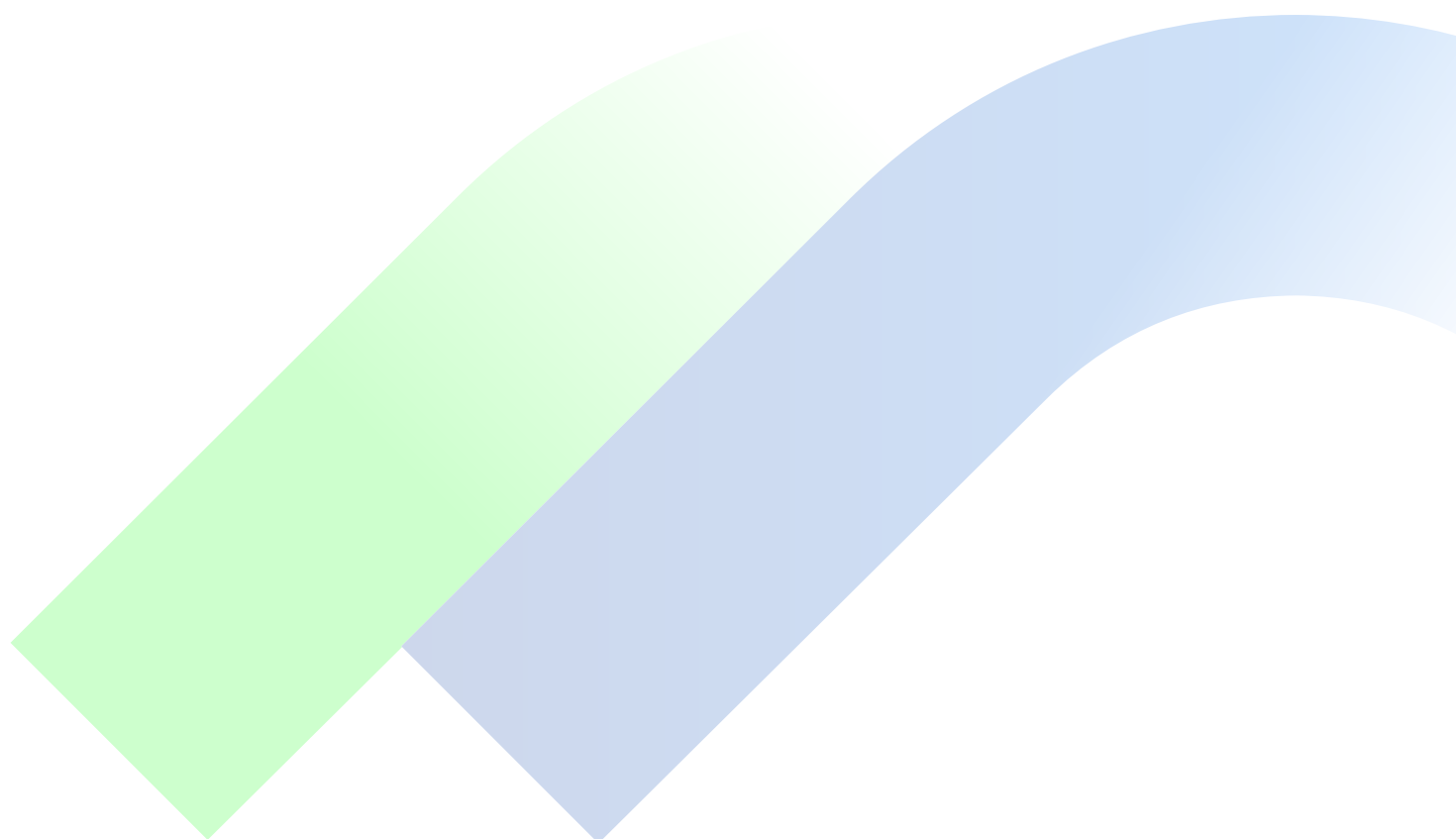


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Board of Supervisors' analysis and assessment of the annual report for 2024

The Board of Supervisors of the European Securities and Markets Authority (ESMA) takes note of the annual report for 2024, submitted by the Executive Director in accordance with Article 48(1) of ESMA's financial regulation.

Analysing and assessing the annual report, the Board makes the following observations.

- The report contains a comprehensive account of the activities carried out by ESMA in the implementation of its mandate and work programme in 2024. ESMA provides in the annual report a detailed account of the results achieved in relation to the objectives set in the work programme for 2024, along with relevant financial and management information.
- The Board takes note of the reports of the European Court of Auditors (ECA) and the European Commission's Internal Audit Service and ESMA's actions in response to these reports.
- The Board notes that the Executive Director has no reservations or critical issues to report that would affect the presentation of the annual accounts for the financial year 2024 to the discharge authority.

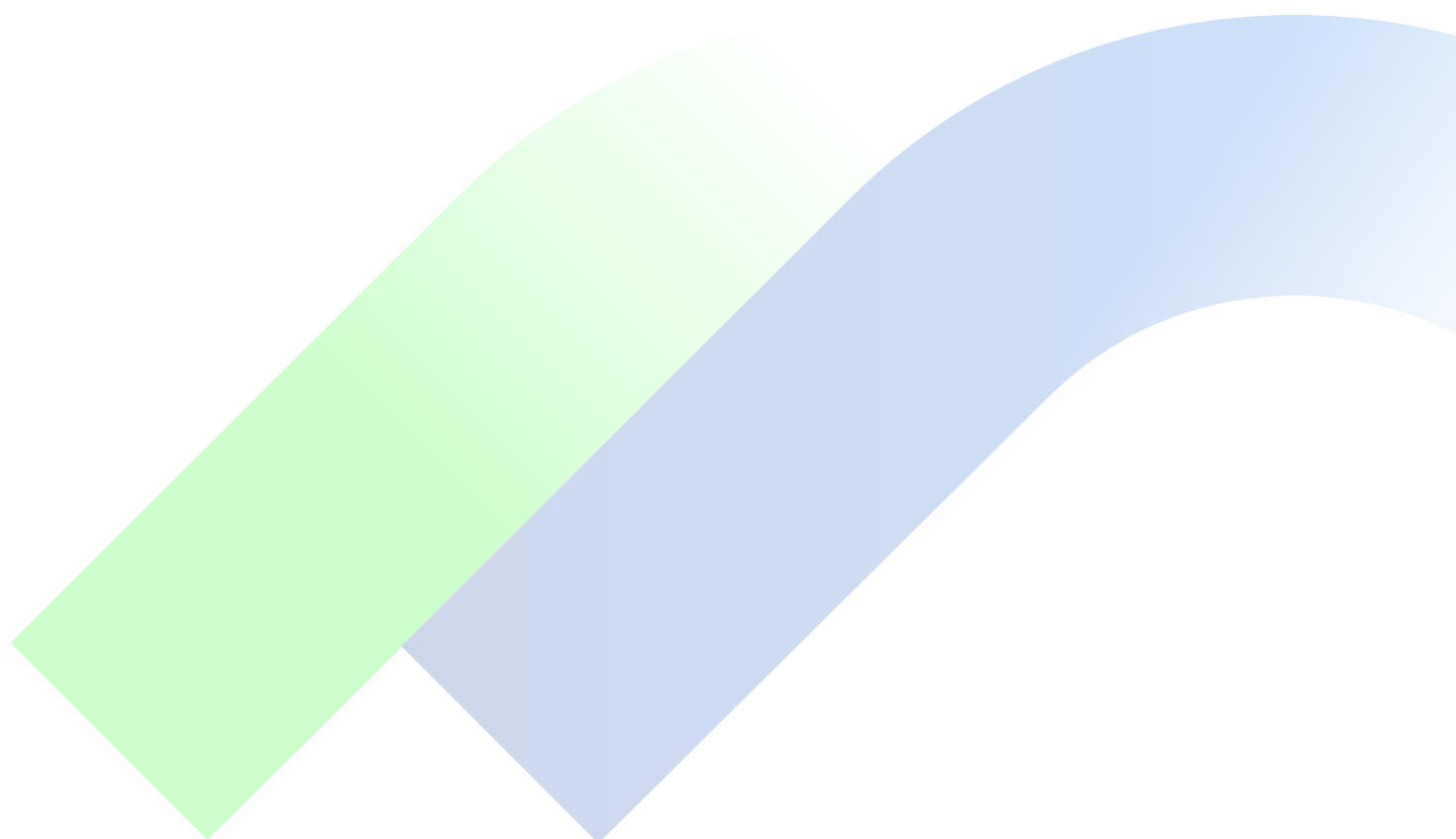
Paris, 28 May 2025

Verena Ross

ESMA Chair

For the Board of Supervisors







Verena Ross

CHAIR

Chair's foreword

2024 has been a year of transition for Europe. A new Parliament and a new Commission as well as changes in the economic and geopolitical circumstances have started to reshape and refocus the priorities of the European Union and, with that, of ESMA. In the course of the past year, a rich debate took place about Europe's challenges and the critical role that capital markets need to play in order to overcome them. I am proud of the contribution that ESMA has made to this debate through its position paper on how to build more effective and attractive capital markets in the EU.

By recasting the capital markets union (CMU) as the savings and investment union (SIU), the Commission president signalled a shift in terms of ambition. Namely, seeing stronger and more efficient and unified EU financial markets as a key means to boosting European competitiveness and strategic autonomy. Putting investors at the heart of our markets and connecting savings with investments will be needed to raise the necessary funding to ensure a strong, safe and prosperous Europe. This is a vision which ESMA strongly supports. While the discussion on concrete actions to make the SIU a reality was still ongoing, in 2024 ESMA already started taking steps towards promoting a more efficient and unified EU capital market.

To promote EU market efficiency and competitiveness, an important initiative was the proposal to reduce the settlement cycle by one day, from $T + 2$ to $T + 1$. In November 2024, ESMA published a report analysing the costs and benefits of such a change and setting out the necessary steps, governance and timeline. This topic will remain a key focus for ESMA in the coming years.

Sustainable finance is an area directly impacted by the changing economic and geopolitical context that is reshaping EU priorities. ESMA proactively contributed to the public debate on the simplification of the current regulatory framework, and published recommendations to reduce complexity and facilitate the investor journey for sustainable investments. Mindful of the need to enable a trusted investment environment, ESMA issued guidelines on funds' names and a final report on greenwashing.

As regards effective supervision, ESMA continued in 2024 driving forward supervisory convergence in key areas. ESMA developed common high-level supervisory principles, to promote a common European supervisory culture. ESMA also completed a common supervisory action on marketing communication and advertisement by investment firms and followed up on earlier peer reviews, to support actions on several critical topics including the handling of Wirecard and European market infrastructure regulation (EMIR) data quality. Finally, ESMA published in 2024 a comprehensive analysis of the current enforcement and sanctioning practices across the EU in all areas of its remit.

While recognising Europe's current challenges and the need to shift gears, I believe we should not overlook the progress we have made in several areas over the course of the past legislative cycle. The implementation of important measures is still underway and will bring benefits to the EU markets in the coming years.

The markets in financial instruments directive (MiFID) and the markets in financial instruments regulation (MiFIR) review constituted an important step towards more integrated and transparent EU capital markets. Under tight legislative deadlines, in 2024 ESMA delivered several technical standards and provided critical guidance to ensure a smooth transition to this new regime. The major project of establishing consolidated tapes in Europe is now under way and will reduce information asymmetry and contribute to promoting efficient EU markets.

As regards investor protection, 2024 saw the roll-out of the world's first comprehensive regulatory regime for crypto-assets. ESMA delivered the last of over 30 technical standards and guidelines mandated under the markets in crypto-assets regulation (MiCA). In anticipation of the full application of MiCA, ESMA dedicated significant efforts to promote consistency in the application of the new rules, starting with the authorisation of crypto-asset service providers. In 2024, ESMA also progressed towards the development of the European Single Access Point (ESAP), which will bring significant simplification and benefits to investors, regulators and the industry alike.

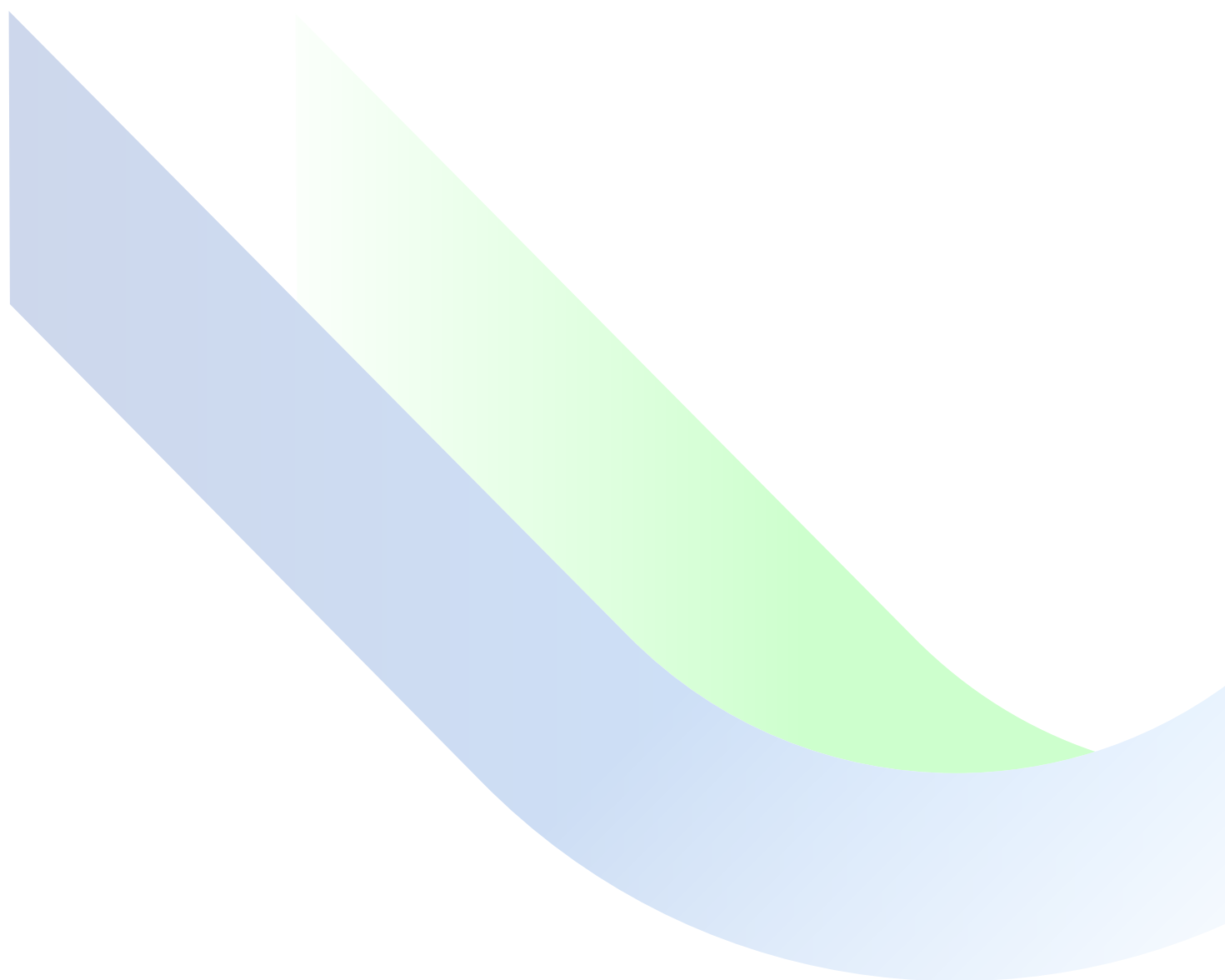
Finally, I want to highlight the progress achieved in the area of cybersecurity and operational resilience in the financial sector with the implementation of the Digital Operational Resilience Act (DORA) where, despite some challenges, ESMA and the other European supervisory authorities (ESAs) were ready for the entry into application of this landmark legislation in January 2025.

As I look back at these achievements and look forward towards the challenges that lie ahead, I am reassured by the close partnership we have with the European Parliament, the Council of the European Union and the Commission. I expect to continue working with them to ensure effective, stable and competitive financial markets in the EU. I would also like to acknowledge the excellent cooperation with our fellow ESAs, including through the Joint

Committee (JC). Achieving our work objectives is only possible thanks to the close interaction with stakeholders – notably including the Securities and Markets Stakeholder Group (SMSG) – and their valuable contributions to our work.

At the end of yet another packed year, I want to express my sincere appreciation to the members of ESMA's Board of Supervisors and Management Board, and all their staff, for their continued support and active engagement. Finally, and by no means least, I would like to convey my heartfelt thanks to all my excellent colleagues, for all their hard work, unwavering spirit and dedication to ESMA and its mission.

Verena Ross
Chair





Natasha Cazenave

EXECUTIVE DIRECTOR

Executive Director's foreword

As the European Union transitioned from one institutional cycle to the next, for ESMA, 2024 was characterised by exceptionally intense policy work across almost all areas within our remit as several legislative acts were adopted towards the end of the mandate of the previous Commission. From the digital finance package to EMIR 3, from MIFID/MIFIR to the Listing Act and the Alternative Investment Fund Managers Directive (AIFMD), a significant number of consultations, technical standards and technical advice had to be provided in a very short period of time to ensure the smooth implementation of these new acts. A substantial amount of work was also successfully conducted through the JC to support the timely implementation of DORA.

At the same time, ESMA focused on preparations for new supervisory mandates notably in relation to its upcoming supervisory role over EU green bond verifiers and environmental, social and governance (ESG) rating providers as well as ensuring a sound process for the selection and authorisation of the future consolidated tape providers (CTPs). Together with the other ESAs, ESMA established a joint team to oversee critical information and communications technology (ICT) third-party providers in line with DORA and appointed a single Director for DORA joint oversight to lead the work.

2024 was also a year where we took further steps to implement our strategy and strengthen our organisation in the face of a complex environment and challenging economic conditions. With the 2023–2028 ESMA strategy, we have established an ambitious set of objectives to foster stable and effective markets, strengthen supervision, and enhance retail investor protection while enabling sustainable finance and facilitating technological innovation and the use of data. For the first time, in this report, ESMA is reporting on a number of key performance indicators (KPIs) and key outcome indicators (KOIs) across our strategic priorities to be able to monitor progress.

In relation to digitalisation, key milestones have been achieved to modernise ESMA including by strengthening its role as a data hub, upgrading data collection and analysis, advancing AI-powered tools

and improving data accessibility. ESMA completed the migration of all its datasets and analytical tools to its new 'big data' platform in 2024. This allowed for wider access to tools and data within ESMA and to share our resources with colleagues within national authorities. ESMA also took steps to optimise the use of financial market data across the EU, while at the same time reducing the reporting burden on the market participants by assessing the possibility to leverage transaction reports for transparency and volume cap calculations under the MiFIR framework. National supervisors and ESMA also agreed to pool resources to ensure EU-level integrated monitoring of European crypto-asset markets. The establishment of a unified tool, expected in 2025, will not only strengthen the supervision of crypto-markets, but will also be a cost-effective solution for reporting entities, which would otherwise have to report through different systems.

In the area of supervision, ESMA has implemented comprehensive data quality indicator dashboards directly accessible to national competent authorities (NCAs) via its data platform for the European market infrastructure regulation (EMIR) and the securities financing transactions regulation (SFTR). Furthermore, ESMA developed an advanced monitoring dashboard for credit rating agency (CRA) preliminary ratings to enhance its ability to allocate resources on the basis of data-driven risk assessments.

In 2024, ESMA undertook several critical actions as a direct supervisor. ESMA oversaw the development and execution of key milestones related to the new Euro Interbank Offered Rate (Euribor) methodology and the enlargement of the Euribor panel. The shift to a fully transaction-based methodology will increase trust and transparency across the financial ecosystem, as the judgement factor has been eliminated from Euribor. Another important achievement was the publication of the outcome of the global fire drill, where over 30 central counterparties (CCPs) simultaneously ran a simulation of their default management processes. This is an example of effective international coordination to safeguard financial stability. In connection with its enforcement activities, ESMA fined a CRA for

structural failures and specific breaches of its conflict of interest (COI) obligations.

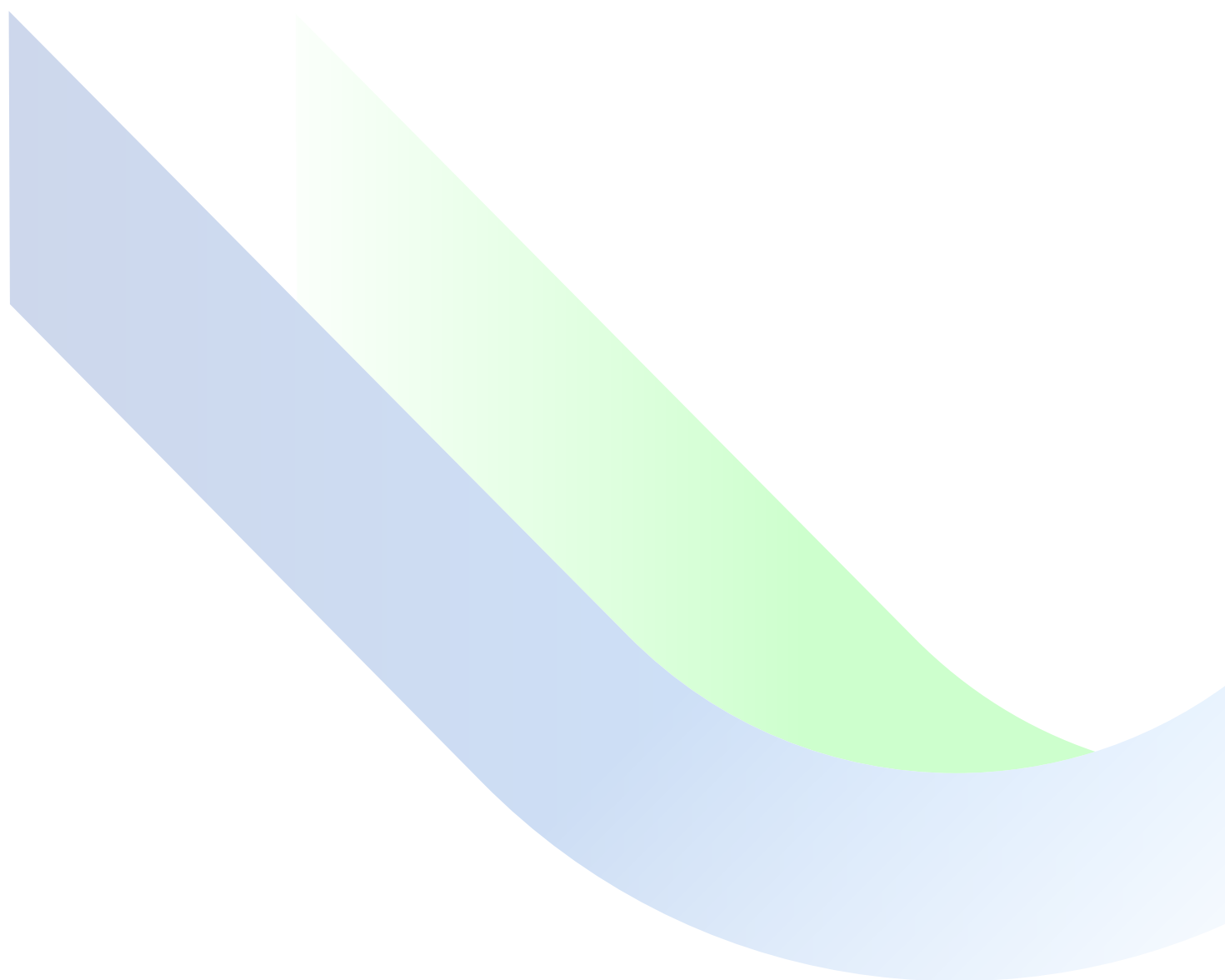
With the continuous expansion of ESMA's mandate in terms of tasks and scope and a constantly changing environment, our organisation needs to be able to adjust as appropriate. The adoption of our first 'people strategy' is designed to ensure ESMA is able to attract and develop the talent it needs to deliver on its mission from all parts of Europe. In the coming years, the continued modernisation and digitalisation of ESMA will be critical to ensure the agility needed

to adapt to new circumstances and to be able to take on new responsibilities.

Looking back at all these achievements, I would like to wholeheartedly thank the ESMA staff for their commitment and passion in delivering on ESMA's mission. I would also like to express my gratitude to ESMA's Board of Supervisors and Management Board members for their continuous support.

Natasha Cazenave

Executive Director





1. Executive summary

1.1. ESMA's mission and 2024 objectives and activities

ESMA is the EU's financial markets regulator and supervisor.

ESMA's mission is to enhance investor protection, promote orderly financial markets and safeguard financial stability.

- **Investor protection.** To better serve financial consumers' needs and to reinforce their ability to make informed choices.
- **Orderly markets.** To foster the integrity, transparency, efficiency and functioning of financial markets and market infrastructures.
- **Financial stability.** To strengthen the financial system, making it capable of withstanding shocks and the unravelling of financial imbalances.

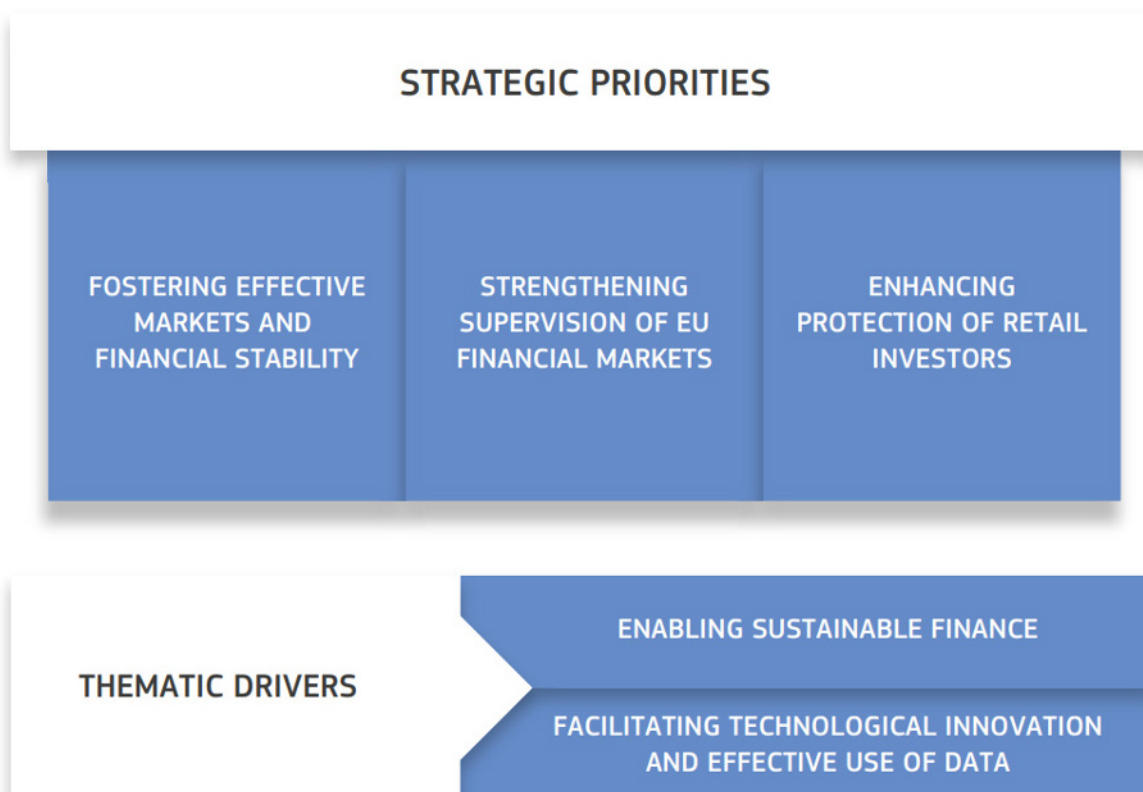
ESMA achieves its mission in the European System of Financial Supervision through active cooperation with national and other EU authorities. While ESMA

has a unique position within the system – focusing on regulating and supervising securities and financial markets at the EU level – it works closely together with NCAs to ensure effective regulation and supervision of EU financial markets as a whole. Considering the increasing level of integration between different financial sectors as well as joint mandates (e.g. in the context of DORA), ESMA will intensify its cooperation with other EU authorities and institutions, in particular with the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA), including through the ESA JC.

ESMA also acts as the voice of the European financial markets' supervisory community through active participation in various international fora, which include the International Organization for Securities Commissions (IOSCO) and the Financial Stability Board (FSB).

ESMA's 2023–2028 strategy ⁽¹⁾ sets the authority's multiannual objectives and strategic priorities.

ESMA implemented its 2024 annual work programme (AWP) by focusing on three strategic priorities and by being driven by two key themes, as shown below.



¹ https://www.esma.europa.eu/sites/default/files/library/esma_strategy_2023-2028.pdf.

1.2. Governance and organisation

Two decision-making bodies govern ESMA: the Board of Supervisors (the Board) and the Management Board.

The Chair represents ESMA, preparing the work of the Board and chairing the meetings of the Board and the Management Board. A vice-chair is appointed among the members of the Board. Vojtěch Belling, Executive Director of the Financial Market Regulation and International Cooperation Department of the Czech National Bank, was reappointed as Vice-Chair for a second 2.5-year term on 16 May 2024.

The Executive Director is responsible for the day-to-day operations of ESMA, including dealing with staff matters, developing and implementing the AWP, developing the draft budget and preparing the work of the Management Board.

1.2.1. Board of Supervisors

The Board guides the work of the authority and has the ultimate decision-making responsibility regarding a broad range of matters, including the adoption of ESMA technical standards, opinions and guidelines, and the issuance of advice to the EU institutions. The Board is supported by a number of ESMA standing committees (SCs) and working groups (WGs) that deal with technical issues. In addition to the Chair, ESMA's Board is composed of the heads of the NCAs in the EU and the European Economic Area (EEA), who are responsible for securities regulation and supervision.

A list of the Board of Supervisors' current members and links to summaries of its 2024 meetings can be found on ESMA's website ⁽²⁾.

1.2.2. Management Board

In addition to the Chair, the Management Board is composed of six members selected from the Board of Supervisors. The Executive Director and a representative of the Commission attend as non-voting members (except on budget matters, where

the Commission representative has a vote), and the Vice-Chair attends as an observer.

The main role of the Management Board is to ensure that ESMA carries out its mission and performs the tasks assigned to it in accordance with the authority's founding regulation (known as the ESMA regulation). It focuses, in particular, on the management and supervisory activities of the authority, such as the development and implementation of its multi-annual work programme, along with budget and staff resource matters. Furthermore, the Management Board plays a significant role in the oversight of ESMA's supervisory convergence activities, which refers to the process of aligning supervisory practices and standards across Member States to ensure consistent and effective supervision of financial markets.

A list of the Management Board's current members and summaries of its 2024 meetings are available on ESMA's website ⁽³⁾.

Much of ESMA's work is supported by SCs, WGs and task forces, which draw together senior experts from NCAs. Each SC is normally chaired by senior representatives of NCAs or senior ESMA staff and supported by ESMA staff who act as rapporteurs. Most of the SCs also have consultative WGs made up of external stakeholder representatives. A list of SCs is available on ESMA's website ⁽⁴⁾.

1.2.3. Securities and Markets Stakeholder Group

The SMSG was established under the ESMA regulation to facilitate consultation with stakeholders in areas relevant to ESMA's tasks. The members represent financial market participants and their employees, consumers and other users of financial services, academics and small and medium-sized enterprises (SMEs). ESMA seeks input from stakeholders by consulting the SMSG on its draft technical standards and guidelines, to ensure that they are informed by diverse perspectives. ESMA also consults the SMSG on broader policy matters and values its contributions across a wide range of topics.

On 1 July 2024, ESMA appointed new members of the SMSG to serve a four-year term. The group elected Professor Giovanni Petrella as the Chair of the SMSG

² <https://www.esma.europa.eu/about-esma/governance-structure/board-of-supervisors>.

³ <https://www.esma.europa.eu/about-esma/governance-structure/management-board>.

⁴ <https://www.esma.europa.eu/about-esma/governance-structure/standing-committees>.

and Sari Lounasmeri and Urban Funerud as Vice-Chairs. The full composition of the SMSG is detailed on ESMA's website ⁽⁵⁾. The SMSG held seven meetings in 2024, two of which were held jointly with the Board of Supervisors. A full list of the advice produced by the SMSG in 2024 is provided on ESMA's website ⁽⁶⁾.

1.2.4. 2024 in brief – Key achievements of the year

In 2024, ESMA achieved several significant milestones.

1. **ESMA position paper on 'Building more effective and attractive capital markets in the EU'.** The paper, published in May, put forward 20 recommendations to strengthen EU capital markets and to address the needs of European citizens and businesses ⁽⁷⁾. ESMA's recommendations for a well-functioning capital market focused on three dimensions: citizens, companies and the EU regulatory and supervisory framework. The actions proposed in this paper went beyond changes to financial regulation to provide a comprehensive set of proposals to make European capital markets more effective. They serve as a basis upon which ESMA has engaged with stakeholders on the proposals related to the SIU.
2. **ESMA report on the shortening of the settlement cycle.** In March, ESMA published a statement on the feedback received from its call for evidence on the shortening of the settlement cycle, that had been launched at the end of 2023. In November, following a new mandate introduced in the central securities depositories regulation (CSDR) via the CSDR refit, ESMA published its final assessment on the shortening of the settlement cycle ⁽⁸⁾. That report concluded that the migration to T + 1 in the EU should be achieved in 2027 and recommended 11 October 2027 as the optimal date. In view of the complexity of the project, ESMA indicated that there would be a need to have a dedicated governance to prepare for the shift to T + 1, and that it would work with the EC and the European Central Bank (ECB) to set up such governance arrangements.
3. **Creation of a DORA Joint Oversight Venture across the three ESAs.** In October, a significant milestone was achieved by the ESAs with the appointment of Marc Andries as the Director to lead the joint oversight work of the three ESAs of CTPPs. To operationalise this framework, the ESAs have agreed on a Target Operating Model in which they will work as a single 'DORA oversight team', organised in various Joint Examination Teams and led by Marc Andries, to oversee the CTPPs from end 2025. These Joint Examination Teams will be



⁵ <https://www.esma.europa.eu/about-esma/stakeholder-engagement/smsg#members>.

⁶ https://www.esma.europa.eu/databases-library/esma-library?f%5B%5D=basic_%3A364&f%5B3%5D=basic_section%3A9&f%5B4%5D=basic_date%3A%28min%3A1704067200%2Cmax%3A1735603200%29.

⁷ https://www.esma.europa.eu/sites/default/files/2024-05/ESMA24-450544452-2130_Position_paper_Building_more_effective_and_attractive_capital_markets_in_the_EU.pdf.

⁸ https://www.esma.europa.eu/sites/default/files/2024-11/ESMA74-2119945925-1969_Report_on_shortening_settlement_cycle.pdf.

formally set up at the end of 2025 or in early 2026 (operational once the CTPPs are officially designated) and will be composed by staff coming from the ESAs' DORA oversight team' and the NCAs.

4. **Guidelines on fund names and the prevention of greenwashing.** ESMA took the initiative to issue guidelines on the use of ESG and sustainability-related terms in fund names to reduce the risk of greenwashing. ESMA established guidelines ⁽⁹⁾ requiring funds using these terms to allocate at least 80 % of their investments to assets that meet sustainability characteristics or objectives and to apply exclusion criteria. Funds using 'sustainable' terms should also invest meaningfully in sustainable investments. To further clarify the practical application of these guidelines, ESMA published Q & As ⁽¹⁰⁾ addressing the interpretation of meaningfully investing in sustainable investments, the treatment of green bonds and the definition of controversial weapons.
5. **Reporting burden reduction.** In 2024, ESMA took steps to reduce the reporting burden on market participants with a view to leverage transaction reports for transparency and volume cap calculations under the MiFIR framework. This initiative aims to streamline data collection by eliminating redundant reporting obligations while ensuring regulatory efficiency and market oversight. By integrating transaction data into transparency calculations, ESMA enhances data consistency, reduces compliance costs and simplifies reporting requirements for market participants. This effort aligns with ESMA's broader data strategy to optimise the use of financial market data across the EU.
6. **EU-level integrated monitoring of crypto-asset markets.** In July, the Board decided to delegate to ESMA certain data collection, processing and monitoring tasks under MiCA, to support the NCAs' market integrity and monitoring mandates with a single central technical solution for EU-level integrated monitoring of crypto-asset markets. This new system is expected to be functional in 2025.
7. **EU-wide stress tests for CCPs.** Also in July, ESMA published the results of its fifth CCP stress test ⁽¹¹⁾, confirming the resilience of EU and third-country (TC) Tier 2 CCPs to credit and liquidity risks. The test introduced new components, including climate risk analysis and an enhanced clearing ecosystem assessment, along with improved methodologies such as additional market stress scenarios and extended reverse stress tests. While CCPs showed strong defences against defaults and market shocks, gaps in concentration risk coverage were noted, particularly for commodity derivatives. The stress test highlighted the need for ongoing improvements in risk management and the integration of climate risks into stress-testing frameworks.
8. **Use of artificial intelligence (AI) in retail investment services.** In May, ESMA issued a public statement ⁽¹²⁾ outlining key considerations for investment firms using AI in retail investment services. This guidance emphasised the need for firms to uphold revised markets in financial instruments directive (MiFID II) obligations, ensuring transparency, fairness and accountability in AI-driven decision-making. In December, ESMA also finalised an investor warning to help retail investors understand the risks and limitations of using AI-based tools for investing, reinforcing the importance of informed decision-making.
9. **Common supervisory action and mystery shopping exercise on marketing communications.** In May, ESMA published the results ⁽¹³⁾ of the two supervisory initiatives conducted with NCAs across the EU to assess how firms comply with MiFID II requirements for marketing materials, including the fairness, clarity and transparency of advertisements. The report highlighted key risks, such as aggressive marketing practices, misleading sustainability claims and inadequate risk disclosures. The findings will support further supervisory convergence efforts and potential regulatory updates to enhance investor protection.

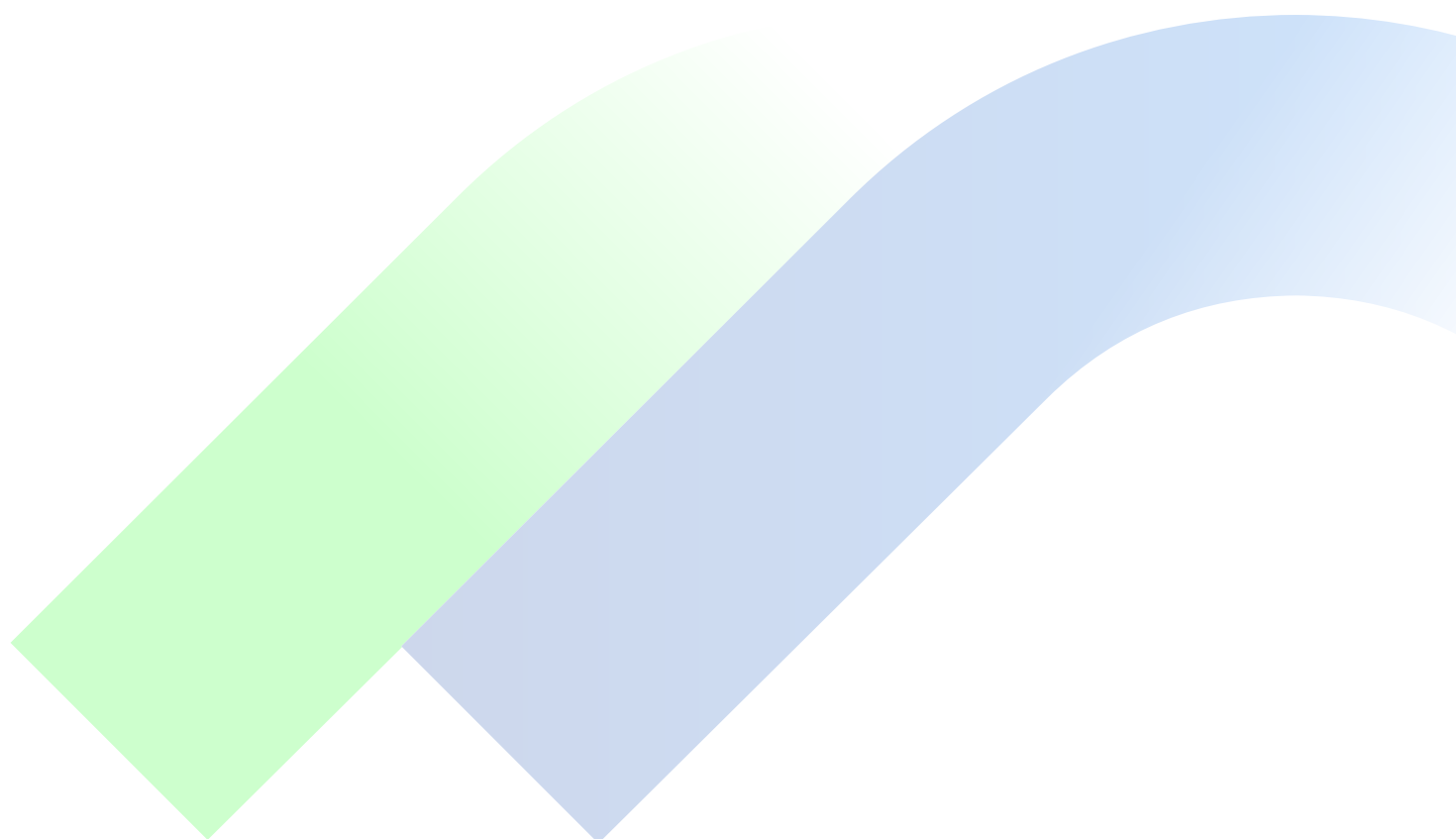
⁹ <https://www.esma.europa.eu/document/guidelines-funds-names-using-esg-or-sustainability-related-terms>

¹⁰ <https://www.esma.europa.eu/press-news/esma-news/esma-puts-forward-qas-application-guidelines-funds-names>

¹¹ https://www.esma.europa.eu/sites/default/files/2024-07/ESMA71-545613100-2541_ESMA_s_stress_test_of_Central_Counterparties_finds_clearing_system_resilient_-_Press_Release.pdf

¹² https://www.esma.europa.eu/sites/default/files/2024-05/ESMA35-335435667-5924_-_Public_Statement_on_AI_and_investment_services.pdf

¹³ https://www.esma.europa.eu/sites/default/files/2023-07/ESMA35-43-2725_-_Public_Statement_on_2022_CSA_and_MSE.pdf





2. ESMA's achievements

2.1. Strategic priorities and thematic drivers

2.1.1. Effective markets and financial stability

Objectives for 2024

Effective markets objectives

Contribute to developing a meaningful, proportionate and effective single rulebook across ESMA's remit.

Contribute to making the EU single market in financial services deep, efficient, liquid and accessible, in particular to SMEs, to raise capital.

Promote global standards and enhance cooperation and dialogue with international regulatory counterparts.

Financial stability objectives

Identify and analyse key risks and vulnerabilities across the entire ESMA remit to inform the public and guide regulatory and supervisory activities.

Enhance the level of preparedness to deal with potential shocks to financial markets and ensure close crisis management cooperation with NCAs.

Coordinate with and contribute to the work of EU and international bodies on ensuring financial stability.

MiFID II/MiFIR review – consolidated tape providers

The MiFIR review entrusted ESMA with the selection, authorisation and supervision of three CTPs for bonds, shares and exchange-traded funds (ETFs), as well as over-the-counter (OTC) derivatives, respectively. In 2024, ESMA prepared for these important tasks, notably through the delivery of technical standards closely linked to the CTP and by preparing the first selection procedure for the bond CTP, which was launched on 3 January 2025.

In December, ESMA finalised several draft technical standards critical to the establishment of the CTP, including as regards (i) reporting instructions on input

and output data, and data quality requirements for CTPs and data contributors, (ii) a revenue redistribution scheme for the equity CTP, (iii) the synchronisation of business clocks, and (iv) various organisational and authorisation requirements. ESMA also published a feedback statement on the criteria to assess CTP applicants, taking into account the input received from the public consultation.

MiFIR review: market transparency and market structure

Following the entry into force of the revised MiFIR in March 2024, ESMA published, in close collaboration with the Commission, guidance on the transitional provisions in the revised MiFIR.

As part of the MiFIR review, ESMA developed technical standards in relation to pre- and post-trade transparency regimes for equity and non-equity instruments, notably bonds, to the provision of data on a reasonable commercial basis and to circuit breakers.

In December, ESMA published two draft regulatory technical standards (RTS) for market transparency for equity instruments, and for bonds, structured finance products and emission allowances, following public consultations. In reflecting the changes stemming from the MiFIR review, these new technical standards contributed to a more informative transparency regime and to reducing the regulatory burden on market participants. ESMA also prepared a draft RTS on the provision of market data on a reasonable commercial basis, aimed at enhancing transparency in setting data fees, ensuring non-discriminatory access to market data and its provision on unbiased and fair contractual terms. This draft RTS also sets standards for market data policies and specific requirements for the provision of delayed data.

Trends, risks and vulnerabilities

ESMA monitors risks in its remit, and publishes trends, risks and vulnerabilities (TRV) reports and risk dashboards twice a year, covering a whole spectrum of topics from financial stability to consumer protection, ensuring its activities are data-driven and risk-focused.

ESMA's first 2024 TRV report identified several key factors negatively affecting economic growth and asset valuations, including market uncertainty and a

weak macro-financial environment due to a complex risk landscape and persistent high interest rates. In August, the second TRV report highlighted the importance of monitoring geopolitical and peripheral risks in order to maintain financial stability.

ESMA emphasised the need for investors to exercise caution and conduct thorough due diligence when making investment decisions. In addition to the broader market risks, ESMA also identified specific challenges for real estate valuation with exposure to fragile market liquidity. ESMA highlighted the malpractice risk related to greenwashing undermining investor trust and the credibility of green finance. Moreover, ESMA noted the influence of social media on less sophisticated investors, which could lead to misleading information and potential financial losses.

To support its single rulebook, convergence and supervisory tasks, ESMA undertakes in-depth research into a wide range of contemporary market issues that are published as stand-alone TRV risk analysis articles or ESMA working papers. In 2024, ESMA published eight topical TRV articles and three working papers.

Real estate markets

ESMA conducted several studies and evaluations on the exposure of the EU securities markets and the asset management sector to the rising risks in real estate markets. ESMA published two articles on the risk exposures in EU real estate markets and on exposures of alternative investment funds (AIFs) to commercial real estate. ESMA identified a decline of the main equity and bond real estate indices and increased trading and securities lending activity for real estate corporations.

ESMA market report on EU securities financing transactions

ESMA published its first market report on EU securities financing transactions. The report is the first to provide a comprehensive overview of the EU repo market, based on the information reported by market participants. Its primary objective is to contribute to ESMA's supervisory and systemic risk assessment work.

Social media sentiment: influence on EU equity prices

In an article published in April, ESMA found that social media sentiment only has limited transitory effects on stock excess returns. Positive social media sentiment only seems to be correlated with very short-term excess returns. This points to the risk of investors excessively relying on social media news, whose truthfulness and accuracy is difficult to verify.

Neo-brokers in the EU: developments, benefits and risks

In July, ESMA published an analysis of EU-based neo-brokers, based on a market survey. Characterised by innovative, online-only investment services, neo-brokers have grown rapidly in recent years. The results confirm that most trading volumes come from retail clients, with share trading dominating order flows; larger neo-brokers offer a broad range of EU and US securities, while smaller firms focus on national markets, and US-issued shares remain the most traded, though EU shares are growing in significance.

2.1.2. Effective supervision

Objectives for 2024

ESMA direct supervision objectives

Deliver timely and quality assessment of registration applications.

Identify in a timely manner – including through the use of data-driven tools – the key industry trends, supervisory risks and concerns to support a risk-based, proactive and outcome-focused supervision.

Select effective supervisory tools such as reviews, investigations, etc.

Request timely and effective remediation and adopt enforcement actions where breaches of the regulation are identified.

Supervisory convergence objectives

Promote a common effective, risk-based, data-driven and outcome-focused supervisory and enforcement culture across EU supervisors.

Develop a common understanding of the risks facing EU capital markets and their severity.

Identify clear supervisory objectives and outcomes across EU capital markets, focusing on high-priority cross-sectoral risks using the most effective tool(s).

Facilitate constructive exchanges among supervisors on key risks at EU-wide and entity-specific levels.

Foster convergence on enforcement activities that are the responsibility of NSAs.

Supervision

In 2024, ESMA continued to scale up its risk-based, data-driven and outcome-focused supervision and to roll out a consistent approach across its supervisory mandates.

ESMA consulted with stakeholders on a set of guidelines applicable to all of its supervised entities, including, for example, on management bodies of regulated entities, on internal control frameworks to ensure compliance and risk management and on the submission of periodic supervisory information to ESMA. The objective of these transversal guidelines is to promote consistency and reduce the burden on entities which are supervised by ESMA.

ESMA also intensified preparations for its upcoming new supervisory mandates in the areas of EU Green Bond verifiers, ESG rating providers and CTPs, notably delivering various technical standards that will support the process of registration and supervision of these entities.



Furthermore, in 2024 ESMA strengthened its supervision of TC CCPs, ensuring compliance with EMIR and addressing key risks. ESMA enhanced data-driven oversight, engaged closely with stakeholders and ensured effective collaboration with the Bank of England. ESMA also monitored market developments and systemic risks to safeguard EU financial stability.

Digital operational resilience

In 2024, ESMA focused on its supervised entities' preparedness efforts for DORA's entry into application (see section 2.1.5).

In addition, ESMA launched a cross-mandate supervisory project to assess cybersecurity and business continuity plan testing capabilities and maturity of its supervised entities, in line with its 2024 supervisory strategies and work plan. This project covered all CRAs, trade repositories (TRs) and securitisation repositories (SRs), data reporting service providers (DRSPs) and two benchmark administrators. This project complemented ESMA's activities to ensure the effective implementation of digital and operational risk management requirements by these supervised entities.

In 2024, in coordination with its direct supervision work, ESMA also carried out preparatory work with NCAs for the new Union strategic supervisory priority (USSP) on cyber risk and digital operational resilience, covering both ESMA direct supervision and NCA supervisory mandates, starting with the market infrastructures side (see section 2.1.5).

Timely identification of risks

In 2024, ESMA employed a wide range of supervisory tools, including thematic reviews, supervisory self-assessments, supervisory letters, on-site visits and targeted meetings with executives, to identify risks in a timely manner. With the completion of its new big data infrastructure for CCP data, ESMA further enhanced its data-driven supervision by developing risk dashboards and indicators for early detection of risks and emerging market trends.

ESMA continued the discussions with NCAs on the key supervisory risks across the EU, with the view to form a shared understanding of the main risks and prioritise them across NCA direct supervision and ESMA's supervisory convergence work in 2025. In

addition, ESMA continued working on effective outcome-based supervision by NCAs, particularly monitoring the progress in the other USSP it has established, which covers ESG disclosures.

Building a stronger common EU supervisory culture

In 2024, ESMA began developing common high-level principles of supervision shared among NCAs and ESMA. As part of this, it established common principles for effective risk-based supervision, as a cornerstone of EU securities markets supervision. In parallel, ESMA continued working on the development of common principles for the supervision of third-party risks across all EU securities markets sectors. These sets of principles will provide a solid basis for supervision based on the effective identification and prioritisation of risks, and the adequate monitoring of firms' use of third parties.

Enforcement activity in the EU

In 2024, ESMA continued to facilitate closer dialogue and the exchange of best practices among NCAs in enforcement. ESMA continued work to improve its sanctions register and to engage in thematic discussions of real enforcement cases. ESMA published the first consolidated report on sanctions and measures imposed by NCAs. This report revealed that over 970 administrative sanctions and measures were imposed under the relevant texts across EU/EEA Member States, with fines totalling more than EUR 71 million. The highest fines were under the market abuse regulation (MAR) and MiFID II. The report highlighted the need for greater convergence in sanctioning by NCAs. Additionally, ESMA's 'Enforcement Snapshot' provided a visual breakdown of sanctions and measures under various EU acts, emphasising the significant role of administrative fines in regulatory enforcement.

In March, ESMA issued a sanction decision against Scope Ratings GmbH for multiple breaches of COI obligations of the CRA regulation. This finding resulted from structural failures and specific breaches of the COI obligations.

Voluntary supervisory colleges

To foster effective supervision of complex cross-border entities in which NCAs have shared supervisory responsibility, ESMA enhanced the work of the voluntary supervisory colleges. In addition to the

existing colleges for three complex multi-jurisdictional firms providing investment services and investment management activities, ESMA established a new college for a key firm with widespread presence across the EU. ESMA strengthened all colleges by fostering concerted work through the mapping of firms' activities, supervisory dialogues and – wherever possible – joint supervisory work amongst college members.

Peer reviews and follow-ups

According to its 2024–2025 peer review work plan, in 2024, ESMA concluded two follow-ups to the peer reviews on Wirecard and on EMIR data quality. Finally, ESMA started a peer review on the depositary obligations under the undertakings for collective investment in transferable securities (UCITS) directive and AIFMD, a peer review on CCP outsourcing and intragroup arrangements, and carried out a peer review on simple, transparent and standardised (STS) securitisation (published in March 2025).

ESMA streamlined the peer review process, including by publishing a consolidated peer review methodology also covering CCPs, to sustain its continuous effort in delivering a number of high-quality peer reviews/follow-ups each year.

2.1.3. Retail investor protection

Objectives for 2024

Achieve greater convergence and consistency of NCAs' supervisory approaches and practices in relation to investor protection, taking into account technological developments and the evolution of the framework in relation to sustainable finance.

Facilitate effective supervision of cross-border activities.

Contribute to a regulatory framework that provides adequate protection to retail investors who wish to participate in EU capital markets.

Contribute to the development of a single rulebook in the area of investment services, crowdfunding services and crypto-assets.

Engage with retail investors and provide access to clear, reliable and comparable investment information.

Systematically monitor and analyse retail investor trends and risks, ensuring a safe environment for those wishing to invest in capital markets.

2024 cross-border provision of investment services to retail clients in the EU/EEA

In July, ESMA published a report on the 2023 cross-border provision of investment services to retail clients in the EU/EEA. Based on data collected by ESMA and NCAs, the report analyses the state of these services, focusing on firms' retail clients and complaints data across the EU/EEA. The results constitute an initial necessary evidence base for more effective monitoring of financial markets. The report incorporates methodological improvements to ensure data accuracy and relevance, in line with ESMA's mission to compile and disseminate comprehensive reports and data to aid national supervisors and market participants.

Annual report on performance and costs of retail investment products

ESMA published its seventh annual report on the performance and costs of retail investment products. The report highlighted that despite a slight decline, the cost levels of funds in the EU remain high by

international standards. With more than 50 000 funds and an average fund size almost 10 times smaller than that of, for example, US mutual funds, EU funds do not achieve the economies of scale offered by the EU's single market. The market inefficiencies revealed by this higher cost level show the need to focus on the competitiveness of EU markets, within a future SIU.

Promoting consistent application of retail investor safeguards in MiFID II

In 2024, ESMA carried out several initiatives to enhance MiFID II effectiveness.

In March, ESMA published a list on Member States using temporary exemptions from the payment for order flow prohibition, contributing to raising awareness on the application of different practices in the EU. In May, ESMA released a public statement aiming to guide firms in leveraging AI benefits while mitigating risks and complying with regulatory obligations.

In September and December, ESMA released compliance tables for guidelines on suitability, product governance, remuneration requirements, the MiFID II compliance function and appropriateness and execution-only requirements.



In October and December, ESMA launched consultations on amendments to the research provisions in the MiFID II delegated directive – following changes introduced by the Listing Act – and on an RTS to establish an EU code of conduct for issuer-sponsored research, both aiming to refine the research regime to better support market participants and ensure high-quality research.

Additionally, as a contribution to the evolution of the discussion on the retail investment strategy, the Chairs of ESMA and EIOPA emphasised, in a joint letter to the Commission, the importance of taking appropriate measures to mobilise European citizens' capital into investment products, including by supporting an online comparison tool.

ESMA warnings

In February, ESMA issued a warning about the risks of posting investment recommendations on social media, warning about potential market manipulation. ESMA advised caution and adherence to regulations (especially MAR) when sharing opinions on financial instruments online.

In December, ESMA warned about the high volatility and speculative nature of crypto-assets, emphasising that despite the upcoming MiCA regulation, they remain prone to sudden price fluctuations and are subject to a less protective regulatory framework than investment services.

Annual report on the crowdfunding market

In 2024, ESMA prepared its first annual market report on the EU crowdfunding market (published on 8 January 2025), covering a sample of 98 crowdfunding service providers in 17 Member States. Based on the sample of providers, it is estimated that over EUR 1 billion of crowdfunding took place in the EU in 2023, with loan-based crowdfunding representing two thirds of funding raised. A large majority of investors were retail, who tended to invest smaller amounts than sophisticated and professional investors.

2.1.4. Sustainable finance

Objectives for 2024

Deliver on the priorities ⁽¹⁴⁾ set out in ESMA's *Sustainable Finance Roadmap 2022–2024*.

Contribute to facilitating the financing of the EU transition towards a more sustainable economy, while preserving market integrity and financial stability, along with a high level of investor protection.

Promote effective and consistent integration of sustainability-related factors in supervisory, convergence, risk assessment and regulatory activities.

Maintain investors' confidence in ESG investments by promoting high-quality sustainability disclosures and hence reduce the risk of greenwashing.

Systematically monitor ESG market developments and climate risk.

As 2024 was the second year of implementation of the USSP on ESG disclosures, ESMA continued its efforts to coordinate and prioritise NCA actions across sectors targeting common outcomes. ESMA identified the areas that will need further supervisory attention in 2025, aligning with the findings of the greenwashing reports. Further, it defined a preliminary set of indicators that it will monitor with NCAs to evaluate achievements.

Regulatory framework

In July, ESMA set out its long-term vision on the functioning of the EU sustainable finance regulatory framework in an opinion addressed to the EU institutions. The opinion recommended improvements to facilitate the investor journey for sustainable investments, looking at the entire sustainable investment value chain. The opinion made specific proposals in relation to the EU taxonomy, the introduction of robust product categories, transition finance, ESG data quality and reliability, and conduct requirements.

¹⁴ https://www.esma.europa.eu/sites/default/files/library/esma30-379-1051_sustainable_finance_roadmap.pdf.



Greenwashing

ESMA's final report on greenwashing, published in June, focused on the supervision of obligations to provide 'clear, fair and not-misleading' information to the market and investors. The report also set out a forward-looking view and made recommendations on how to gradually enhance supervision.

In addition, to support capacity building, in 2024 ESMA continued with the implementation of its sustainable finance training plan and organised 12 trainings on the EU sustainable finance framework and on topics related to ESG factors.

Impact investing

In February, ESMA published an article proposing a methodological approach towards identifying sustainable development goal funds and assessing the extent to which their holdings align with their claims by bringing together a unique set of different data sources.

Common supervisory action on the integration of sustainability risks and disclosures

In 2024, ESMA worked with NCAs to assess the compliance of supervised asset managers with the sustainable finance disclosure regulation (SFDR) and relevant implementing measures, and the relevant provision in the UCITS and AIFMD implementing acts on the integration of sustainability risks within the investment fund sector. ESMA plans to publish the final report with key findings and recommendations in 2025.

In May 2024, ESMA launched a new CSA on the integration of sustainability in firms' suitability

assessment and product governance processes and procedures. The goal of the CSA was to assess the progress made by intermediaries in the application of the key sustainability requirements, which entered into application in 2022.

Corporate ESG disclosures

In 2024, ESMA participated in the development and application of the European Sustainability Reporting Standards (ESRS), acting as an observer at the European Financial Reporting Advisory Group's (EFRAG) sustainability reporting technical expert group and board.

ESMA responded to the EFRAG consultation on the exposure draft on an ESRS for listed SMEs. ESMA also published its response to the consultation of the International Ethics Standards Board for Accountants on proposed international ethics standards for sustainability assurance.

To promote supervisory convergence in the area of sustainability reporting, ESMA published its guidelines on enforcement of sustainability information, setting out a common approach to the supervision of disclosures under the ESRS and the taxonomy regulation. ESMA also issued a public statement with a view to supporting the implementation of the new ESRS requirements.

In October, ESMA provided targeted recommendations related to sustainability disclosures on double materiality, on the scope and structure of the sustainability statement and on reporting in relation to the EU taxonomy.

Carbon markets

In 2024, ESMA published its first annual report on the EU emissions trading system (EU ETS) under a new monitoring mandate from the review of the EU ETS directive. The report covers developments in the primary and secondary markets for EU emission allowances and highlights the central role of derivatives markets. The analysis did not unveil any significant issues with the functioning of EU carbon markets but made several recommendations to improve the reporting of certain transactions.

Portfolio exposures to climate physical risks

In October, ESMA published an article on assessing portfolio exposures to climate physical risks. The article described physical risks like extreme weather events, rising sea levels and temperature changes, which can impact financial portfolios and lead to significant financial losses and market volatility. It provided methodologies and data sources to assess portfolio exposure to these risks. The analysis highlighted the relatively high exposure of funds domiciled in northern Europe to companies subject to flood risks, and funds domiciled in southern Europe to the consequences of water supply-and-demand imbalances.

Additionally, ESMA published in November, in collaboration with the ESAs and the ECB, the *Fit for 55 Climate Scenario Analysis* report, which focuses on the EU's commitment to a transition to a climate-neutral economy by 2050 and a reduction of emissions by at least 55 % by 2030. This report represents the first-ever EU-wide climate stress test for the financial sector, assessing the impact of climate scenarios on various sectors, evaluating credit and market risk exposures and outlining the EU's aggregate green investment needs by sector over the 2022–2030 period. It provides recommendations for financial institutions to enhance their resilience to climate risks, including improved risk management practices and increased investment in green technologies.

2.1.5. Technological innovation

Objectives for 2024

Adapt to digitalisation in financial markets by developing and strengthening the single rulebook and promoting supervisory convergence.

Effective implementation of information security and cyber requirements across ESMA's remit in the context of DORA.

Research and analyse the impact of digital innovation in financial markets, including as regards crypto-assets and AI.

Deliver technical standards and guidelines under MiCA to enhance investor protection, prevent market abuse, and support the classification and regulation of crypto-assets.

Foster convergence in the regulatory and supervisory treatment of new or innovative financial activities and digital innovation.

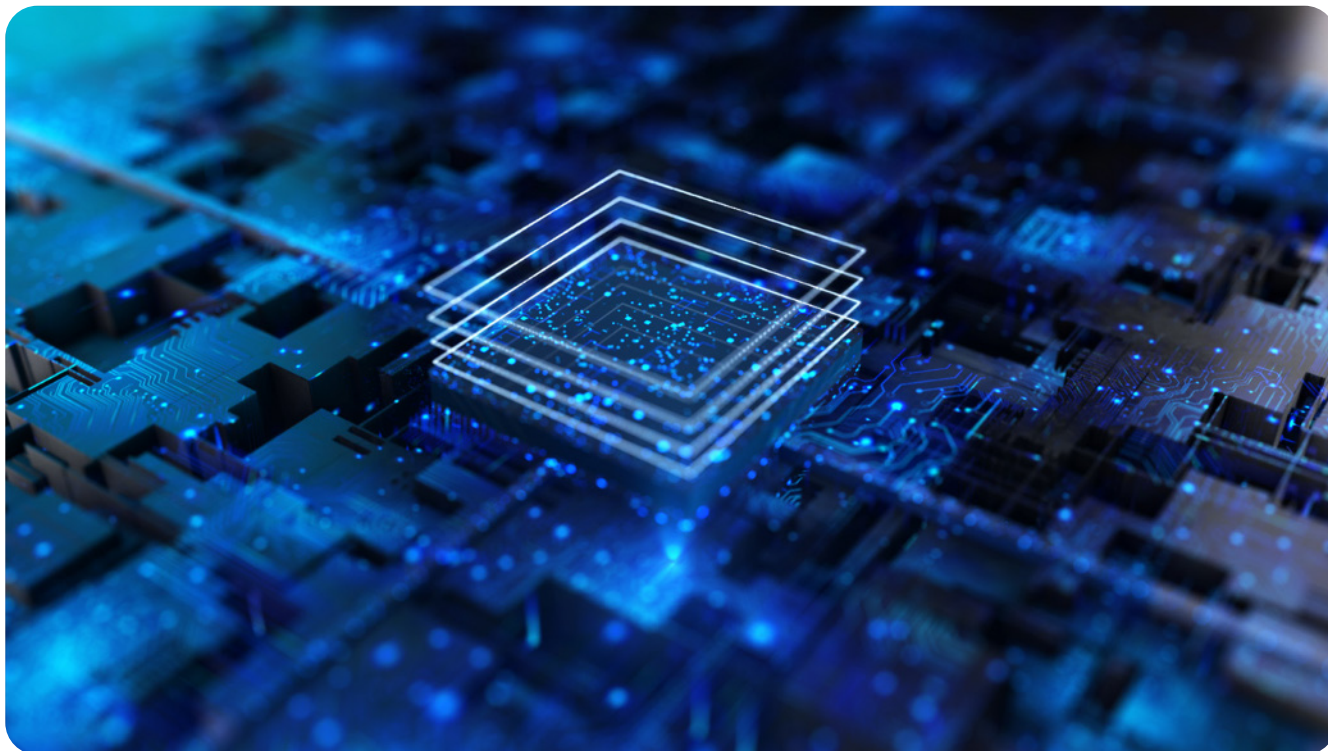
Continue to identify emerging trends and risks that can have a high impact on investor protection and/or financial stability.

Digital Operational Resilience Act

The preparation for the implementation of the new DORA was an important accomplishment for the ESAs in 2024, the final year before DORA became applicable as of 17 January 2025. With the support of the Joint-Committee Sub-Committee on DORA, involving all the competent authorities across the three sub-sectors and relevant EU authorities – namely the ECB, the European Systemic Risk Board (ESRB), the European Union Agency for Cybersecurity (ENISA) and the Single Resolution Board (SRB) – the last technical standards were delivered to the Commission within the mandated timeline.

The ESAs published two sets of technical standards and guidelines covering ICT risk management frameworks, third-party risk policy, incident classification and register of information on third-party service providers, incident reporting, threat-led penetration testing and oversight activities. The ESAs paid particular attention to proportionality, in order to lower the compliance burden on the regulated entities.

In the context of the adoption process of the implementing technical standard (ITS) register of information, the ESAs prepared their opinion on this ITS. The ESAs also organised a voluntary dry run exercise to help financial entities prepare for DORA's requirements regarding the registers of ICT third-party service providers. In addition, the Joint-Committee Sub-Committee on DORA had a number of discussions aiming to facilitate supervisory convergence on the implementation of DORA, including for instance the preparation of the ESAs' statement on DORA, which was published in December.



Regarding the implementation of the upcoming oversight framework of the critical ICT third-party service providers, the ESAs started to prepare the necessary arrangements with the support of the High-Level Group on DORA Oversight. To oversee these efforts, the ESAs appointed a director to lead the joint ESA oversight activities, who started in October 2024.

Cybersecurity and digital resilience as a new USSP

Beyond the preparation of the DORA regulatory framework, in 2024 ESMA also prepared the kick-off of cyber risk and digital resilience as a new USSP (alongside ESG disclosures) that will formally start in 2025, together with the entry into application of DORA. With this new priority, ESMA and NCAs have agreed on common outcomes to be reached and a preliminary set of indicators to monitor their achievement. They have also identified focus areas for 2025, including on-boarding new ICT requirements in their risk-based approaches that will be implemented both by NCAs and by ESMA as direct supervisor.

Markets in crypto-assets

In 2024, ESMA delivered over 30 technical standards and guidelines mandated by MiCA, covering a variety of topics which included, inter alia, investor protection, prevention of market abuse, sustainability and criteria for both the classification of crypto-assets and their qualification as financial instruments. Several of these policy deliverables were prepared in close collaboration with the EBA and EIOPA. Industry engagement with ESMA's public consultations on these topics ensured that the final deliverables struck a balance between achieving their regulatory objectives and limiting burden as appropriate. Overall, these new rules will contribute to creating a safer and more transparent crypto market environment, benefiting both businesses and investors.

In the run-up to the full application of MiCA, ESMA also focused on ensuring a level playing field and convergence in the implementation of the framework across the EU by issuing a series of supervisory briefings, public statements, opinions and Q & As. This included a public statement in relation to the MiCA transitional measures published in December ⁽¹⁵⁾, along with a supervisory briefing on the authorisation of crypto-asset service providers and a public statement on non-MiCA compliant

¹⁵ https://www.esma.europa.eu/sites/default/files/2024-07/ESMA75-453128700-1048_Opinion_on_broker_models.pdf

asset-referenced tokens and e-money tokens, approved in December and published in January 2025.

ESMA and the EBA also prepared a report for the Commission on some of the latest developments in the market for crypto-assets, including decentralised finance (DeFi), staking, lending and borrowing, and maximal extractable value. The report incorporated feedback from a range of industry players, as well as public and academic stakeholders.

Crypto-assets: market structures and EU relevance

In April, ESMA published a detailed overview of patterns in crypto-asset secondary markets: crypto-asset prices are characterised by highly volatile boom and bust cycles and an overall co-movement with equity markets. Market capitalisations and trading volumes remain significantly concentrated in a few assets and trading volumes are highly concentrated in a few crypto exchanges, with 10 exchanges processing about 90 % of trades, and the largest exchange alone accounting for almost half of global trading volumes.

DLT pilot regime

In order to ensure a level playing field and the consistency and proportionality of the exemptions granted under the distributed ledger technology (DLT) pilot regime, ESMA worked closely with the NCAs to analyse the operational models put forward by (potential) applicants. ESMA also coordinated the exchange of views with market participants to support the uptake of the regime. In March, ESMA published a letter addressed to the EU institutions on the implementation of the DLT pilot regulation and the identified challenges due to the novelty of the regime. The year 2024 witnessed the first two authorisations under the DLT pilot regime, with ESMA issuing two opinions on the exemptions requested and on the adequacy of the type of DLT used by CSD Prague (Czechia), operating a DLT settlement system, and 21X AG (Germany), operating a hybrid model combining both a trading facility and a settlement system. In cooperation with the Commission, ESMA continued to provide guidance and clarifications on the application of the DLT pilot regulation through Q & As.

Artificial intelligence: retail investment services and AI Act preparations

ESMA joined the AI Board, which was organised by the Commission following the entry into force of the AI Act in August 2024. Alongside the other ESAs, ESMA contributed to policy implementation. For example, ESMA advised DG Financial Stability, Financial Services and Capital Markets Union and the AI Office (DG Communications Networks, Content and Technology) on the financial sector implications of the Commission's guidelines on the scope of AI systems under the AI Act and prohibited AI systems. Following this preparatory phase, the ESAs will continue to contribute to policy development as observers to the AI Board sub-group on finance.

ESMA collected information throughout 2024 from NCAs about the deployment of AI in financial services in their jurisdictions to assess the trends, risks and potential implications for supervision. ESMA also joined or hosted workshops in 2024 dedicated to AI use cases in finance from both a policy and risk perspective.

Decentralised finance: a categorisation of smart contracts

In August, ESMA published a working paper analysing smart contracts that have become the backbone of DeFi. These innovative contracts are designed to facilitate financial transactions among blockchain users, without the need for trusted intermediaries that characterise traditional finance but also bring technological complexity.

2.1.6. Effective use of data and information and communications technologies

Objectives for 2024

Deliver on ESMA's 2023–2028 data strategy.

Enhance the access to and quality of data and information to stakeholders, reinforcing ESMA's role as a data hub.

Maximise the value of the data and information provided, build data intelligence and reduce the cost of compliance by avoiding duplications and fostering alignment of definitions, design and implementation of all data frameworks throughout their life cycles.

Create, foster and exploit regulatory, supervisory and convergence intelligence by building and maintaining relevant information technology (IT) systems and the advanced use of the available data.

Identify, develop and implement common SupTech and data projects, enhancing the EU-wide implementation of data-driven activities and contributing to the Commission's strategy on supervisory data in EU financial services.

Data strategy implementation

In 2024, ESMA achieved several key milestones in the implementation of its data strategy, many of which are covered in more detail in other parts of this report.

For instance, ESMA has enhanced its role as a data hub and reinforced its ability to rely on and make use of data by (i) migrating all of its datasets and analytical tools to its new data platform, (ii) granting access to NCAs to provide them with common data and

supervisory tools, and (iii) expanding the use of MiFIR transaction data to new use cases, like the monitoring of the integrity and transparency of the European carbon market ⁽¹⁶⁾.

ESMA also contributed to ensuring easier access to data of public interest by (i) finalising (together with the EBA and EIOPA) the draft ITS under the ESAP regulation (see section 2.3.7) and continuing the development of the ESAP system, and (ii) publishing its first interactive dashboard to help visualise and (re) use data from ESMA registers ⁽¹⁷⁾.

Moreover, ESMA has continued enabling effective data-driven supervision by (i) promoting joint undertakings with NCAs, such as the recently started delegated project to provide an EU-wide solution for crypto markets monitoring, (ii) implementing data quality indicator dashboards directly accessible to NCAs via its data platform for EMIR and SFTR, and (iii) developing an advanced monitoring dashboard for CRA preliminary ratings to enhance supervisory oversight.

Furthermore, ESMA has pursued thought leadership by (i) successfully exploring and using alternative funding sources to facilitate pilot projects, such as the ongoing ones for the detection of market abuse and greenwashing funded by the TSI ⁽¹⁸⁾, (ii) intensifying collaboration with stakeholders on common data initiatives and data sharing, as



¹⁶ See https://www.esma.europa.eu/sites/default/files/2024-10/ESMA50-43599798-10379_Carbon_markets_report_2024.pdf.

¹⁷ See <https://www.esma.europa.eu/esmas-activities/data/statistical-information>.

¹⁸ TSI = Technical Support Instrument programme from the European Commission.

demonstrated by ESMA's new access to data from the ECB's Register of Institutions and Affiliates Data, (iii) supporting NCAs in their adoption of SupTech, notably by identifying projects suitable to be shared between NCAs and providing NCAs with tools to share codes to promote collaboration and project mutualisation, and (iv) publishing an independent study to assess the appropriate machine-readable format to be used for text-based disclosures ⁽¹⁹⁾.

Periodic ESMA publications and calculations under MiFID II/MiFIR

In 2024, ESMA continued to make significant strides in enhancing market transparency and data quality through its data monitoring initiatives. An important part of ESMA's role is to publish a range of periodical reports and data extracts to support national supervisors and market participants. This includes (i) quarterly liquidity assessments for bonds subject to the pre- and post-trade requirements of MiFID II and MiFIR, (ii) quarterly reports with data for the systematic internaliser quarterly calculations for equity and equity-like instruments, bonds and other non-equity instruments under MiFID II and MiFIR, and (iii) annual transparency calculations for non-equity instruments.

ESMA's quarterly liquidity assessments for bonds provided valuable insights into the market's ability to absorb and process large orders without significant price impact. The 2024 assessments, based on quantitative liquidity criteria, revealed that the majority of bond market segments exhibit sufficient liquidity. However, specific segments require continued monitoring and attention. Furthermore, ESMA published data on markets and securities within the EEA, offering insights into market structures and participants.

In 2024, ESMA also advanced on reporting burden reduction by identifying the possibility to streamline MiFIR reporting, and reuse transaction data to cut duplications and costs, while ensuring regulatory objectives remained intact. This is an area where ESMA has been looking into ways to reduce reporting burden and simplify the applicable framework ⁽²⁰⁾.

Guidelines under EMIR and SFTR

In January 2024, ESMA published guidelines on the transfer of data between TRs. The guidelines aimed at establishing consistent practices among TRs, in order to facilitate the transfer of data and ensure that market participants could benefit from an environment constituted of multiple TRs. ESMA also published guidelines on position calculation under EMIR that provide information to ensure harmonisation and consistency in relation to the time of calculations, the scope of the data to be used and the calculation methodologies.

Integrated reporting under AIFMD and UCITS

In 2024, under the AIFMD and UCITS review, ESMA began analysing current reporting practices and developing options for an integrated supervisory data collection system, as part of its mandate to report on this topic.

Annual report on quality and use of data

ESMA published the fourth edition of its report on quality and data use for the 2023 regulatory data. This edition covered data coming from two additional regulations falling under ESMA's remit: the short selling regulation (SSR) and the European single electronic format regulation (ESEF).

¹⁹ The results of the study have particularly informed ESMA's choice of MiCA white paper disclosures. See <https://www.esma.europa.eu/document/study-mica-whitepaper-data-formats>.

²⁰ See ESMA contributes to simplification and burden reduction

2.2. Key regulated sectors and entities

2.2.1. Investment management

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision (section 2.1.2);
- retail investor protection (section 2.1.3);
- enabling of sustainability finance (section 2.1.4);
- technological innovation (section 2.1.5); and
- effective use of data (section 2.1.6).

This applies to the areas of AIFMD, the UCITS directive, the money market fund (MMF) regulation, the ELTIF EuSEF and EuVECA regulations, along with the packaged retail and insurance-based investment products (PRIIPs) regulation and the SFDR/taxonomy regulation through the JC.

RTSs under the revised European long-term investment fund regulation

In 2024, responding to the Commission's letter on ESMA's 2023 final report proposing technical standard changes for European long-term investment funds (ELTIFs), ESMA issued an opinion on the revised ELTIF regulation, emphasising the need for a balanced approach that safeguards retail investors while advancing capital market union objectives.

The benefits of the changes proposed by ESMA include increased flexibility for fund managers, improved investor protection and enhanced market attractiveness. By broadening the scope of eligible investments and reducing investment thresholds, the revised standards make ELTIFs more accessible to retail investors. The introduction of better liquidity management tools and clearer cost disclosures also helps in building investor confidence and ensuring a more stable investment environment.

Furthermore, ESMA maintains a register of authorised ELTIFs, providing transparency and accessibility for market participants. This register, which serves as a central repository of information on ELTIFs authorised in the EU, was updated by ESMA on an ongoing basis in 2024.



MMF stress test guidelines

Following the publication of the 2024 adverse scenario by the ESRB, ESMA worked on an update of the MMF stress test guidelines, combining an update of the annual calibration of the risk parameters with additional explanations on the way to report the results of the macro-systemic shocks. With respect to the 2024 update, the adverse scenario is calibrated to be severe, consistent with an increase in tail risks, in a context of high geopolitical uncertainty. ESMA published the corresponding updated final report in January 2025.

ESMA progress on liquidity management tools and UCITS eligible assets review

In 2024, ESMA also published a consultation paper on draft RTS on the characteristics of liquidity management tools, and another on guidelines on the selection and calibration of these tools under the review of the AIFMD and UCITS directives. ESMA finalised and published these draft RTS and the guidelines on LMTs on 15 April 2025.

Finally, ESMA published a call for evidence on the review of the UCITS Eligible Assets Directive in 2024. Taking into account the feedback received, ESMA aims to provide its technical advice to the European Commission in 2025.

2.2.2. Investment services

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision (section 2.1.2);
- retail investor protection (section 2.1.3);
- enabling of sustainability finance (section 2.1.4);
- technological innovation (section 2.1.5); and
- effective use of data and ICT technologies (section 2.1.6).
- This applies to the area of investment services as per MiFID II, the investment firms regulation / investment firms directive (IFR/IFD) and the crowdfunding regulation.

EBA and ESMA consultation on the review of IFR/IFD

Following the call for advice issued by the Commission, the EBA and ESMA developed a joint discussion paper to analyse various elements of the review of the investment firms' prudential framework (IFR/IFD) and to gather early stakeholder feedback to inform the response to the call for advice.

The discussion paper touches upon a broad range of topics, among which the adequacy of the current prudential requirements, an analysis of the existing methodology and the risks not covered by the current framework. The discussion paper was also accompanied by a data collection exercise addressed to competent authorities, investment firms and UCITS management companies and AIF managers. The final report is expected to be delivered in 2025.

Section 2.1.3, on retail investor protection, outlines further deliverables achieved by ESMA in 2024 to promote investor protection.

2.2.3. Issuer disclosure

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision (section 2.1.2);
- retail investor protection (section 2.1.3);
- enabling of sustainable finance (section 2.1.4);
- technological innovation (section 2.1.5);
- effective use of data (section 2.1.6); and
- updated regulatory framework for digital reporting

This applies to the areas of the prospectus regulation, the transparency directive, CSRD, the taxonomy regulation, the takeover bid directive, the shareholder rights directive, the audit directive and regulation, the corporate sustainability due diligence directive and the international accounting standards regulation.

Contribute to standard-setting activities for financial and sustainability reporting.

Follow-up report to the Wirecard fast track peer review

In July, ESMA published its follow-up report on the Wirecard fast track peer review, aiming to enhance investor protection by ensuring transparency and accountability in financial reporting. The report details significant improvements in Germany's financial reporting supervision, with BaFin (the Federal Financial Supervisory Authority) now solely responsible, and having strengthened its independence and COI management. BaFin now declares full compliance with the guidelines on enforcement of financial information.

Annual report on issuer corporate reporting disclosure enforcement and regulatory activities

In March, ESMA published its *2023 Corporate Reporting Enforcement and Regulatory Activities* report. ESMA made recommendations to issuers and auditors to improve future financial and non-financial reports, by assessing how issuers comply with International Financial Reporting Standards (IFRS) and non-financial reporting obligations and adhere to ESMA's recommendations.

In October, ESMA issued a public statement taking stock of the different accounting approaches in the financial statements of European listed issuers regarding compliance on market carbon allowances – specifically emission allowances, rights and permits, such as the EU ETS.

European common enforcement priorities in financial reports

In October, ESMA issued its annual statement on European common enforcement priorities, outlining key focus areas for enforcing issuers' financial and sustainability reports, including ESEF reporting and alternative performance measures. The 2024 priorities emphasise liquidity, accounting policies, significant estimates, materiality and sustainability disclosures.

29th extract of the European Enforcers Coordination Sessions' database of enforcement

In May, ESMA issued the 29th extract of decisions from its European Enforcers Coordination Sessions database of enforcement of financial reporting, taken



by NCAs in the period from December 2021 to December 2023. It included decisions related to the application of the ESMA guidelines on alternative performance measures for the first time.

Report on the first-time application of IFRS 17 insurance contracts

In October, ESMA issued a report providing an overview of ESMA's and NCAs observations regarding the first-time application of IFRS 17 insurance contracts in the 2023 financial statements of a sample of European insurance companies. The report includes examples of disclosures which may enable issuers to enhance the application of certain IFRS 17 requirements and recommendations for improvements.

European single electronic format

In May, ESMA submitted to the Commission the proposed amendments to the ESEF RTS stemming from the IFRS accounting taxonomy updates for 2023 and 2024. In July, ESMA published the annual update of the ESEF reporting manual to reflect the latest reporting requirements and provide technical improvements. Throughout 2024, ESMA monitored the implementation of the ESEF requirements, assessed how to improve digital reporting and started developing the ESEF sustainability taxonomy and requirements.

In December, ESMA issued its consultation paper on amending the RTS on the ESEF for sustainability (see section 2.1.4) and financial reporting, and on the amendments to the RTS on the European Electronic Access Point.

Throughout 2024, ESMA continued to participate in the IFRS Foundation's IFRS Taxonomy Consultative Group and in EFRAG's ESRS Digital Reporting Consultative Forum.

International Financial Reporting Standards

ESMA continued to contribute to the development of high-quality IFRS accounting standards through international cooperation. ESMA raised concerns regarding the presentation of cash flows from margin calls for certain contracts to purchase or sell commodities, as outlined in their letter to the IFRS Interpretations Committee. ESMA observed differing views on applying International Accounting Standard 7 requirements and suggested clarifications to ensure consistency across the EU, reiterating in a July letter the importance of these clarifications for accurate financial statements presentation and investor protection.

Additionally, ESMA commented on the International Accounting Standards Board's (IASB) exposure draft on financial instruments with characteristics of equity in March, supporting the IASB's efforts to clarify the classification of financial instruments and improve their presentation and related disclosures, and on the IASB's exposure draft on business combinations – disclosures, goodwill and impairment in July.

Sustainability reporting

Information on ESMA's 2024 activities in relation to sustainability reporting pursuant to the non-financial reporting directive, the corporate sustainability reporting directive and the taxonomy regulation, is available in the 'Corporate disclosures' sub-section of Section 2.1.4 of this report.

Shareholder transactions, major shareholdings and corporate governance

ESMA has advanced supervisory convergence by discussing and exchanging views on how to construe and apply the takeover bids directive and the transparency directive to supervisory cases. In the area of corporate governance – and pursuant to its report on the implementation of the amended shareholder rights directive – ESMA has taken stock of where proceedings stand and analysed other recent European legal acts with a view to their impact on corporate governance.

ESMA's proposed technical advice on the prospectus-related provisions in the Listing Act

In October, ESMA consulted on draft technical advice for the prospectus regulation and updates to the Commission delegated regulation on metadata, focusing on prospectus content, approval procedures and classification data. The consultation closed on 31 December 2024 and ESMA is preparing its final advice for the second quarter of 2025.

ESMA's call for evidence on potential steps towards harmonising rules on civil liability pertaining to securities prospectuses under the prospectus regulation

ESMA published a call for evidence in October to get feedback from stakeholders on several aspects regarding civil liability for information given in prospectuses. This information will be used to provide advice to the Commission in 2025.

ESMA reports on EU prospectuses

In 2024, ESMA published its market report on EU prospectuses, explaining the key developments in prospectus activity during 2023, where 2 320 prospectuses were approved in the EU/EEA Member States, continuing the downward trend seen since 2007, when 8 875 prospectuses were approved.

2.2.4. Market integrity

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision (section 2.1.2);
- retail investor protection (section 2.1.3);
- technological innovation (section 2.1.5); and
- effective use of data (section 2.1.6).

This applies to the area of the MAR and the SSR.

Statement on pre-close calls

In 2024, ESMA issued a public statement regarding good practices in relation to pre-close calls. The statement acknowledged the risk of inadvertent unlawful disclosure of inside information that pre-close calls carry, and highlighted the key compliance expectations that could reduce such risk for market participants.

Cooperation with ACER

ESMA and the Agency for the Cooperation of Energy Regulators (ACER) expanded their collaboration to combat abusive practices in energy markets. This joint initiative focuses on protecting businesses and consumers by addressing market abuse and ensuring the integrity of energy trading in the EU.

Consultation on the Listing Act

In 2024, ESMA launched a consultation on the Listing Act, responding to the request received from the Commission to provide technical advice on a range of topics related to MAR. In relation to market integrity, the consultation sought views from stakeholders on the lists proposed by ESMA for the purpose of the revised regimes on public disclosure and delay of disclosure of inside information, and on elements connected with the newly established Cross Market Order Book Mechanism. Regarding the disclosure of inside information and its delay, the ESMA proposals were aimed at enhancing the current regime by promoting a uniform application across the EU and achieving the objective of reducing the regulatory burden for issuers.

ESMA's Report on Suspicious Transactions and Order Reports (STORs)

As in the previous year, in 2024 ESMA published a report providing an overview of how STORs are used across different jurisdictions in the context of the detection and investigation of market abuse, and how their use has evolved over time.

2.2.5. Benchmark administrators

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision (section 2.1.2);
- enabling of sustainability finance (section 2.1.4); and
- effective use of data (section 2.1.6).

This applies to the area of the benchmark regulation (BMR).

Chair the Euribor college of supervisors.

ESMA intensified its direct supervision of the Euribor administrator, EMMI. Euribor is the only EU critical benchmark under the BMR and ESMA is responsible, inter alia, for monitoring the robustness of its methodology. In 2024, EMMI implemented a revised methodology for the calculation of Euribor. ESMA also oversaw the adoption of the new methodology with a continuous engagement with the administrator and performed an onsite visit to EMMI in 2024.

As the chair of the Euribor college of supervisors ⁽²¹⁾, ESMA fostered exchange of information, data sharing and common supervisory practices across the NCAs responsible for the supervision of Euribor panel banks. ESMA developed new quantitative metrics to assess the representativeness of Euribor vis-à-vis its underlying market and regularly shared its findings with the college members. ESMA's assessment of Euribor's representativeness uses data-driven tools and analytics leveraging on ESMA's unique access to data related to Euribor contributions and money market transactions.

During 2024, ESMA recognised the fourth TC benchmarks administrator since it took over supervisory responsibilities under BMR in 2022. In line with its risk-based approach to supervision, ESMA focused its supervision of recognised TC administrators on those entities providing benchmarks more largely used in the EU. ESMA also

²¹ The Euribor college is composed of the supervisors of the credit institutions contributing to Euribor and, where relevant, the competent authorities of other Member States for whom the cessation of Euribor provision would have a significant adverse impact on market integrity, financial stability, consumers, the real economy or the financing of households and businesses in those Member States.

conducted an on-site visit of one TC administrator providing significant benchmarks, with a focus on the benchmark calculations process, governance and the control framework.

Moreover, ESMA has engaged with several other TC administrators interested in potential recognition. ESMA encourages TC administrators likely to be in scope of the revised BMR to engage with ESMA well ahead of the end transitional period for TC benchmarks, which expires at the end of 2025.

In 2024, ESMA progressed on the joint CSA it is conducting together with NCAs on the ESG disclosure requirements under the BMR. The CSA aims at assessing how benchmark administrators supervised in the EU comply with those requirements, as well as fostering consistent and effective supervision across the EU, identifying good practices and clarifying expectations to enhance the availability and comparability of the ESG information for benchmark users. The CSA will be completed in the first half of 2025 with the publication of a final report that will share key findings and related clarifications and recommendations.

In the context of the revision of the BMR, during 2024 ESMA cooperated and provided its technical support to the Commission and co-legislators and welcomes the co-legislators' agreement, which grants extended competence to ESMA and results in a single-entry point for all TC benchmark administrators in the EU ⁽²²⁾.

2.2.6. Credit rating agencies

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision (section 2.1.2);
- enabling of sustainability finance (section 2.1.4);
- technological innovation (section 2.1.5); and
- effective use of data (section 2.1.6).

This applies to credit rating agencies regulation (CRAR).

Ensure credit ratings in the EU are independent, objective and of high quality by conducting effective supervisory activities.

Engage with market participants to exchange views on market trends and CRA practices.

ESMA conducts regular assessments, engages with the entities under its supervision and requires detailed reporting to monitor adherence to regulatory standards. In 2024, ESMA focused its supervisory activities for CRAs on the application of methodologies, in particular around European structured finance ratings, mostly residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS) ratings, and on non-EU sovereign ratings.

With respect to the independence of credit rating activities, ESMA has developed remedial actions for large CRAs to improve internal controls around key processes, for example investor outreach and methodology development for certain asset classes. Remedial actions were also issued to address disclosure concerns around rating withdrawals and assignment of default.

ESMA also reached out to small and medium CRAs to share expectations in the areas of compliance and the review function, to further enhance their control framework. A mix of self-assessment and remediation were requested, notably in the areas of staffing and processes.



²² <https://www.consilium.europa.eu/en/press/press-releases/2024/12/12/council-and-parliament-reach-deal-on-financial-benchmarks/>.

Ahead of the entry into force of DORA, ESMA has conducted an extensive outreach and review activities with the objective to assess supervised entities' preparedness in this area (see section 2.1.5).

In terms of supervisory tools, ESMA has enhanced its data-driven approach by implementing its first machine learning algorithm for the classification of multi-rated instruments, along with more advanced analytics to investigate potential rating shopping patterns.

In June, ESMA withdrew the CRA registration of EuroRating following the agency's decision to renounce its registration. Furthermore, ESMA published the '2024 CRA Market Share Calculation report', which outlines the market shares of EU-registered CRAs by rating category.

In December, following public consultation, ESMA published its final report on the amendments to the CRA regulatory framework. The objective is to better incorporate ESG factors into credit rating methodologies and enhance transparency and credibility in the credit rating process. These revisions aim to systematically document the relevance of ESG factors within credit rating methodologies and enhance disclosures on their relevance in credit ratings and rating outlooks.

ESMA's ongoing efforts to enhance transparency, improve market monitoring and take supervisory actions have positively impacted the EU financial markets. The updated guidelines aim to promote greater transparency and understanding of regulatory expectation

2.2.7. Market transparency infrastructures

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision (section 2.1.2);
- technological innovation (section 2.1.5); and
- effective use of data (section 2.1.6).

This applies to the areas of MiFIR transparency and transaction reporting; EMIR and SFTR reporting; and areas related to the securitisation regulation (SECR).

Ensure the highest quality, availability and integrity of data and operational resilience of market transparency infrastructure, under its remit in collaboration with those NCAs supervising reporting entities and data users.

In the area of securitisation, monitor and promote the consistent application of SECR and ensure the effective implementation of regulatory requirements, particularly those related to transparency, due diligence and STS securitisation.

ESMA directly supervises several types of market infrastructure entities that provide transparency in EU financial markets. These include TRs under EMIR and SFTR, certain DRSPs under MiFIR and SRs under SECR – which are collectively known as market transparency infrastructures (MTIs).

Alongside its supervisory work to ensure readiness of supervised entities for the entry into application of DORA (see section 2.1.2), in 2024 ESMA continued to focus on the operational resilience of MTIs, by analysing, among others, IT and information security incidents reported to ESMA and following up with the entities on the root causes of the incidents to ensure issues were resolved.

ESMA also began preparatory work for a 2025 review of group strategies with the aim of enhancing its understanding of the strategy of the group that MTIs belong to, and how ESMA's supervised entities may be impacted by the events and decisions taken at the group level.

ESMA continued to closely monitor the implementation of the new EMIR refit requirements by TRs and reporting participants. Intensive engagement with TRs and NCAs in the months prior to the go-live greatly contributed to a reduced number of issues. After the go-live, ESMA worked with the TRs to address issues and monitored the availability, completeness and integrity of the TR data. At the end of the 180-day transition period, ESMA and NCAs followed up accordingly with market participants on the issues pursuant to an enhanced data quality framework.



In April, ESMA published the follow-up report to a peer review on the quality of EMIR data. The report found improvements in supervisory practices and data quality among EU regulators. It also found that the public register for the clearing obligation under EMIR informs market participants about the classes of OTC derivatives subject to the clearing obligation. Notwithstanding the reported improvements, the report highlights that NCAs need to maintain strong supervisory attention through the appropriate supervisory tools, including enforcement when needed.

Furthermore, ESMA conducted its annual derogation assessment of DRSPs to determine their relevance for EU financial markets. The assessment confirmed that two DRSPs which exceeded the derogation thresholds in the 2023 assessment did not fulfil the derogation criteria for the second consecutive year, indicating that they met the conditions for direct supervision by ESMA. These DRSPs will fall under ESMA's direct supervision from 1 June 2025. In 2024 ESMA also withdrew the authorisation of a DRSP under MiFIR upon the entity's request.

Finally, ESMA and NCAs launched the development of a new data quality framework on MiFIR Article 26 transaction data to further enhance the quality of the reported data. Identified issues caused by reporting entities will be channelled to the relevant NCA and issues caused by DRSPs (namely approved reporting mechanisms) will be addressed by ESMA accordingly. The framework is expected to become operational in 2025.

Securitisation

ESMA continued its engagement with market participants and regulatory bodies, both within the EU and in TCs, to facilitate cooperation and address shared challenges related to the securitisation market.

Securitisation disclosure templates

Following the consultations initiated in 2023, ESMA published a feedback statement in 2024 on a potential review of securitisation disclosure templates under Article 7 of the SECR. The feedback highlighted stakeholders' perspectives on various options, including the potential introduction of a dedicated template for private securitisations. As a follow up, in February 2025 ESMA published a consultation on revising the disclosure framework for private securitisations under the SECR. The consultation paper proposes a simplified template to enhance proportionality in disclosure requirements, while ensuring supervisory authorities retain access to essential data for effective oversight.

STS peer review

In 2024, the ESMA Board of Supervisors launched a peer review on the supervision of STS securitisation requirements by NCAs, as mandated by SECR. The review was conducted by an ad hoc peer review committee in accordance with ESMA's peer review methodology. The assessment focused on a subset of STS criteria under the simplicity, transparency and standardisation areas, evaluating NCAs' supervision of STS securitisation transactions and key market participants – originators, sponsors and securitisation special purpose entities. The review measured NCAs' performance against supervisory expectations, designed to assess the efficiency and effectiveness of supervision and enforcement, including the adequacy of supervisory approaches and the frequency, type and timeliness of interventions. The STS peer review report was published in March 2025.

2.2.8. Third-country central counterparties

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision and convergence (section 2.1.2);
- technological innovation (section 2.1.5); and
- effective use of data (section 2.1.6).

This applies to the area of CCP supervision and policymaking.

Recognition and tiering of TC CCPs and monitoring of the evolution of TC regulatory frameworks and market developments.

Conduct ongoing monitoring of Tier 1 CCPs and enhanced scrutiny of risks related to EU activities.

Conduct ongoing risk-based supervision of Tier 2 CCPs, including compliance with EMIR, validation of risk models and stress-testing exercise.

Address systemic risks resulting from TC CCPs or clearing services deemed substantially systemic for the financial stability of the EU or one or more of its Member States.

Recognition and withdrawals of recognition of TC CCPs

In 2024, ESMA recognised one additional TC CCP in Canada as a Tier 1 CCP (namely CDS Clearing and Depository Services Inc. (CDSC)), following the conclusion of a standard memorandum of understanding between ESMA and the British Columbia Securities Commission establishing a framework for cooperation and information exchange to ensure that ESMA can effectively monitor the EU-related activities of this TC CCP and maintain regulatory oversight. With this recognition, the total

number of TC CCPs recognised by ESMA increased to 37 at the end of 2024.

Moreover, ESMA reviewed the recognition decisions for two recognised Tier 1 CCPs (namely, Taiwan Futures Exchange Corporation and Singapore Exchange Derivatives Clearing), following the notification of their intension to extend or reduce the range of their activities and services in the EU.

Monitoring of TC CCP activities and regulatory developments

ESMA relies on annual submission of key reference data from Tier 1 CCPs (either directly or via TC authorities) to monitor developments on their activities in the EU (the annual Tier 1 CCP survey), and on notifications by TC authorities of any regulatory changes in their jurisdiction to monitor regulatory and supervisory developments in TC. In March 2024, ESMA completed the 2023 annual review of Tier 1 CCPs (based on the previous year's survey) and, in December, the 2024 annual review of Tier 1 CCPs.

Fees charged to Tier 1 CCPs

In 2024, ESMA provided technical advice to the Commission on fees charged to Tier 1 TC CCPs under EMIR. This advice aimed to ensure a more proportionate approach in calculating fees, reflecting differences in size, activity and interconnectedness of Tier 1 CCPs with EU entities and currencies.



Tier 2 CCP direct supervision

ESMA is the direct supervisor of two TC CCPs established in the United Kingdom – LCH Ltd and ICE Clear Europe Ltd – which are deemed systemically important for the EU or one of its Member States (Tier 2 CCPs).

As part of this supervision, ESMA completed the 2024 annual review cycle, assessing compliance with EMIR and identifying supervisory risks. In line with its supervisory approach, ESMA considered the outcome of the annual review along with other CCP-specific input and the broader CCP environment (such as the economic outlook and regulatory development) to determine its supervisory priorities and follow-up actions.

Throughout 2024, ESMA held regular technical and strategic meetings with supervised entities, including meetings with senior executives. It also conducted an on-site supervisory meeting to observe the organisation of a CCP's annual fire drill. Areas of close monitoring included operational risk, with a particular focus on business continuity and outsourcing, and the performance of margin models under both normal and stressed conditions.

An essential element of ESMA's supervisory approach is effective collaboration with the Bank of England. In 2024, ESMA held regular meetings with bank staff, worked in joint reviews covering a wide range of supervisory topics and participated in global colleges.

A significant milestone in 2024 was the completion of a new big data infrastructure for CCP data, enabling the collection and processing of daily supervisory data. Building on this, ESMA further enhanced its data-driven supervision with the development of risk dashboards and indicators, and with regular updates to the CCP Supervisory Committee on supervisory and market developments.

In 2024, ESMA closely monitored the energy and commodities markets, made targeted assessment of the impact of geopolitical risk events on T2 CCPs and analysed developments in various markets, such as interest rate derivatives and short-term interest rates. ESMA also continued to closely monitor the systemic relevance of Tier 2 CCPs to the financial stability of the EU using indicators that capture the exposures of EU entities in these CCPs, along with the clearing activity and risk exposures in key EU products.

ESMA reviewed several initiatives notified by Tier 2 CCPs impacting the models used for risk management. Two of these initiatives qualified as significant model changes and ESMA completed their validation in 2024. These changes impacted the models used for the calculation of margin requirements. The model validation was documented in a report to the CCP Supervisory Committee, presenting a comprehensive risk assessment of the significant changes.

2.2.9. European Union central counterparties

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision and convergence (section 2.1.2);
- technological innovation (section 2.1.5); and
- effective use of data (section 2.1.6).

This applies to the area of CCP supervision and policymaking under EMIR and the CCP recovery and resolution regulation (CCP RRR).

Assess the resilience of CCPs to adverse market developments and identify potential risks for financial stability with the use of CCP stress tests and an enhanced supervisory database.

EMIR 3: active accounts requirements and emergency collateral measure

In November, ESMA launched a consultation on the active account requirement (AAR) under EMIR 3. The consultation paper outlines conditions for the AAR and details exemptions from operational conditions and stress-testing requirements.

Additionally, in July ESMA issued a public statement on the eligibility of uncollateralised public guarantees, public bank guarantees and commercial bank guarantees for non-financial counterparties acting as clearing members. This measure, part of the EMIR 3 review, allows CCPs to accept fully uncollateralised bank guarantees to cover their exposures to such counterparties under certain conditions. The public

statement reminded market participants that while these provisions are intended to provide relief, they also require careful compliance with the new collateral requirements to ensure continued market stability and risk management

Single rulebook under the central counterparty recovery and resolution regulation

In 2024, ESMA issued key guidelines to enhance the resilience and resolution of CCPs. In July, ESMA issued its *Final Report – Revised guidelines for resolution colleges*, outlining the procedures and written arrangements necessary for effective collaboration among resolution authorities.

Supervisory convergence

ESMA continued participating in CCP supervisory colleges established under EMIR and CCP resolution colleges established under CCP RRR. Through the CCP Supervisory Committee (CCP SC), ESMA facilitated exchanges of information among NCAs and the central banks of issue on relevant market developments and discussions on the findings from NCAs' annual review on the CCP recovery plans, and NCAs' preparedness to DORA.

Following the model of USSPs, ESMA identified CCP supervisory priorities to promote coordinated supervision in the area of preparedness to DORA and governance (change management). In terms of convergence initiatives, ESMA also conducted two thematic studies, one on the CCP annual reviews and the other on the review of CCP recovery plans.

In 2024, ESMA launched the 2024 CCP peer review on outsourcing and intragroup arrangements. With regard to previous peer reviews, ESMA concluded that no specific follow-up was necessary for the 2021 CCP peer review on business continuity in remote access mode. Moreover, ESMA published a supervisory briefing on the ongoing monitoring of the clearing members' operational capacity as immediate follow-up on the 2022 CCP peer review on CCPs' due diligence of CCP clearing members.

Finally, in preparation for the entry into force of EMIR 3, ESMA developed interim arrangements until the entry into force of the implementing delegated regulations with respect to the co-chairing of CCP colleges and the new procedures for ESMA opinions on NCAs' decisions, reports and measures and validations of changes to CCP risk models and parameters.



Review of NCA draft decisions

In 2024, ESMA assessed seven draft decisions from NCAs relating to the authorisation of an extension of activities or outsourcing arrangements. In each case, ESMA's review was documented in a report to the CCP Supervisory Committee based on the draft decision and the risk assessment provided by the NCA.

Validation of significant model changes

ESMA examined several initiatives notified by EU CCPs to assess whether they qualified as significant model changes under EMIR. Out of these, seven were deemed significant and ESMA completed their validation or agreed to their provisional adoption in 2024. The changes impacted a broad range of models, such as for the calculation of initial margins, add-ons or the performance of stress tests, and different asset classes including equities, energy, interest rates, fixed income and commodities. In each case, the validation was documented in a report presenting a risk assessment of the significant change. The reports included an evaluation of the conceptual soundness of the model, a review of the parameters and assumptions, an analysis of the outcome of testing results, a review of the associated ongoing monitoring procedures and other elements required for a comprehensive validation according to EMIR. Where needed, the validation decisions included conditions and recommendations as required to ensure or enhance compliance with regulatory requirements.

Fire drill exercise and crisis preparedness

ESMA continued to actively engage in discussions with other authorities and the industry on lessons learned from the global fire drill exercise held during the week starting 13 November 2023. The exercise involved over 30 global CCPs, including the majority of EU CCPs, running simulations of their default management processes. It was jointly coordinated by ESMA, EU and non-EU authorities and the CCP industry association CCP Global. As a follow-up, ESMA published a report in 2024 highlighting the main outcomes from this exercise, including the key finding that no major operational bottlenecks were identified. Nevertheless, ESMA encourages dialogue between CCPs, clearing members and their clients to streamline CCP processes. The preparation of the

2025 global fire drill is under way, with continued engagement with key stakeholders.

In 2024, ESMA also organised a test of the CCP SC crisis management procedures to promote crisis preparedness. The test was successfully completed, as shown by the high response rate from CCP SC members on the event day.

2.2.10. Trading

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision (section 2.1.2);
- technological innovation (section 2.1.5); and
- effective use of data (section 2.1.6).

This applies to the area of EMIR, MiFID II and MiFIR.

Monitor market developments related to secondary markets, including commodity derivative markets and in relation to post-trading, to further support orderly markets.

Develop, as a follow up to the MiFID II/MiFIR review of guidance on transitional provisions and technical standards covering transparency, including the establishment of a consolidated tape, data reporting and market structure.

Monitor the convergent application of guidance issued on the calibration of circuit breakers, analysing recent trends and developments in trading activity and monitoring more general developments in EU market structures, with a focus on technological innovation, neobrokers and the use of AI in secondary markets.

Coordinate common supervisory activity among NCAs, notably on the application of pre-trade controls amongst EU investment firms.

Supervisory convergence and coordination

In 2024, ESMA and NCAs continued their coordinated supervisory activities, focusing on MiFID II pre-trade

controls. NCAs and ESMA launched a coordinated exercise aimed at assessing the implementation of the pre-trade controls by EU investment firms using algorithmic trading techniques. These controls are essential for ensuring the integrity of order entry processes and preventing errors in algorithmic trading. The initiative promotes consistent application of EU rules and contributes to stable and orderly markets.

ESMA and NCAs also engaged in follow-up monitoring activity to promote the convergent application of the supervisory guidance issued on circuit breakers in October 2023. The monitoring activity aimed at ensuring a common application of Level 3 guidance and contributes to orderly markets.

Draft technical advice on SME growth markets under the Listing Act

ESMA consulted on a draft technical advice on the changes to MiFID II introduced by the Listing Act. The consultation had a focus on SME growth markets and the rules governing their functioning. The proposed changes aim at alleviating market operators' and issuers' burdens and to support the development of such growth markets, while ensuring an appropriate level of investor protection.

Energy and commodity derivatives

ESMA continued to closely monitor developments in the European energy derivative markets, particularly in the context of soaring gas prices in the second half of 2024. Gas prices had more widespread effects on power prices due to gas being also used for electricity generation. Furthermore, the monitoring of the gas markets was done in the context of continued

monitoring of the intra-day volatility management mechanisms and the Market Correction Mechanism. In addition, ESMA kept following trends in EU agricultural derivative markets.

As part of market monitoring, ESMA further deepened its cooperation with ACER through the ACER/ESMA task force established under the ACER ESMA memorandum of understanding to facilitate a more coordinated approach regarding the regulation of wholesale energy markets, which encompass spot and derivative energy markets. ESMA continued its interaction with ACER notably on assessing the potential impact that the proposed reform of the electricity market design may have on the EU electricity derivative markets.

In July, ESMA published an opinion on the single position limit that the Netherlands Authority for the Financial Markets intended to apply to the ICE Exend and EEX Dutch TTF Gas contracts as the central competent authority after the EEX TTF gas contract also became a significant contract under MiFID II for position limit purposes. The authority is responsible for monitoring that the combined positions held in the significant contracts do not exceed the single position limit applying to all trading in those derivatives.

In May, and as part of the MiFID review, ESMA issued a consultation paper on changes to certain technical standards on commodity derivatives. In line with the Level 1 amendments, the proposed changes included (i) extending the requirement to have in place accountability thresholds to trading venues trading derivatives on emission allowances, (ii) amending the technical standards on position reporting by excluding emission allowances, and (iii) implementing



the new obligation to publish a second weekly position report for trading venues trading both futures and options on commodity derivatives. The final ESMA report including the respective changes was published in December 2024.

Clearing obligation

In 2024, ESMA published a statement providing clarifications to market participants on the treatment of OTC derivatives transactions concluded with TC pension schemes while EMIR 3 was being finalised, before its publication in the *Official Journal of the European Union* later in the year. The statement contributed to burden reduction efforts by addressing a situation where counterparties would have to put in place certain arrangements only for a limited period of time, i.e. until the finalisation of EMIR 3.

2.2.11. Central securities depositories

Objectives for 2024

Contribute to the objectives of:

- effective markets and financial stability (section 2.1.1);
- effective supervision (section 2.1.2);
- technological innovation (section 2.1.5); and
- effective use of data (section 2.1.6).

This applies to the CSDR.

Recognise TC central securities depositories (CSDs) and monitor compliance with recognition decisions, if any.

Provision of cross-border services

In 2024, ESMA published a report on the provision of cross-border services by CSDs and the handling of applications under CSDR. The report outlined key findings related to the challenges and practices observed in the provision of such services. It also assessed the impact of these activities on the broader EU capital market infrastructure and provided recommendations for enhancing the efficiency and consistency of application processes across the EU.

Technical advice on the penalty mechanism

Following a set of three requests for technical advice from the Commission, ESMA developed and published its consolidated technical advice covering the following topics:

- alternative parameters to calculate the penalties due to lack of cash, when the official interest rate for overnight credit charged by the central bank issuing the settlement currency is not available;
- the treatment of historical reference prices for the calculation of late matching fail penalties;
- the design and level of the penalty rates for each asset class.

Since the start of application of the CSDR penalty regime in February 2022, the CSDR penalty mechanism has contributed to the improvement of settlement efficiency in the EU, by ensuring that participants failing to deliver securities or cash by the intended settlement date incur a penalty. The objective of the proposal to introduce targeted and proportionate adjustments to the penalty mechanism is to increase its effectiveness. ESMA's advice aims at incentivising all actors in the settlement chain to further improve settlement efficiency, also in view of the move to T + 1 settlement in the EU. Furthermore, the proposal was developed in a manner to avoid unnecessary costs in its implementation, further supporting burden reduction efforts.

Consultation on settlement discipline

ESMA conducted a public consultation to gather stakeholder feedback on the technical advice in the scope of CSDR settlement discipline, covering ESMA's proposals on the underlying causes of settlement fails that are considered as not attributable to the participants in the transaction and the circumstances in which operations are not considered as trading, which would be exempted from settlement discipline measures.

Consultation on amendments to the review and evaluation process

ESMA consulted on proposed amendments in relation to the information to be provided by EU CSDs to their NCAs for the review and evaluation process, suggesting a harmonisation of the information to be

shared by CSDs for the purpose of feeding the overall assessment by NCAs.

Consultation on notifications from TC CSDs

ESMA consulted on the information that TC CSDs will be required to notify to ESMA, with the view of obtaining an accurate understanding of the provision of notary, central maintenance and settlement services in the EU.

2.3. Joint Committee

In 2024, the JC under ESMA chairmanship continued to play a coordinating role and facilitated discussions and exchange of information across the three ESAs, the Commission and the ESRB.

In 2024, the JC continued to focus on issues of cross-sectoral relevance, including joint risk assessments, sustainable finance, operational risk and digital resilience, consumer protection and financial innovation, securitisation, financial conglomerates and the ESAP.

2.3.1. Joint risk assessments

The JC continued to be an important forum for discussion of cross-sectoral risk and risk analysis in 2024. In the context of the work regarding micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability, the JC prepared two joint risk reports in the spring and autumn of 2024.

The spring risk report highlighted that the risks remained elevated in the context of slowing growth, uncertain interest rate environment and ongoing

geopolitical tensions. It noted that despite strong financial market performance in anticipation of potential interest rate cuts in 2024 in both the EU and the United States, significant uncertainty remained, creating elevated risks of market corrections linked to unexpected events. The report highlighted the potential for credit risk to rise further as refinancing needs grow, particularly in high-yield debt and real estate, with slow economic growth and the real estate downturn potentially leading to asset quality deterioration in the banking sector. The insurance sector maintained strong capitalisation in 2023, and defined benefit pension schemes improved their financial position. However, liquidity positions slightly weakened and challenges from subdued growth and risk repricing persisted.

The autumn risk report underlined that, considerable uncertainties remained regarding the future path of the global economy, inflation and monetary policy, together with the interplay of these factors across jurisdictions. Amid ongoing geopolitical developments, the report highlighted the potential for sudden shifts in the economic outlook and market expectations, with the high market volatility in August highlighting this risk. Against this backdrop, the report called on financial institutions, supervisors and market participants to remain prepared for possible ongoing effects of the then still relatively high interest rates on the real economy. Vigilance was also needed regarding inflation's impact on product development. Operational risks were also highlighted, particularly cyber risks. The report also included the first 'deep dive' on credit risk. In addition to presenting a cross-sectoral view of credit risk, the report noted the continuing importance of closely monitoring credit risk, with adequate provisioning policies and prudent collateral valuation needing to be maintained. In addition, the report called on institutions to remain flexible and agile, with plans to address unexpected short-term challenges.

2.3.2. Sustainable finance

Sustainable finance continued to be a central element of the work of the JC in 2024, with a specific focus on the SFDR.

In June, the ESAs published a joint opinion in the context of a comprehensive review of the SFDR framework by the Commission, where the ESAs called for a coherent sustainable finance framework





that caters to both the green transition and enhanced consumer protection, taking into account the lessons learned from the functioning of the SFDR. With this opinion, the ESAs focused on ways to introduce simple and clear categories for financial products, specifically a "sustainable" and a "transition" category. In addition, the ESAs proposed that the Commission consider the feasibility of a sustainability indicator that would grade financial products such as investment funds, life insurance and pension products.

In July, the ESAs published a new set of Q & As which provide guidance on new queries and questions received from stakeholders and members related to the practical application of the SFDR and include technical clarifications, inter alia, on the calculations of principal adverse impact (PAI) indicators, the look-through approach for PAI calculations and product disclosures related to sustainable investments, taxonomy alignment and sustainable investment calculations. The new Q & As were integrated into the consolidated joint ESAs SFDR Q & A document.

In October, ESAs also published their third annual report on PAI disclosures under Article 18 of the SFDR. As in the previous reports, the 2024 report provides an overview of the state of entity-level and product-level PAI disclosures. In addition to the input gathered through a survey of the NCAs, the ESAs also

used their own desk-based research and assessment of the PAI statements available in the market. The ESAs provided an overview of good and bad practices from the third year of implementation of the voluntary disclosure and recommendations to the Commission and NCAs. The 2024 report found positive improvements in the disclosures but also noted some shortcomings, related especially to the explanations provided when financial market participants do not consider the PAIs of their investment decisions. The annual report can help NCAs to set out their risk-based approach on the supervision of PAI disclosures.

2.3.3. Digital operational resilience

The implementation of the new DORA was at the core of the JC's work in 2024.

The ESAs, by involving all the competent authorities across the three sub-sectors and relevant European authorities, namely the ECB, the European Union Agency for Cybersecurity (ENISA), the ESRB and the SRB, delivered all level 2 and level 3 policy products for which the ESAs had a mandate in DORA for 2024. The ESAs also prepared the feasibility study on the EU Hub to centralise the reporting of major incidents, which led to its publication in January 2025. In the context of the adoption process of the ITS register of

information, the ESAs submitted their opinion on this ITS to the Commission.

Alongside the preparation of the above-mentioned policy deliverables, the JC also had several discussions with the objective of facilitating supervisory convergence on the implementation of DORA, including for instance the preparation of the ESAs' statement on DORA, which was published in December.

The JC has also been consulted on an ad hoc basis regarding the implementation of the DORA oversight framework, or the relevant IT developments related to the reporting of the DORA registers or to incident reporting. The ESAs endorsed several arrangements to establish the oversight framework, particularly the mandate of the upcoming oversight forum, which will become a JC sub-committee in 2025.

On top of these DORA deliverables, in July the ESAs also delivered to the ESRB their joint report regarding sub-recommendations on the establishment of a pan-European systemic cyber incident coordination framework and developed the terms of reference of the framework, setting it up as a JC forum.

2.3.4. European Forum for Innovation Facilitators

In 2024, the European Forum for Innovation Facilitators (EFIF), the forum set up to facilitate the exchange of information and promote supervisory convergence initiatives between national innovation facilitators

(hubs and regulatory sandboxes) in the sector, hosted four regular meetings and three ad hoc workshops on AI, under EIOPA's term as Chair and conducted jointly with DG Financial Stability, Financial Services and Capital Markets Union.

The thematic focus of EFIF included DeFi, financial data access (FiDA), the provision of financial services by BigTechs, the experiences and issues faced by authorities in the management of innovation facilitation tools and Artificial Intelligence.

In January, the ESAs published a taxonomy of financial innovation and operationalised the taxonomy through a regular survey to EFIF members on a quarterly basis. The taxonomy allows the EFIF Chair to consistently track the evolution of statistics on the operations of the innovation facilitators (i.e. the most common types of queries or use cases), which allows the ESAs to identify the most salient themes for EFIF members and tailor the agenda and work programme accordingly.

In February, the EFIF published a joint EFIF/ESA report stocktaking the scope of BigTech direct financial services provision in the EU. The conclusions of this report recommended an annual market surveillance exercise of a short-listed group of licensed EU entities (e.g. Amazon, Alphabet, Orange) and payment institutions with a tech-enabled business model. Following up on the said recommendation, the EBA led the development of the so-called 'BigTech monitoring matrix'. The matrix



aims to provide supervisors with a better overview of the type and scale of BigTechs' direct and indirect provision of financial services in the EU and to capture the relevance of BigTechs in the EU financial sector (e.g. as technology providers) by combining multiple data sources. The data will be collected once per year, with the first input being launched in January 2025.

In October, the EFIF and DG Financial Stability, Financial Services and Capital Markets Union jointly hosted a series of three workshops on AI use cases in financial services to better understand the policy and supervisory implications for NCAs in relation to the AI Act. Each workshop covered a distinct set of AI use cases, including (i) risk assessments in insurance, (ii) creditworthiness assessments in banking, and (iii) mixed-use cases (AML/CFT, trading, green-washing detection). To anchor the workshops, the Directorate-General issued a call for market participants and invited respondents from the banking, insurance and securities sectors to present their AI use cases and discuss their regulatory or supervisory implications with EFIF members.

EFIF also held a discussion on its future direction, focused on evaluating its current approach, identifying potential gaps and exploring new ideas for future development. In 2025, EFIF will structure these thoughts and work on proposals to further enhance its outcomes.

2.3.5. Consumer protection and financial innovation

Consumer protection remained at the heart of cross-sectoral work in 2024, both in the areas of financial education and the PRIIPs regulation.

As part of its efforts to coordinate education initiatives of national authorities, the ESAs organised in

November 2024, a full-day workshop to allow NCAs to exchange good practices and share experiences on financial education initiatives on digitalisation. This workshop followed the theme 'Navigating financial literacy communication challenges in the digital era' and on communicating effectively with consumers who are not digitally savvy.

In February, the ESAs organised a virtual workshop on the use of behavioural insights by supervisory authorities in their day-to-day oversight and policy work. In July, the ESAs published a report providing a high-level overview of the topics discussed during the workshop and including a catalogue of various studies carried out at both European and national levels on the use of behavioural insights in supervisory and policy work.

The ESAs published additional Q & As, as well as a table of Member State language and *ex ante* notification requirements concerning the requirements in the PRIIPs regulation and delegated regulation.

Regarding the collection of information from NCAs on administrative sanctions and measures imposed in 2024, a total of twelve administrative sanctions or measures under the PRIIPs regulation were reported to the ESAs by the competent authorities in Belgium, Denmark and Hungary. These measures were administrative fines, orders suspending the marketing of a PRIIP and other types of sanctions or measures (under Article 24(3) of the PRIIPs regulation).

2.3.6. Securitisation

In 2024, securitisation remained a key area of focus of the JC, as it is an important part of the SIU. Following the launch in December 2023 of a questionnaire to regulators and market participants, the JC accelerated the delivery of the second JC report on the functioning of the SECR, following the 2021 report. The ESAs focused on topics in the scope of the SECR that emerged over the last years as possible hurdles to the optimal functioning of the securitisation market in the EU. These notably included refining definitions for sponsors and public securitisations, proportionality in the due diligence and transparency requirements, the functioning of the supervisory framework, adjustments to the STS criteria for synthetic securitisations and flexibility in retention requirements for collateralised loan obligations (CLOs).



The ESAs hosted a CLO workshop on 4 October to explore market trends and policy developments. The ESAs also conducted a data-gathering exercise with a view to gaining a better understanding of the size of the private securitisation market in the EU, focusing on private securitisations other than those originated by systemically important banks or banks already covered by common reporting (COREP) requirements.

Prior to the launch of the Commission's targeted consultation on 9 October on the functioning of the securitisation framework, the ESAs intensified its efforts to assist the Commission in identifying potential policy options for inclusion in the consultation.

2.3.7. European Single Access Point

In 2024, the ESAs made significant progress on the ESAP project.

In the context of an extensive outreach for the development of the draft ITS specifying certain tasks of collection bodies and of the draft ITS specifying certain functionalities of the ESAP, the ESAs held an open hearing in February 2024, which saw the active participation of over 300 stakeholders.

The final report was submitted to the Commission and published by the ESAs on 29 October. The Commission is currently assessing it and is expected to adopt it in the second quarter of 2025.

2.3.8. Financial conglomerates

The ESAs published the 2024 annual list of identified financial conglomerates, which includes 63 financial conglomerates with the head of group located in the EU/EEA. Furthermore, the ESAs published several Q & As on the reporting of risk concentration and intra-group transactions for financial conglomerates on the dedicated website.

2.3.9. Other relevant cross-sectoral JC work

As part of their task to foster and monitor supervisory independence and following the publication of the ESAs joint criteria on the independence of supervisory authorities in 2023, the ESAs conducted preliminary work to prepare for the future assessment of competent authorities' supervisory independence.

Finally, in November, the ESAs published the joint guidelines on the system for the exchange of



information relevant to fit and proper assessments. Work also continued on the related IT solution, consisting of a cross-sectoral CA contact list and a searchable shared database with information relevant to fit and proper assessments of holders of qualifying holdings, directors and key function holders assessed for fitness and propriety.

2.3.10. ESAs' Joint Board of Appeal

The Board of Appeal is a joint independent body of the ESAs, introduced to effectively protect the rights of parties affected by decisions adopted by the authorities and is responsible for deciding on appeals against certain decisions by the ESAs.

In 2024, an appeal was lodged against EIOPA. During the year, the Board of Appeal dismissed an appeal against EIOPA lodged in 2023 while allowing another appeal and remitting this latter case to EIOPA. Furthermore, the Board of Appeal dismissed an appeal against ESMA, confirming the decision adopted by ESMA in October 2023.

Finally, during the annual meeting on 13 June, the Board of Appeal reappointed Michele Siri as the President of the Board of Appeal and elected Margarida Lima Rego as Vice-President of the Board of Appeal, both for 2.5-year terms.

2.4. ESMA as an organisation

2.4.1. Governance and external affairs

Objectives for 2024

Ensure robust functioning of ESMA's governance bodies and strong internal governance. Steer strategic direction for the authority and provide annual and multi-annual planning and reporting.

Ensure effective external communication and engagement with stakeholders.

Ensure robust and trusted interinstitutional relationships, primarily with the EU institutions and contribute to ESMA's accountability and transparency.

Maintain strong relations and cooperation with international regulatory bodies (e.g. IOSCO and the FSB) and non-EU securities regulators and contribute to international standard-setting.



Governance

In 2024, ESMA provided ongoing support to both the Board of Supervisors and the Management Board and, in its capacity as Chair, continued its assistance to the JC and the Board of Appeal. In line with its obligations under its founding and financial regulations, ESMA submitted a multiannual programming document for 2025–2027 to the EU institutions, which included a detailed AWP for 2025.

Additionally, in July ESMA appointed new members to its MSG for a four-year term. The MSG is key in ensuring ESMA's work reflects stakeholder views. In December, ESMA appointed a new member to its Management Board, and the Board of Supervisors elected the Chairs of ESMA's SCs, who will serve until 31 December 2026. The SCs support ESMA's governance by preparing technical work, fostering coordination among national authorities, and advising the Board of Supervisors on regulatory and supervisory matters.

In 2024, ESMA collaborated with the other ESAs to prepare for cooperation with the newly established Anti-Money Laundering Authority (AMLA), ensuring the consistent implementation of AML/CTF regulations across financial markets under its oversight.

ESMA also continued to closely cooperate with the EFTA Surveillance Authority to ensure application of the direct supervisory mandates in the EEA jurisdictions in relation to enhanced cooperation expected in new supervisory areas.

EU institutions and international cooperation

In 2024, ESMA continued to closely cooperate with the EU institutions. ESMA notably provided advice on legislative initiatives within its remit to the Parliament, the Council and the Commission, in line with ESMA's mandate and strategy.

As part of its commitment to ensure its accountability as an EU agency, the ESMA Chair presented ESMA's key achievements and the main challenges for the EU securities markets to the Parliament's Economic and Monetary Affairs Committee at the annual hearing of the ESA Chairs, an engagement that is complemented by regular exchanges throughout the year.

Regarding international cooperation, ESMA continued its active involvement in the work of standard-setting bodies, such as the FSB and IOSCO, where it played an important role in advancing standards that may reduce global fragmentation and inform the design of EU laws. This included the ESMA Chair's role in co-leading IOSCO work on carbon markets, the ESMA CCP Chair's role in chairing the CPMI-IOSCO Operational Resilience Group and ESMA contributing to FSB discussions on risks stemming from non-bank financial intermediation. In 2024, ESMA also contributed to the quinquennial exercise of the International Monetary Fund's euro-area Financial Sector Assessment Program, which will be finalised in the first half of 2025.

Furthermore, ESMA continued its engagement in regulatory and supervisory cooperation with TC authorities.

Finally, in the context of its equivalence monitoring duties, ESMA assessed regulatory and supervisory developments associated with equivalence decisions with non-EU jurisdictions. The findings of this exercise informed a confidential report to the Parliament, the Council and the Commission in December 2024.

Communications

In 2024, ESMA developed a new external communications strategy which focuses on how to promote and inform on ESMA's supervisory and convergence work and its contribution to the implementation of the EU's financial services policy agenda. The strategy also aims to enhance ESMA's pro-active, open and transparent relationship with stakeholders.

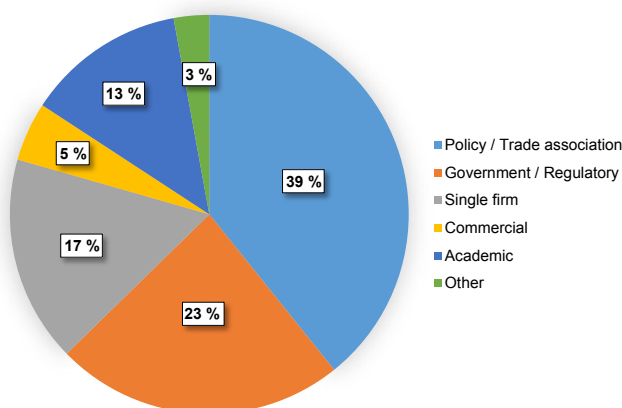
In its communication activities, ESMA works closely with the NCAs, and cooperation and coordination were enhanced in 2024 and materialised in shared campaigns throughout the year to increase the reach of ESMA's messages. ESMA also coordinates its outreach on shared products with the Commission, the EBA, the ECB, EIOPA, ENISA and ACER.

ESMA's website is the organisation's main communication channel, and it reached a total of 2.63 million visits during the year. Among ESMA's key publications were the monthly 'Spotlight on Markets' newsletters, focusing on the most impactful achievements and developments in the period covered.

ESMA further broadened its engagement with stakeholders through online/hybrid open hearings and webinars. Open hearings addressed topics related to the ESAP implementation standards, the MiFIR review and shortening of the settlement cycle, while webinars presented ESMA's risk articles (sustainable finance, social media influence on financial markets and crypto-assets trading, and neo-brokers in the EU), data quality reports and the EU carbon markets report. In addition, ESMA held an event introducing its position paper on building more effective and attractive capital markets in the EU.

ESMA continued its policy of prioritising appearances at events aimed at reaching the broadest possible stakeholder audience and events organised by governmental, institutional and regulatory authorities and EU-focused trade associations bodies, which accounted for 75.6 % of appearances.

Figure 1. Accepted organiser types



Social media

In terms of followers and engagement, ESMA's social media channels (X and LinkedIn) saw considerable growth in 2024. In terms of numbers, the LinkedIn account increased by 13.9 %, with just over 11 419 new joiners to reach 93 818 followers, while the X account increased by 2.2 %, adding more than 450 new followers to reach 21 462 followers. LinkedIn remains ESMA's main social media channel.

2.4.2. Legal and compliance

Objectives for 2024

Identify and minimise the legal risks of ESMA's actions and defend the authority in case of legal challenge. Provide expert views in preliminary rulings to the extent requested.

Advise on and enhance the legal drafting and soundness of legal acts adopted by ESMA, including in ESMA's direct supervision and through the sign-off process of draft technical standards and the legal review of guidelines.

Advise senior management on internal legal issues (e.g. matters related to human resources (HR)).

Foster ESMA's transparency and accountability through the timely handling of requests for access to documents.

Promote a strong compliance and integrity culture at ESMA on ethics and COI policies, professional secrecy and data protection rules, along with good administration principles.

Legal advice and legal review

ESMA ensured legal support was provided on the full range of ESMA's activities, including its direct supervisory activities, the development of regulatory guidance and standards and other significant projects such as the project to ensure consistent and sustainable fee legislation and the CTP procurement/selection project. In particular, legal support was provided, among others, on complex matters concerning the link between the transitional and new provisions of the revised MiFIR to support its sound implementation, on the scope of active account requirements and the extension of clearing services and validation of significant changes of modules and parameters under EMIR 3, on settlement discipline, TC CSD notifications and amendments to the review and evaluation reporting framework under the revised CSDR and the implementation of the ESAP project. Furthermore, in 2024 ESMA reviewed from a legal perspective a high number of draft technical standards issued, guidelines, opinions and a number of public statements.

Litigation and mediation

In 2024, ESMA notably acted as the main party in one case (still pending) before the EU's General Court, which concerns a procurement procedure for IT consultancy services run by ESMA.

ESMA also received a request for non-binding mediation under ESMA's rules of procedure on mediation from two competent authorities. The request concerned the eligibility of assets required by the UCITS directive and the EAD. A mediation panel was established for this purpose, which assisted the competent authorities in reaching a settlement agreement prior to ESMA adopting an opinion on the case.

Breach of EU law

During 2024, ESMA received and handled 174 complaints alleging breaches of EU law (BUL) by NCAs. Most (168) of these complaints were inadmissible, because they were outside ESMA's remit or failed to refer (explicitly or implicitly) to an NCA. This was the case, for example, of the numerous complaints received in relation to alleged BUL by financial market participants, when they do not allege a breach by an NCA.

Altogether, ESMA conducted preliminary investigations of seven admissible complaints (including one that was carried forward from 2023) during 2024. In addition, ESMA assessed one case initiated *ex officio*. In total, ESMA assessed eight admissible cases in 2024.

The admissible cases related to potential breaches of the MiFID II/MiFIR framework, the UCITS directive, the MAR and the SSR, by seven NCAs.

In 2024, ESMA sent three requests for information under Article 35 of the ESMA regulation to obtain clarifications from NCAs and also engaged at the staff level.

Of the seven preliminary investigations, most complaints alleged NCA inaction on investment firm misconduct, leading to financial losses. ESMA ensures that matters are addressed but cannot replace the NCA in its supervisory role. ESMA adapts the intensity of its dialogue with the relevant NCA, depending on the seriousness of the allegations, and cases are usually closed upon receiving detailed supervisory or enforcement action reports from NCAs.



Following ESMA's preliminary investigations, six admissible cases were closed in 2024, while two cases were still under assessment in early 2025.

In 2024, no formal BUL investigation was initiated. The overall objective of ESMA's BUL and complaint-handling activities is not the opening of formal BUL investigations as such, but rather the achievement of effective supervision across the EU and greater supervisory convergence through a structured dialogue between ESMA and NCAs, which leads to effective changes in national supervisory approaches. In this regard, in 2024, several admissible cases were closed after a detailed review of national practices. These are good examples of positive results in terms of supervisory convergence and successful cooperation with the NCAs concerned. For example, in one case, ESMA conducted an *ex-officio* preliminary assessment of the NCA's supervision of the compliance of an investment firm with the best execution requirements under MiFID II. ESMA also followed-up with an NCA concerning the legal classification of "fractional shares" and its supervision of the compliance with the Systematic Internaliser regime and share trading obligations. Lastly, ESMA closed a case concerning allegations against an NCA for an alleged failure to act in relation to an asset management company, its depositary, its shareholder and its auditor.

Misuse of the ESMA logo and identity

In 2024, ESMA received and replied to a record number of queries (1 970) regarding the fraudulent use of ESMA's logo and identity. These queries came from victims of frauds and include fake documents, statements or certificates with ESMA's logo and emails in which scammers pose as ESMA employees. There is a dedicated functional mailbox which is used to

address these requests (scamreport@esma.europa.eu) and a dedicated webpage (<https://www.esma.europa.eu/investor-corner/frauds-and-scams>).

In order to reinforce the efficiency of its practices and address investor distress as much as possible, ESMA undertook several measures in 2024, such as the launching of two social media awareness campaigns, in close collaboration with NCAs and IOSCO, and the monitoring and detection of fraudulent and copycat websites. Moreover, ESMA is liaising with NCAs and other EU agencies on a regular basis to exchange valuable information in relation to fraud cases.

Data protection

Throughout 2024, ESMA provided consistent support to ensure compliance with the EU data protection regulation, covering a diverse range of areas. This included ongoing assistance in building and implementing large-scale databases (SANEX, ESAP, and the Fitness and Propriety Information Exchange System), offering regular support and advice on new tools or processing operations at ESMA, particularly as regards the use of novel tools and technologies. Moreover, with the increase of ESMA direct supervision mandates, a common and thorough assessment of personal data processing done as part of exercising those mandates has been reflected in the publication of a dedicated direct supervision data record on ESMA's website.

The decision of 8 March 2024 of the European Data Protection Supervisor against the Commission regarding its use of Microsoft 365 has had a spill-over effect on most of the EU institutions and agencies relying on the same services (including ESMA) via the framework contract led by the Commission. In that regard, ESMA's Data Protection Officer (DPO) analysed ESMA's arrangement for the use of Microsoft 365 and its compliance with the European Data Protection Supervisor's decision, and has taken a number of follow-up actions, notably targeting the international transfers, while bearing in mind the limited capabilities to interfere directly with the framework contract provisions. 2024 also marked the rise in popularity of AI tools and the related prospects of efficiency and productivity gains. The Data Protection Officer has been extensively involved in assessing these new products before their deployment at ESMA, to ensure their use is clearly defined and does not pose risks to the personal data and privacy of ESMA staff or its

stakeholders. Continuous awareness-raising initiatives have been undertaken, targeting both newcomers and existing ESMA staff. This is achieved through targeted training and involvement of the data protection coordinators network, and by providing practical information for staff for the most commonly asked data protection queries.

Transparency

In 2024, ESMA received 31 requests for access to documents (initial applications), while no confirmatory applications were filed. In 15 cases, ESMA granted access, whereas on four occasions, access to (some of) the requested documents or parts thereof was refused. No complaints were lodged before the European Ombudsman. In two cases, given the broad scope of the requests, ESMA proactively engaged with the applicants and managed to find a solution that suited them, whereas in two others the applicants decided to withdraw their initial application. In eight cases, ESMA was not in possession of the requested documents.

2.4.3. Human resources

Objectives for 2024

Deliver HR services, enabling ESMA to attract, train, develop and retain the talents required to successfully perform its tasks and achieve its objectives, and ensuring efficient HR administration while fulfilling the regulatory requirements of an EU authority.

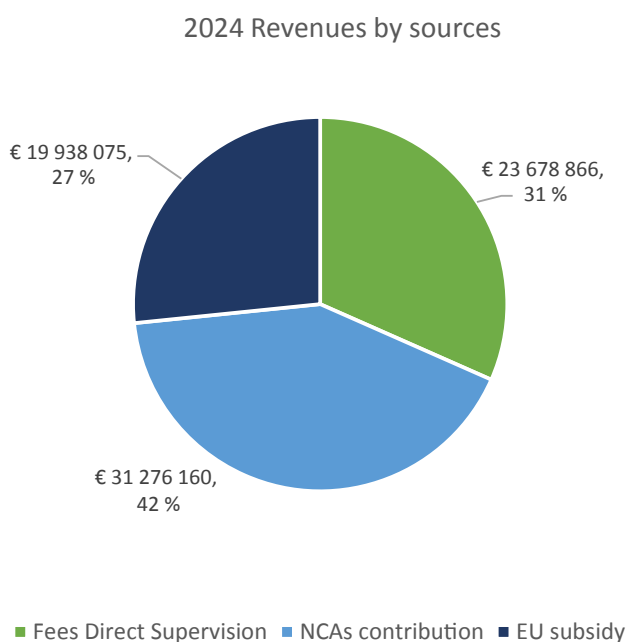
ESMA's people strategy was launched in 2024 and focuses on attracting diverse and capable talents, fostering management and leadership excellence, flexible talent management, a diverse, inclusive and flexible work environment and continuous improvements towards effective and efficient HR management. In this context, ESMA's competency framework was adopted, new learning and development formats were developed to embed learning in the daily flow of work, several actions deriving from the newly adopted diversity, equity and inclusion (DE&I) strategy were implemented, ESMA's website was enhanced to reflect ESMA as an attractive employer, new fora were created to facilitate personal exchange with HR and peer



exchanges between managers, and digitisation was further enhanced by onboarding three new modules to the SYSPER HR management tool.

See section 3.5 for details on HR management in 2024.

Figure 2. 2024 revenues by source



In 2024, ESMA continued to benefit from the full digitalisation of all financial and procurement processes. During the year, three procurement procedures were completed, of which two negotiated and one competitive procedure with negotiation.

See section 3.3 for details on financial management in 2024.

2.4.4. Finance and procurement

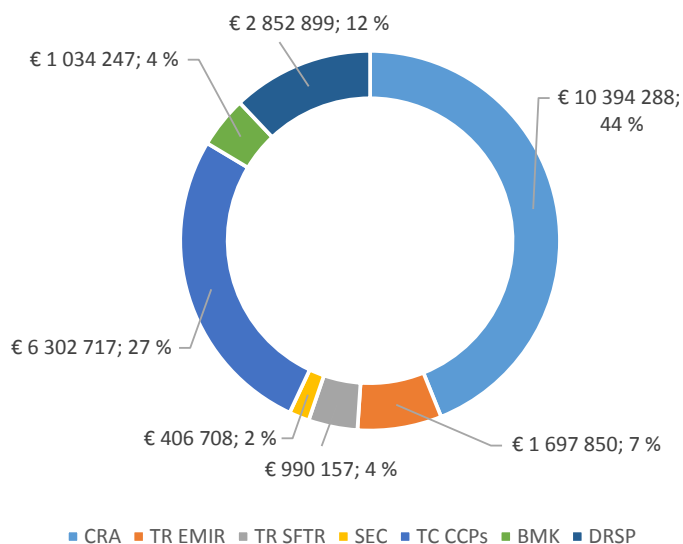
Objectives for 2024

Continue enhancing the efficiency of ESMA's financial and procurement processes and ensuring their accuracy and regularity in light of the EU financial regulation.

ESMA spent 99.99 % of its 2024 budget, amounting to EUR 74 891 455. This amount excludes EUR 823 764 from the Directorate-General (DG) for Structural Reform Support (DG Structural Reform Support) and the contributions from the NCAs and other external entities for the IT delegated task TRACE, which represented EUR 338 714 in 2024. In 2024, the total ESMA budget was 4.9 % higher than in 2023.

In 2024, ESMA was financed by 11 income streams, as shown in Figure 2.

2024 Fees Direct Supervision breakdown



2.4.5. Corporate Services

Objectives for 2024

Provide proactive and effective support by ensuring the smooth running of ESMA's facilities and the acquisition and sound management of goods and services, in accordance with the EU public procurement rules and procedures.

Ensure the health and safety of ESMA staff and visitors.

Provide support to ESMA's core business by offering a modern and appropriate working place for staff and visitors, organising missions and events, and managing a secure, robust, efficient and collaborative document management system fulfilling the regulatory requirements and business needs of an EU authority.

Corporate Services continued in 2024 to provide a vast array of services to ESMA, notably including office lease management, building management, facility management helpdesk, physical security, access to premises, reception of visitors, cleaning, asset and stock management, furniture, recycling, meetings, catering for external visitors, missions, health and safety at work, planning and reporting, document management, translations and coordination of the environmental management system (EMS).

The lessons learned in recent years in the working environment continued to guide adaptations to new ways of working, reinforcing ESMA's activities and workplace sustainability. Moreover, ESMA upheld its action plan to reduce energy consumption at its premises.

In 2024, ESMA staff undertook 429 missions versus 412 in 2023, a slight increase in line with the staff growth. These numbers are still below the 670 in 2019, the last pre-COVID-19 year, indicating a positive trend in managing mission costs and environmental impact. ESMA has been encouraging the consideration of online participation in meetings and events whenever feasible and practical.

2.4.6. Information and communication technologies

Objectives for 2024

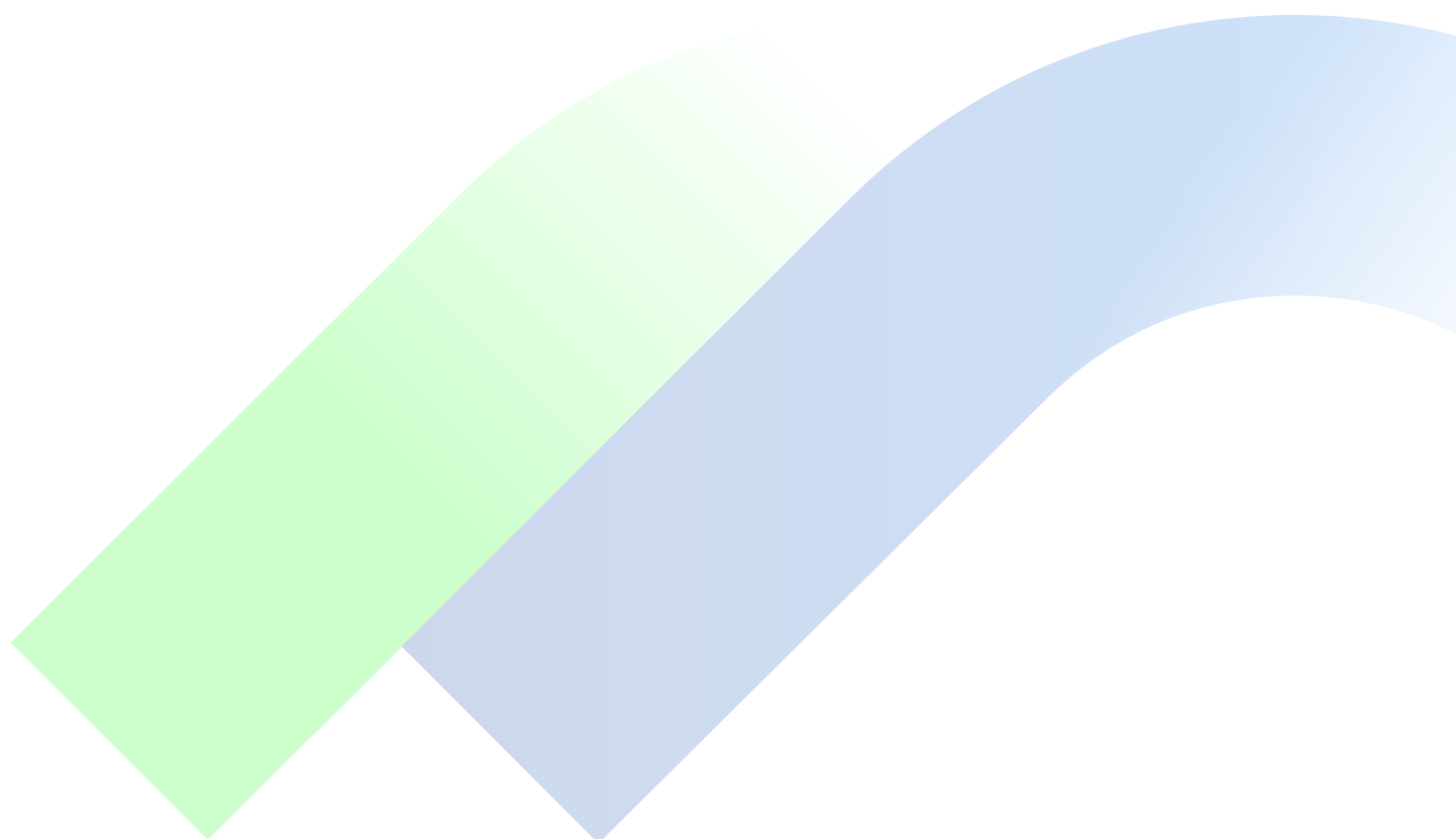
Contribute to ESMA's operations by leveraging IT, delivering IT services and solutions, and advising and collaborating to deliver ESMA's objectives.

Provide effective and proactive ICT support to staff and manage ESMA's ICT resources in a flexible and efficient way.

At the end of 2024, there were 3 744 users of ESMA's systems, an increase of 15.6 % compared to 2023. The vast majority (3 183, or 85 %) were external active users from NCAs, other CAs and EU institutions, as well as other entities submitting data to ESMA systems such as trading venues, CRAs, TRs, etc.

The IT Helpdesk service continued to handle a significant workload yet managed to improve its efficiency. In 2024 it managed 20 % less tickets, compared to 2023 and faced a decrease of 6.41 % in the number of incidents. The average time of closing requests and incidents was three days, both within the target.

In 2024, ESMA continued to upgrade its digital workplace tools. In this regard, ESMA introduced its new IT service management tool, improved user authentication mechanisms with phishing-resistant multi-factor authentication capability provided by FIDO2 security keys and implemented a zero-knowledge based corporate credential management solution.





3. Management

3.1. Management Board - Risk and control issues

Risk management

ESMA operates in an ever-changing environment with many uncertainties. ESMA has developed an annual process of identifying and assessing risks to assist in the mitigation of risks that could threaten the delivery of its mission. The annual organisational risk assessment takes a combination of bottom-up and top-down approaches: the bottom-up approach involves identifying risks at the department level and the top-down approach involves a management assessment and evaluation of strategic risks considering the input from departments. Significant risks are then reviewed by ESMA's Management Board, which endorses the risks and action plans.

The top risks identified during the assessment are summarised and included in ESMA's programming document. The top risks identified in 2024 in relation to the 2025 work programme were:

- critical market developments, including geopolitical events, could affect financial stability, may put investors at risk and increase supervisory risks at ESMA, and impact ESMA tasks and priorities;
- a high number of new legislative proposals, including specific tasks for ESMA with no allocation of additional resources and with uncertainties in timing and final outcome, impacting the correct planning and delivery of our mandates;
- increasingly complex funding model, fee structure and budget management, putting at risk an efficient budget implementation at ESMA.

Other important risks identified for ESMA in 2025 included the continuous threats to IT security and cybersecurity and the uncertainties around the selection procedure for the CTP.

The risks listed above were signalled in the organisational risk assessment exercise and discussed in the Management Board and Board of Supervisors meetings of June 2024.

Significant items approved by the Management Board and the Board of Supervisors during 2024, are listed in section 2 on ESMA's achievements.

3.2. Major developments

Main factors affecting ESMA in 2024

The primary external factor impacting ESMA in 2024 was an unusually high workload due to a large number of new or reviewed legislative files, combined with the need to prepare for implementation of new responsibilities. Several new ESMA mandates were not accompanied by additional resources, a situation that has required significant prioritisation and redeployment of resources from existing tasks.

In order to ensure ESMA's ability to deliver most effectively on its 2024 work programme, ESMA identified among its planned work a set of processes and deliverables which could be deprioritised or postponed. The outcome of the prioritisation was communicated to the Commission in a letter from ESMA's chair ⁽²³⁾. The reprioritisation of ESMA's deliverables was done after careful evaluation and with the support of the ESMA Management Board, taking into consideration the many competing priorities facing ESMA.

ESMA also had to absorb the high inflationary trends of the past years. In an environment characterised by a capped 2 % increase of the 2021–2027 multi annual financial framework and the call to contain to the extent possible any increase in the collection of fees from smaller supervised entities, the increase of costs in all budget lines put additional strain on ESMA's financial resources, which led – among other factors – to the limitation in recruiting all available authorised posts and to ESMA carrying out an additional review of its 2025 work programme, with the outcome communicated to the Commission in early 2025.

²³ The outcome of the prioritisation was communicated to the European Commission in a letter from ESMA's chair, which was published on ESMA's website: https://www.esma.europa.eu/sites/default/files/2024-05/ESMA22-50751485-1486_ESMA_Letter_from_Chair_on_prioritisation_2024.pdf.

3.3. Budgetary and financial management

a) Statistics on financial management

Budget execution C1

ESMA spent 99.99 % of its 2024 budget, amounting to EUR 74 891 455. This excludes EUR 823 764 from DG Structural Reform Support and the contributions

from the NCAs and other external entities for the IT delegated task TRACE, which represented EUR 338 714 in 2024. The amount of C1 committed and not paid in 2024 (and therefore to be carried-forward) is EUR 3 903 262.

Number and value of budget transfers

ESMA processed four budget transfers in 2024, following its quarterly budget review process. In addition, ESMA processed three budget amendments for a total value of EUR 909 697 (increase).

ESMA's Budget Title	2024 Initial Budget (A)	1st budget transfer	2nd budget transfer	1st budget amendment	3rd budget transfer	2nd budget amendment	3th budget amendment	4th budget transfer	2024 Final Budget (B)	B-A	VAR %
1. Staff	49,598,597	312,000	2,233,000	206,372	738,597	236,777	-	157,845	53,483,188	3,884,591	8 %
2. Infrast.& Admin.	9,110,942	61,000	(257,000)	52,950	(403,631)	-	-	(10,261)	8,554,000	(556,942)	-6 %
3. Operating expenditure	16,036,342	(373,000)	(1,976,000)	24,640	(334,966)	-	399,356	(157,982)	13,618,390	(2,417,952)	-15 %
4. Delegated Tasks	400,000	-	-	-	-	(10,398)	-	10,398	400,000	-	0 %
TOTAL	75,145,882	-	-	283,962	-	226,379	399,356	-	76,055,579	909,697	1 %

Regarding the procurement procedure types used during 2024, three procurement procedures were completed, of which two negotiated and one competitive procedure with negotiation.

Interest charged for late supplier payments

In 2024, ESMA paid EUR 411.26 as interest for late payments to suppliers.

Budget out-turn and cancellation of appropriations (data from provisional accounts for 2024)

The current estimation of the 2024 budget out-turn is EUR 400 048 ⁽²⁴⁾.

Budget out-turn

The following parameters are considered for the calculation of budget out-turn. The revenue entered in the budget out-turn account is the amount actually received during the year. For the purposes of calculating the budget result for the year, expenditure comprises payments made against the year's appropriations plus any of the appropriations for that

year that are carried over to the following year. Payments made against the year's appropriations are payments that are made by the accounting officer by 31 December of the financial year.

The following are added to or deducted from the resulting figure: the net balance of cancellations of payment appropriations carried over from previous years; any payments that, because of fluctuations in the euro rate, exceed non-differentiated appropriations carried over from the previous year; and the balance of exchange-rate gains and losses recorded during the year.

Payment appropriations carried over include automatic carry-overs and carry-overs by decision. The cancellation of unused payment appropriations carried over from the previous year includes the cancellations on appropriations carried over automatically and by decision. It also includes the decrease in assigned revenue appropriations carried over to the next year in comparison with the previous year.

²⁴ Out-turn figures for 2024 will only be final by the time of the presentation of the final annual accounts.

C1 cancelled appropriations

ESMA uses non-differentiated appropriations for its C1 credits. In 2024, the total amount of appropriations inscribed as C1 funds that were not used at the end of the year equalled EUR 1 646.

C8 cancelled appropriations

In 2024, out of a total of EUR 5 897 047 C8 payment appropriations, 95.27 % was consumed (EUR 5 618 206). A total of EUR 278 841 (or 4.73 % of the C8 appropriations for the year) was cancelled.

b) Costs and benefits of controls

The controls in place are designed to optimise their effectiveness and efficiency, by striking the right balance between the benefits of the controls, regarding in particular the legality and regularity of the underlying transactions, and the effectiveness and efficiency of the controls considering the risks involved.

ESMA estimated the costs of controls in 2024. The calculation method was inspired by the approach used in the Commission and the guidelines provided by the Performance Development Network of EU Agencies. The estimated costs of controls include the estimated salary costs (including social charges) of the staff directly involved in the relevant control systems. These activities were centred on the following areas: finance and verification processes, *ex ante* and *ex post* controls, procurement monitoring and control, budgetary and accounting activities, and external financial audit coordination.

Taking the above into consideration, in 2024, ESMA allocated EUR 1.14 million for control activities, amounting to 1.50 % of the agency's 2024 total budget.

Regarding the effectiveness of the controls, the European Court of Auditors has given ESMA an unqualified opinion on the 2023 accounts (information regarding 2024 financial audit will be available by the end of 2025). No other indications were found that the controls in place were not effective. Regarding the efficiency and economy of the controls, no serious anomalies were reported to indicate that the efficiency and economy were under question. Considering the positive result of the ex-ante and ex-post control verifications, the absence of critical recommendations stemming from audits, the well-

established framework to manage exceptions and the regularity of operations, the overall balance between effectiveness, efficiency and economy of controls is reasonably satisfactory.

Additional information on budget management is available in Annex II – Statistics on financial management.

3.4. Delegation and subdelegation of the powers of budget implementation to ESMA's staff

Pursuant to Articles 73, 74 and 90 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of the European Union laying down detailed rules for the implementation of the financial regulation and the internal rules on the implementation of the budget, the Executive Director, as the authorising officer of ESMA, has delegated financial powers to the heads of department, heads of unit and team leaders for the budget lines they are responsible for in line with their activities.

The ESMA subdelegation breakdown per budget line is organised to ensure:

- business continuity (e.g. through the identification of backups for each budget line);
- efficiency, through an appropriate balance between the maximum ceiling of each subdelegation and the authorising officer by the subdelegation's responsibility in ESMA.

The authorising officers by subdelegation have to accept the delegations granted to them in writing, following Articles 11 and 11a of the Staff Regulations of Officials and Conditions of Employment of Other Servants of the European Union, and paragraph 3.2 of the charter for authorising officers by subdelegation.

On a yearly basis, ESMA controls the implementation of the subdelegations granted by the Executive Director in accrual-based accounting.

3.5. Human resources management

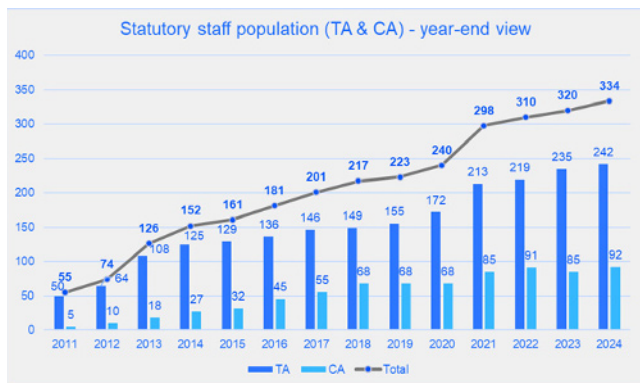
ESMA employs different categories of staff:

- Temporary Agents (TAs),
- Contract Agents (CAs), and
- Seconded National Experts (SNEs).

Staff evolution

At the end of 2024, ESMA employed 334 statutory staff members (TA/CA): 242 TAs and 92 CAs. This represents 14 more statutory staff members than in 2023, or a 4 % increase.

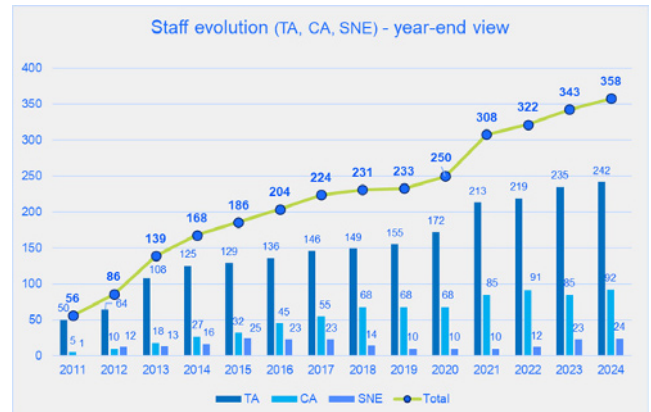
Figure 3. Statutory staff population (TA & CA) – year-end view



At the end of 2024, ESMA also employed 24 SNEs (23 in 2023), bringing the total number of ESMA staff

(TAs/CAs/SNEs) to 358, versus 343 staff one year before, or a 4 % increase.

Figure 4. Staff evolution (TA, CA, SNE) – year-end view



SNEs bring highly valuable specific expertise, such as direct supervisory experience, and secondments create knowledge-sharing opportunities between the organisations involved.

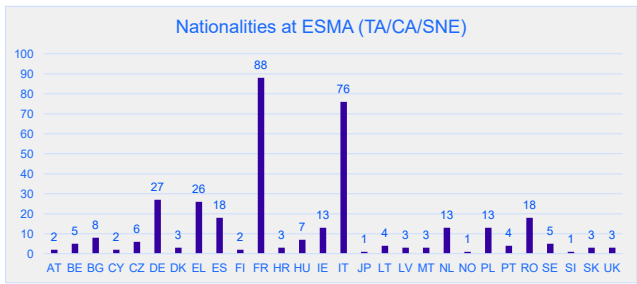
At the end of 2024, ESMA staff (TAs/CAs/SNEs) included nationals from 25 Member States, 3 nationals from the United Kingdom, 1 national from the EEA (Norway) and 1 from Japan.

The following table shows the distribution of nationalities per contract type and function group.

	AT	BE	BG	CY	CZ	DE	DK	EL	ES	FI	FR	HR	HU	IE	IT	JP	LT	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK	UK	Total
TA	2	2	6		3	21	2	13	13	1	64	1	4	9	50		3	1	1	7	1	8	4	15	5		3	3	242
CA		3	2	2	2	4		12	4	1	24		3	2	19		1	2		2		5		3		1			92
SNE					1	2	1	1	1			2		2	7	1			2	4									24
Total	2	5	8	2	6	27	3	26	18	2	88	3	7	13	76	1	4	3	3	13	1	13	4	18	5	1	3	3	358
%	1%	1%	2%	1%	2%	8%	1%	7%	5%	1%	25%	1%	2%	4%	21%	0%	1%	1%	1%	4%	0%	4%	1%	5%	1%	0%	1%	1%	100%

Figure 5 shows the distribution of nationalities for ESMA staff (TAs/CAs/SNEs) at the end of 2024.

Figure 5. Nationalities at ESMA (TA/CA/SNE)

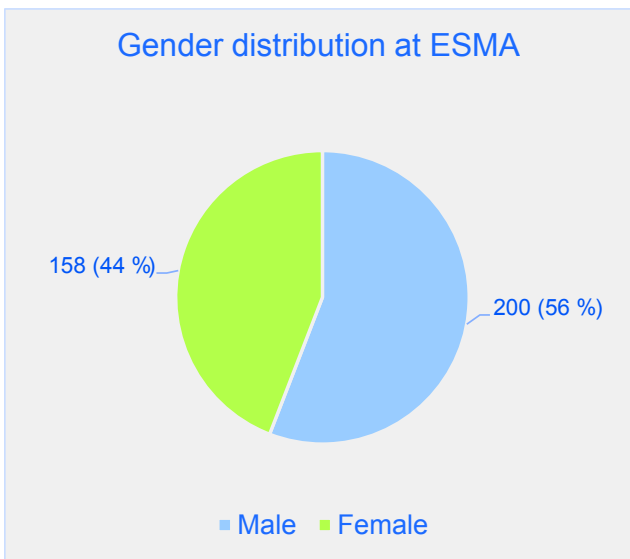


Gender balance

The global gender balance among ESMA staff (TAs, CAs and SNEs) was 56 % male – 44 % female in 2024, the same as in 2023.

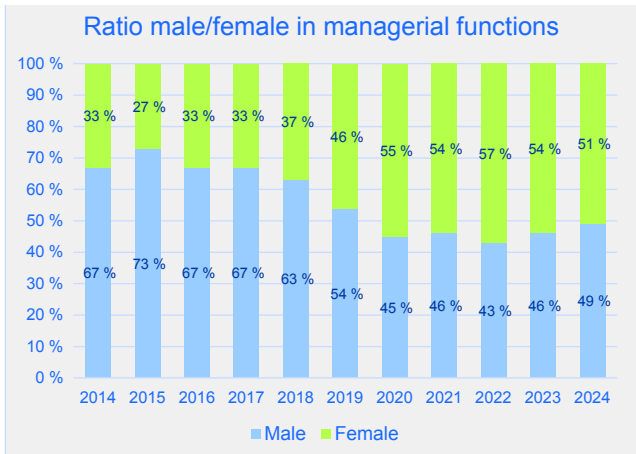
The evolution of the gender balance (in all staff groups) over the last 10 years indicates that the proportion of female staff members has progressively increased from 37 % in 2012 and stabilised at an average of 45 % in recent years.

Figure 6. Gender distribution at ESMA



The evolution of the gender balance in managerial functions over the last 10 years indicates that the proportion of female staff members has progressively increased from 33 % in 2014 and stabilised above 50 % in the past years.

Figure 7. Male/female ratio in managerial functions



The staff turnover rate was 3.1 % in 2024 versus 3.9 % in 2023.

Recruitment

In 2024, 15 recruitment procedures were launched (versus 24 in 2023), and 1 482 CVs were screened (versus 2 777 in 2023). The Selection Boards interviewed 153 candidates (versus 184 in 2023) and 47 recruitment offers were accepted⁽²⁵⁾ by candidates. In addition, ESMA recruited 37 trainees throughout the year.

The average recruitment lead time, defined as the number of days from the publication date of the vacancy notice until the date when the reserve list of successful candidates is established, amounted to 146 days on average (versus 137 in 2023). The recruitment activities (interviews and written tests) were almost exclusively conducted remotely, contributing to lower greenhouse gas emissions, in line with ESMA's environmental policy.

Training

In 2024, ESMA internal staff (TAs, CAs and SNEs) attended a total of 646 days of training, compared to 850 days in 2023. This translates to an average of 1.8 days per full-time equivalent (FTE) versus 2.6 days in 2023. The decrease in average training days per FTE is due to the increased adoption of bite-size learning, a short and focused form of training. This breaks down complex topics into smaller, manageable segments that can be completed in a shorter amount of time, typically 60 to 90 minutes.

²⁵ Including candidates from external recruitments, staff benefiting from internal selection procedures, replacement of staff turnover and staff on unpaid leave.

This approach allows employees to learn at their own pace and integrate learning into their daily routines without significant disruption. At the same time, we have decreased the number of events that required several days of training and reduced external trainings. Despite these changes, the overall number of registrations has increased compared to 2023, along with the overall satisfaction rate, which reached 90 %, surpassing the target of 80 %. This demonstrates the effectiveness of our new learning methodology, which aligns with ESMA's people strategy and integrates learning into the flow of work.

Training provided to national competent authorities

In 2024, ESMA organised 17 training events for the NCAs, all online. These took place during 23 days, as a number of trainings were multi-day events.

The total number of participants reached nearly 3 000 overall, in line with 2023, with an average number of 175 participants per event. The participants of the external training events were from 30 European countries or territories.

The average satisfaction rate was 86 %, above the target of 80 %.

3.6. Efficiency gains

ESMA continues to pursue efficiency gains and synergies in its areas of activity. This section gives some examples of areas in which efficiency gains have been or are being made.

The year 2024 was characterised by an unusually high workload, as several legislative files were concluded towards the end of the term of the previous Commission⁽²⁶⁾. Many of these files imposed new and complex mandates on ESMA, and in many cases the mandates were not accompanied by additional human or financial resources (e.g. in relation to EMIR 3), requiring ESMA to absorb new unfunded tasks through efficiency gains and internal reallocation of its staff. In order to deliver on the digital finance package (notably MiCA and DORA) in 2024 at the same time as the MiFID/MiFIR review, for example, ESMA had to redeploy resources. These resources were drawn in particular from the teams

and units in charge of post-trading and secondary markets as well as investment services and data policy. The preparation for the CTP selection process involved contributions from most of ESMA's departments, notably from teams and units specialised in procurement, legal, markets, data and direct supervision. Likewise, the preparation for supervision of Green Bond Verifiers and ESG rating providers required several FTEs to be drawn from other activities in 2024.

It was in this context that ESMA carried out its annual reassessment and prioritisation of its work programme for 2024, while closely engaging with the Commission.

In order to ensure ESMA's ability to deliver most effectively on the 2024 AWP, taking into account the resource limitations, ESMA identified among its planned work a set of deliverables which could be deprioritised or postponed. The selection particularly considered factors such as the estimated impact, cost and time sensitivity of each element in ESMA's work programme. As in previous years, ESMA published the result of this exercise in a public letter from ESMA to the Commission.

Regarding administrative efficiencies, in 2024 ESMA continued to benefit from the efforts made in the past years to increase the efficiency of all its support functions. For instance, all areas of ESMA administration (including HR, finance and procurement, facility management and ethics processes) have been entirely digitised (zero paper) for many years. This has resulted in overall efficiency gains, particularly in terms of speed, reliability and



²⁶ Reviews of existing legislation including CSDR, MiFID/MiFIR, AIFMD, the UCITS Directive, EMIR, and the Listing Act. New legislative files including DORA, ESAP and MiCA and the regulations on Green Bonds and ESG ratings providers.

traceability, while also supporting environmental sustainability by reducing paper consumption.

The extensive digitalisation of processes that enabled ESMA staff to maintain efficiency while working remotely during the COVID-19 pandemic remained an asset for 2024 in the new hybrid working model. It reinforced ESMA's organisational agility and facilitated cost-efficient and sustainable operations. Cost savings were achieved by promoting fewer business trips and on-site meetings, while at the same time continuing to implement measures to decrease energy consumption at ESMA's premises.

In terms of systems and tools, in 2024 ESMA continued to successfully onboard tools from the Commission into its support functions, notably in the field of HR. Leveraging tools already employed by other EU institutions typically saves costs, shortens implementation timelines, increases operational efficiency and facilitates adherence to specific EU rules. Moreover, it improves tool integration and reduces the administrative workload relating to common systems among EU institutions, allowing the organisation to concentrate on its core activities.

Similarly, in 2024 most of the IT and cybersecurity services provided to ESMA were sourced through interinstitutional framework contracts, including a service-level agreement (SLA) with the Commission. This arrangement helped ESMA to further streamline its IT budget and enhance efficiency through synergies and economies of scale.

In 2024, ESMA continued to strengthen its operational efficiency through deeper cooperation with the other ESAs. Joint procurement initiatives enabled cost-effective sourcing of shared services, while the joint implementation of the DORA framework fostered synergies and reduced duplication of efforts. Additionally, the sharing of the same accounting officer with the EBA reflects the ESAs' efforts to make the best use of resources through practical collaboration.

3.7. Follow-up on audits and evaluations

European Court of Auditors

ESMA is audited every year by ECA. The audit provides a statement of assurance of the reliability of ESMA's accounts and the legality and regularity of the underlying transactions.

The 2023 statement of assurance indicated that the accounts of the authority for the year ending on 31 December 2023 presented fairly, in all material respects, the financial position of the authority on 31 December 2023, the results of its operations, its cash flows and the changes in its net assets. These were in accordance with its financial regulation and with accounting rules adopted by the Commission's accounting officer. It also stated that the revenues and payments underlying the annual accounts for the year ending on 31 December 2023 were legal and regular in all material respects.

The 2023 ECA statement of assurance included one observation related to excessive capacity requirements in a procurement process and another one related to a clarification request beyond the tender specifications in a procurement process. There was no impact on the outcome of the procurement procedure(s) in neither of both procurement procedures and ESMA has already put in place the relevant mitigating measures aimed at enhancing further the internal control in procurement processes.

Based on the measures implemented, it is expected that the ECA will close the recommendations as part of the 2024 financial audit.

There were three recommendations from previous years. All of them have been closed by ECA.

Internal Audit Service

ESMA is also audited by the Internal Audit Service (IAS) of the Commission.

In 2023, the IAS decided to launch a multi-entity audit on coordination between the Directorate-General for Financial Stability, Financial Services and Capital Markets Union and the decentralised agencies EBA,

EIOPA and ESMA. This audit is still ongoing and expected to be finalised in 2025.

ESMA does not have any overdue or pending "critical" or "very important" recommendations.

3.8. Follow-up on observations from the discharge authority

On 11 April 2024, the Parliament adopted in its plenary meeting the report on discharge in respect of the implementation of ESMA's budget for the financial year 2022 (2023/2162(DEC)) - the '2022 discharge report' ⁽²⁷⁾.

The ESMA regulation prescribes that ESMA should provide a reasoned opinion on the position of the Parliament and on any other observations provided by the Parliament in the discharge procedure. The corresponding opinion ⁽²⁸⁾ was published on 15 July 2024 by ESMA and included the following key points in the light of the 2022 discharge report.

1. Regarding its funding model, ESMA reiterated that, the increasing complexity of its budget structure may hamper its ability to respond effectively to financial market developments. ESMA would welcome a revision of its fee-funding model to allow it to react both suitably and swiftly to significant financial market developments while being able to manage more efficiently the numerous fee sources stemming from its direct supervisory mandates.
2. On performance, ESMA noted the Parliament's recognition of its achievements and confirmed

that it continues to use relevant KPIs to measure and monitor progress.

3. With regard to the prevention and management of COI, ESMA informed that it has engaged in a targeted review of its policy for non-staff with the aim of giving clearer guidance on what interests to declare and fostering transparency and accountability of Board members.
4. On staff policy, ESMA informed that it has adopted a people strategy with the objective of being an attractive employer that values and supports individuals.

3.9. Environment management

ESMA implemented an EMS in 2022, recognised under the EMAS and ISO 14001 standards. The authority conducts an annual environmental review, legal compliance check and external verification validating the system and the EMAS registration.

In 2024, ESMA concentrated on maintaining and improving its EMS and the progress made towards achieving the organisation's environmental objectives.

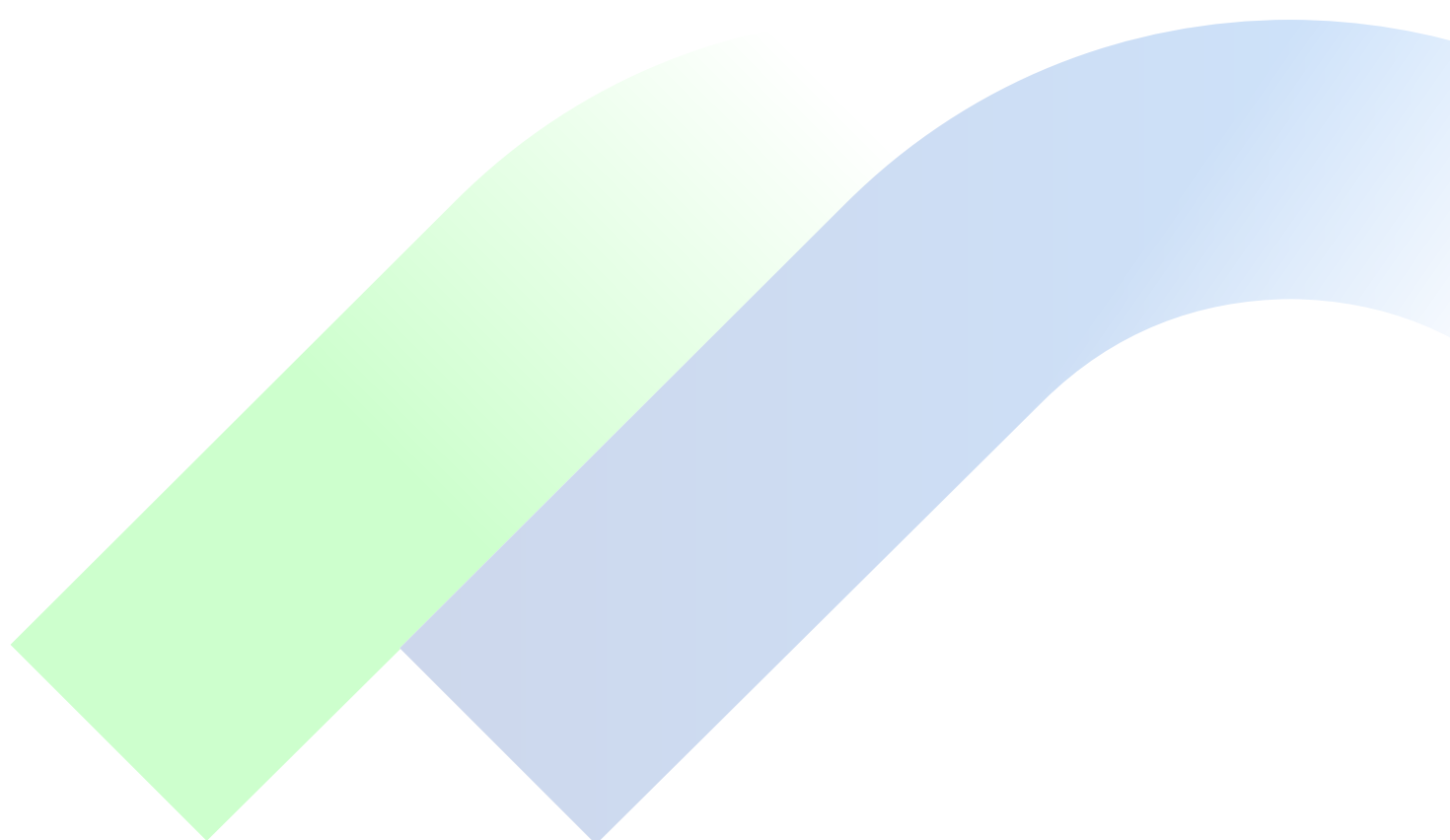
The environmental statement provides information on ESMA's compliance with applicable legal requirements relating to the environment and environmental performance.

More details are available in Annex VII to this report (Environmental management).



²⁷ https://www.europarl.europa.eu/doceo/document/TA-9-2024-0264_EN.pdf

²⁸ https://www.esma.europa.eu/sites/default/files/2024-07/ESMA24-450544452-2254_Opinion_on_2022_Discharge_Report.pdf





4. Assessment of the effectiveness of the internal control systems

4.1. Effectiveness of the internal control systems

The internal control framework supplements the financial regulation and other applicable rules and regulations with a view to aligning ESMA's standards with the highest international standards set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control integrated framework. ESMA's internal control framework was adopted by its Management Board in November 2018, replacing the previously approved 2012 internal control standards.

The COSO framework was reviewed in 2013 to move from a compliance-based to a principle-based system, with the aim of ensuring robust internal control through consistent assessment, while providing the necessary flexibility to allow it to be adapted to the specific characteristics and circumstances of different businesses. To keep up with these recent changes in international best practices, it was appropriate to update ESMA's internal control framework accordingly.

ESMA's internal control framework consists of five internal control components, which are built on 17 principles, based on the 2013 COSO internal control integrated framework and further supported by several characteristics.

To assess the status of the internal control system in 2024, in the first quarter of 2025 ESMA performed its annual self-assessment of the effectiveness of the implementation of the internal control principles in accordance with the framework.

4.2. Ethics, integrity and anti-fraud measures

In 2024, ESMA provided guidance and support in areas regarded as key for ethical behaviour, integrity and the prevention of COI and fraud at both staff and non-staff levels.



Ethics and integrity

Reviews were undertaken to promote ethical behaviour and integrity of processes. For example, ESMA continued its work on the targeted review of the COI policy for non-staff, aiming to enhance the effectiveness of the ethics rules for ESMA's governing bodies, improve the rules on dealing in financial instruments and provide more meaningful public information on the governing bodies members' interests. To ensure consistent and efficient approaches for similar ethical issues across EU institutions and bodies, ESMA also maintained close interaction with the other ESAs, the ECB and the SRB. This cooperation included finding a common approach in respect of the ethics rules applicable to the newly commenced staff exchange programmes between ESMA/the ECB, the EBA and EIOPA, as well as to the members of the Joint Examination Teams under the joint oversight mechanism provided in DORA, which combines staff of the three ESAs and of NCAs of the three sectors.

Special attention was dedicated to raising awareness of COI and ethics rules to ensure effective compliance on the ground. In particular, ESMA conducted systematic induction sessions for newcomers. Support was also provided on questions related to ethics in the context of ESMA's procurement procedure for the selection of a CTP, for example on how to handle bilateral contacts with potential applicants.

ESMA also reviewed annual COI declarations from its staff and governing body members. It also managed various ethics-related inquiries and declarations, such as confidentiality agreements for new hires, spousal/partner employment disclosures, outside activity requests, publication/speech approvals, pre-

financial instrument dealings requests, leave-related activity disclosures and post-ESMA activity intentions. COI issues were infrequent and promptly addressed, including granting partial clearance for certain financial instrument dealings.

Anti-fraud measures

In 2024, ESMA closely followed up the implementation of its 2022-2025 anti-fraud strategy, the main objectives of which are to (i) enhance anti-fraud culture across the organisation, (ii) strengthen measures for the detection of fraud, and (iii) maintain an efficient reporting system. In particular, a new online secure whistleblowing tool protecting the identity of whistleblowers was put in place with a view to enhance ESMA's anti-fraud toolbox. Moreover, the review of the COI guidelines for members of Selection Boards was finalised, to align practices and prevent COI in the context of recruitment.

4.3. Conclusions of the assessment of internal control systems

The main objective of the self-assessment is to analyse in detail whether all of the internal control principles are present and functioning in the organisation.

To do so, in 2024, ESMA measured 77 internal control indicators, covering all internal control principles, as primary source of information. In addition, ESMA analysed secondary sources of information, including audit reports.

This information allowed ESMA to identify the main strengths and deficiencies of each principle and finally assess each principle and component. In total, ESMA identified 44 deficiencies, most of which were minor or moderate and none of which called into question the presence and proper functioning of the principles. ESMA concluded in its self-assessment that the internal control system is present and functioning well with some improvements needed, mainly in the control environment, control activities and information and communication components.

4.4. Statement of the Internal Control Coordinator in charge of risk management and internal control

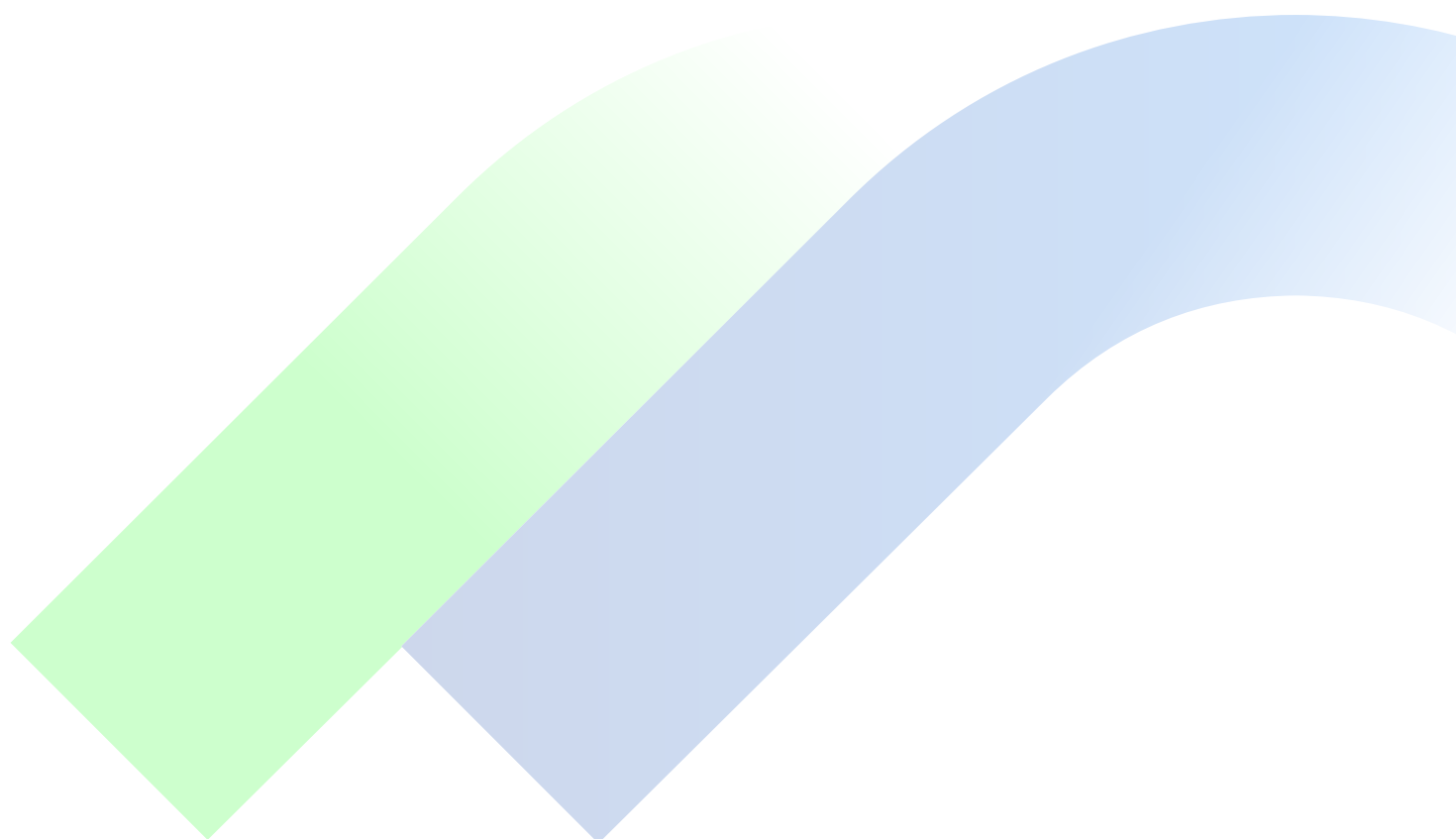
I, the undersigned, ICC in charge of risk management and internal control within ESMA,

In my capacity as ICC in charge of risk management and internal control, I declare that in accordance with ESMA's Internal Control Framework, I have reported my advice and recommendations on the overall state of internal control in the Agency to the Executive Director.

I hereby certify that the information provided in the corresponding section of this report and in its annexes is, to the best of my knowledge, accurate, reliable and complete.

Paris, 21 May 2025

Elena Munoz Aguilar
Internal Control Coordinator
European Securities and Markets Authority





5. Management assurance

5.1. Review of the elements supporting assurance

The level of reasonable assurance is down to the personal judgement of ESMA's Executive Director and the authorising officers by delegation, based on all information at their disposal. This information can be structured around pillars or building blocks of assurance.

The main building blocks of the Executive Director's declaration of assurance are:

- the Executive Director's own knowledge of the management and control systems in place;
- the observations of the ECA known at the time of the declaration;
- the observations of the IAS known at the time of the declaration;
- the observations of the discharge authority at the time of the declaration;
- the declarations of assurance made by the authorising officers by delegation to the Executive Director;
- the results of the assessment of the internal control system;
- the *ex ante* and *ex post* controls;
- the validation of the accounting systems;
- an analysis of the list of recorded exceptions;
- a summary of European Anti-Fraud Office activities relevant to ESMA.

In support of the annual activity report, all authorising officers and heads of department are asked to sign a declaration of assurance for their areas of responsibility.

The purpose of these declarations is to confirm, on the basis of the facts in their possession, that the information contained in the report gives a true and fair view – except if otherwise specified in any reservations relating to defined areas of revenue and expenditure – and that the resources assigned have been used for their intended purpose and in accordance with the principles of sound financial management. The heads of department and the authorising officers by delegation confirmed their

reasonable assurance that, overall, suitable controls are in place and working as intended and that the risks identified are being appropriately monitored and mitigated.

Given the control system in place, the information obtained from the building blocks above and the lack of critical findings from the ECA and the IAS at the time of the declaration, there is no reason to question the efficiency and effectiveness of the control system in place.

5.2. Reservations

Based on the assurance provided by the control system in place, the Executive Director sees nothing that would justify or require having any reservations.

Materiality criteria used

In line with the guidelines on the preparation of the annual activity report, ESMA used the qualitative and quantitative materiality criteria described below to assess whether the issues identified merited having any reservations.

Qualitative criteria used

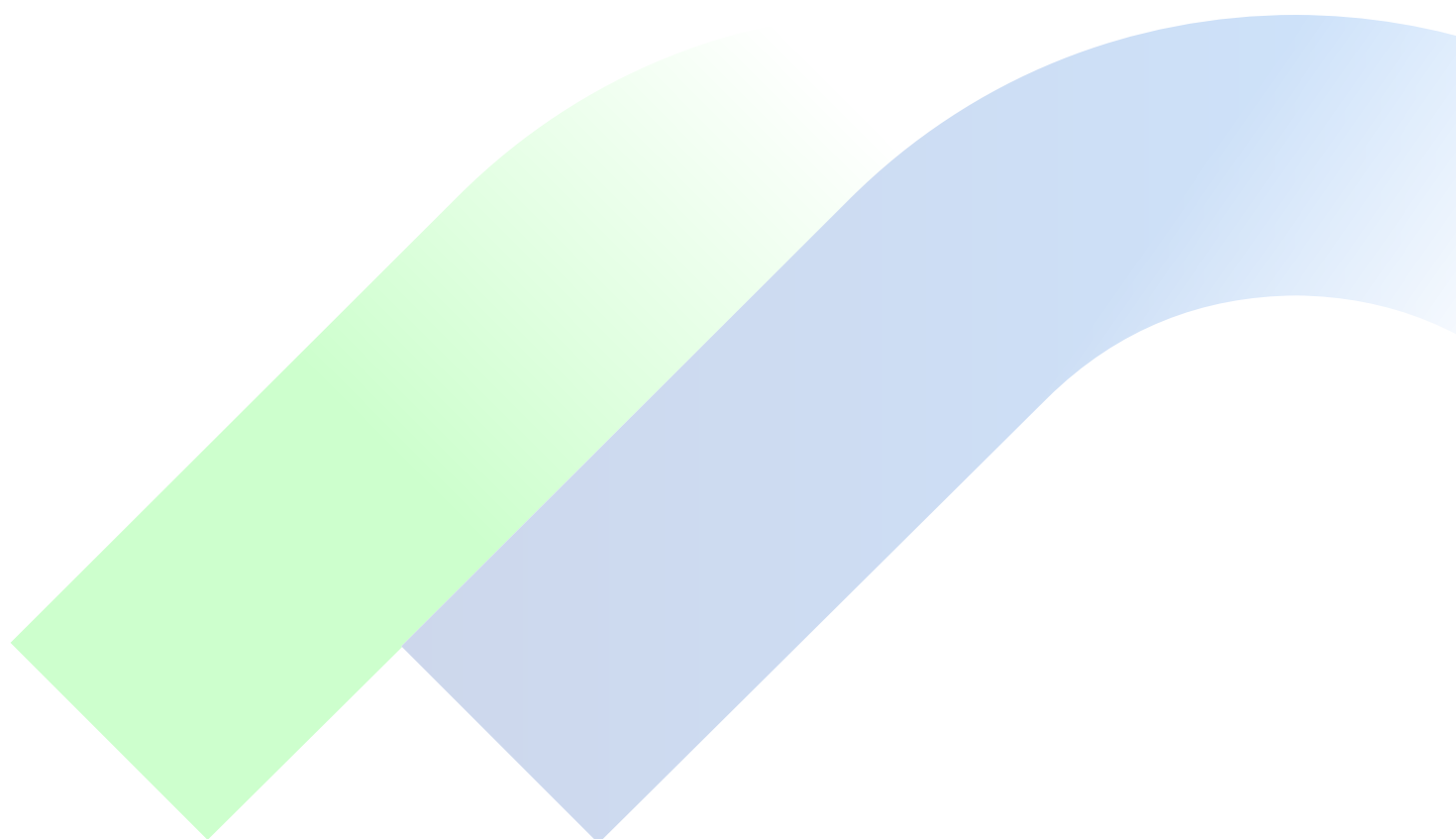
ESMA considers any weakness in the internal control system that falls under certain qualitative criteria to be significant, namely:

- significant errors detected during the control exercises;
- a significant weakness in the control system;
- situations in which ESMA does not have sufficient evidence from the internal control system or audit coverage to be confident in providing the necessary assurance;
- situations in which a major issue has been highlighted by the ECA or the IAS of the Commission (critical audit recommendations for underlying weaknesses) relevant to the area covered by the declaration of assurance that are not adequately addressed by other internal controls and for which the materiality threshold is exceeded;

- situations revealed through ESMA's own control work or audits in which significant risks remain unmitigated;
- a significant reputational risk.

Quantitative criterion used

In accordance with the Commission's guidelines on the preparation of annual activity reports, the ECA uses a 2 % materiality threshold. ESMA has therefore set the quantitative criterion of materiality at 2 % of its total budget.





6. Declaration of assurance

6.1. Assessment management on assurance

Taking into account the review of the elements supporting assurance, the Executive Director is of the opinion that the management and control systems in place at ESMA are working as intended, that risks are being appropriately monitored and mitigated, and necessary improvements and reinforcements are being implemented.

Based on all of the facts presented in the report and in the light of the opinions expressed by the ECA on the reliability of the accounts and on the legality and regularity of the transactions underlying the accounts, ESMA can conclude that the systems in place provide reasonable assurance that the resources under the responsibility of the Executive Director were used for their intended purposes and in accordance with the principles of sound financial management.

State that I have reasonable assurance that the resources assigned to the activities described in the report have been used for their intended purpose and in accordance with the principle of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, *ex post* controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported that could harm the interests of the European Securities and Markets Authority.

Paris, 23 May 2025

Natasha Cazenave
Executive Director

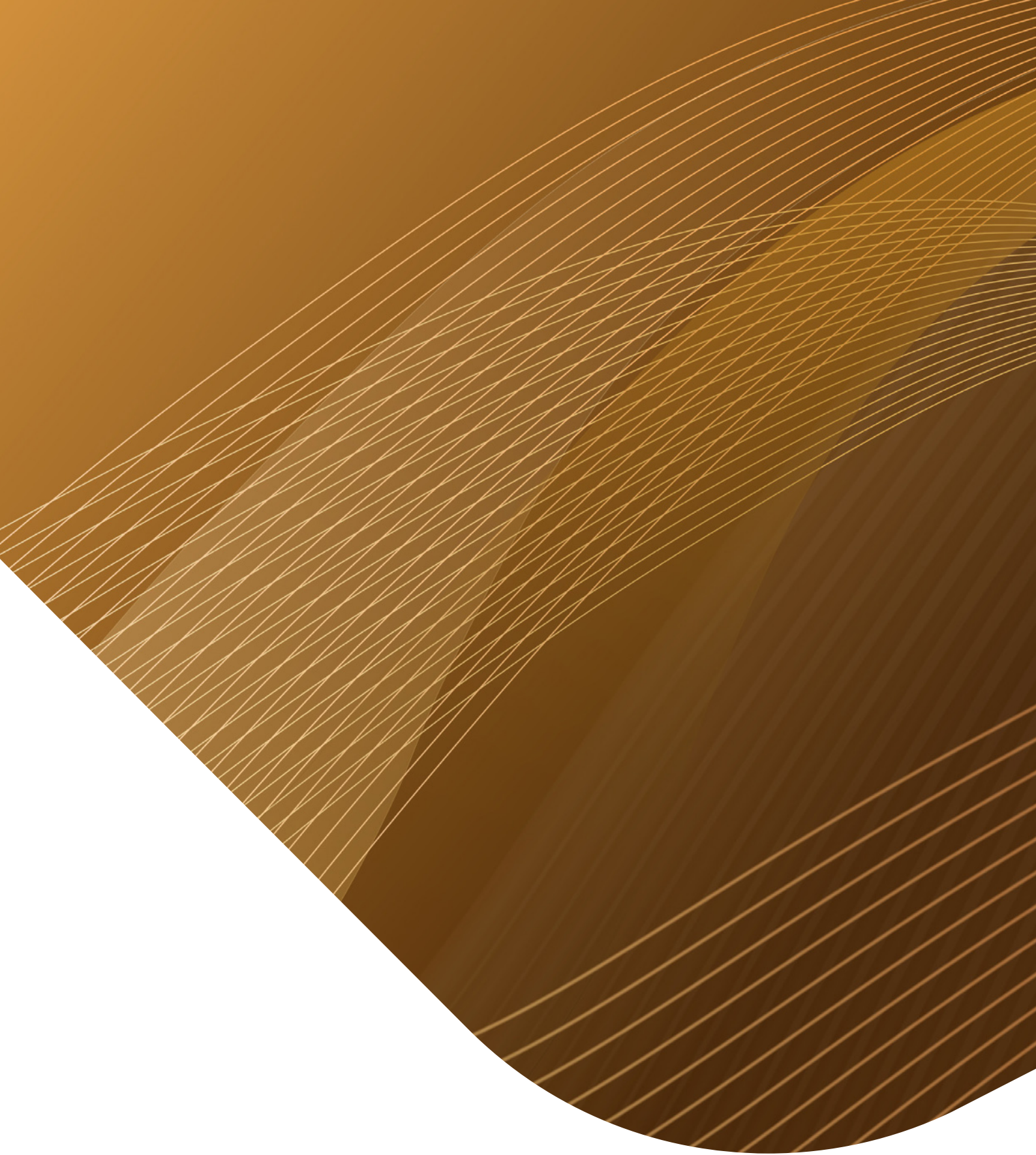
European Securities and Markets Authority

6.2. 2024 declaration of assurance by the Executive Director of ESMA

I, the undersigned, Executive Director of the European Securities and Markets Authority,

In my capacity as authorising officer,

Declare that the information contained in this report gives a true and fair view.



7. Annexes

Annex I – Reporting on key performance indicators

In 2024, ESMA revised and streamlined its key indicators. ESMA now operates with two types of indicators: operational KPIs and strategic KOIs.

Operational KPIs

Key performance indicator	Value 2024	Baseline	Annual target
Completion rate of the AWP	91.3 %	91.7 %	> 85 %
Greenhouse gas (GHG) emissions ⁽²⁹⁾	407.8 tCO ₂ e	457.1 tCO ₂ e	-15.4 % by 2027 and -31.4 % by 2030
Staff turnover rate	3.1 %	3.8 %	> 5 % and < 10 %
Implementation rate of budget appropriations	100 %	99 %	> 95 %
Maintenance IT budget execution	100 %	98.6 %	> 95 %

Strategic KOIs

Objective Key outcome indicator	Current value	Baseline	Target by 2028
1 Financial stability: number of published market monitoring and risk assessments resulting in supervisory, policy or convergence actions < 6 months.	16 (80 %)	TBD	TBD
2 Effective supervision: mitigating supervisory risks			
A. Proportion of identified supervisory elevated risks reduced/addressed by ESMA direct supervision < 3 years	78 %	TBD	TBD
B. Proportion of identified supervisory elevated risks reduced/addressed by convergence activities < 3 years.	62 %		
3 Retail investor protection: average costs ⁽³⁰⁾ and charges for RI products	1.77 %	1.87 %	< 1.87 %
A. Active funds	0.62 %	0.75 %	< 0.75 %
B. Passive funds – non-ETF	0.47 %	0.57 %	< 0.57 %
C. Passive funds – ETF			
4 Sustainable finance: greenwashing risks in the funds industry			
A. Share of funds with sustainability-related features with inconsistent name relative to regulatory documentation.	0.7 %	0.9 %	TBD
B. Share of funds with sustainability-related features using vague, unsubstantiated ESG language	55 %	50 %	
5 Effective data usage: Number of users on the ESMA data platform,	268	TBD	TBD

²⁹ The baseline value stands at 457.1 tCO₂e (tonnes of carbon dioxide equivalent) for 2023, after actual emissions (430 tCO₂e) have been adjusted based on projected FTEs (by 2026) stemming from new mandates. The 2027 and 2030 targets are set in gross GHG emission reduction terms, relative to the 2023 baseline value. These targets are consistent with emissions reduction targets defined in the ESMA Climate Transition Plan, published in June 2025.

³⁰ Costs are taken from PRIIPs key information document (KID) and exclude fees paid directly from the investor to the distributor

ESMA has developed a new set of KOIs that measure the extent to which the priorities and drivers set out in ESMA's 2023–2028 strategy are being achieved. A single KOI has been selected to measure one important aspect of each of ESMA's strategic priorities and thematic drivers as set out in its 2023–2028 strategy. A KOI for market effectiveness and technological innovation will be added in the coming years. The indicators were selected among those which are reliably measurable and for which quality data is available. A target will be established for each of the KOIs once sufficient data to establish a baseline has been collected.

1. Financial stability: number of published ESMA market monitoring reports and risk assessments that resulted in supervisory, policy or convergence actions

This KOI provides an indication of the contribution of ESMA's risk monitoring to mitigating the risk of financial instability. It shows the ability to draw attention to risk factors which might otherwise not have been addressed. The KOI measures the number of risk topics analysed in ESMA's publications in a given year, which resulted in a follow-up action by national supervisors, an international or EU forum or ESMA within 12 months of publication, including for example policy and convergence products which were impacted by the research in a significant way. The KOI excludes certain instruments for which follow-up is either legally required (e.g. peer review reports) or fully out of ESMA's hands (e.g. certain ESMA opinions). The baseline of this KOI will be the average of the first three years of data collection (2023–2025). The target will be set once the full baseline, i.e. three years' worth of data, has been collected. In 2028 a baseline and target will be reviewed.

Year	Risk topics covered	Topics with follow-up in subsequent 12 months		
		Type of follow-up	Number	%
2024	20	Total (any type of follow-up action)	16	80 %
		By national supervisors incl. via ESMA fora ⁽³¹⁾	13	65 %
		In international or EU forum ⁽³²⁾	13	65 %
		In ESMA policy or convergence outputs ⁽³³⁾	6	30 %

Comments and interpretation of results: as part of its mandate, ESMA provides market and system-wide risk monitoring and analysis across the ESMA remit, in order to inform the public and guide regulatory and supervisory activities. Where the analysis is related to current risks and vulnerabilities in markets under ESMA's remit (TRV Risk Monitor, TRV risk analysis articles, risk analysis covered in reports), possible follow-up actions are usually provided in the reports. ESMA market reports or research-oriented publications such as in ESMA working papers lend themselves less to immediate follow-up actions. Hence here the level of follow-up actions is less pronounced.

Risk topics covered in ESMA publications during 2024	Follow-up action		
	By national supervisors	In international or EU forum	In ESMA policy or convergence
Risk monitoring in TRV risk monitor and Market Reports:			
• TRV Monitor 1 and 2 Reports	✓	✓	
• EU alternative investment funds			✓
• EU securities financing transactions			
• EU carbon markets	✓	✓	
• Costs/performance of retail product	✓	✓	✓
• EU prospectuses	✓		

³¹ Identified risk and possible mitigating actions discussed in committee of NCAs or at the level of the ESMA Board of Supervisors.

³² Identified risk and possible mitigating actions discussed in IOSCO, the FSB, the ESRB and the ESA JC.

³³ ESMA-published deliverable which was impacted in a significant way by the risk analysis.

Risk topics covered in ESMA publications during 2024	Follow-up action		
	By national supervisors	In international or EU forum	In ESMA policy or convergence
• EU crowdfunding			
Risk analysis in TRV Articles:			
• Neo-brokers in the EU	✓	✓	✓
• Real estate markets	✓	✓	
• Risks posed by leveraged AIFs	✓	✓	✓
• Social media and equity prices		✓	
• Physical risk	✓	✓	
• Impact investing	✓		✓
• Crypto-assets	✓	✓	✓
Risk topics covered in reports:			
• Fit for 55 climate stress test	✓	✓	
• 5th CCP Stress test	✓	✓	
• Follow-up on Global CCP fire drill	✓	✓	
Risk analysis in ESMA working papers:			
• DeFi / smart contracts		✓	
• ESG funds during COVID-19			
• Impact of 2020 short-selling ban			

2. Proportion of identified supervisory elevated risks reduced/addressed by direct supervision and convergence activities within three years

This KOI measures the elevated supervisory risks which have been reduced or addressed within a period of three years as a percentage of the total number of elevated risks identified in 2021. The calculation for this KOI is represented by two sub-indicators: one for national supervisory risks, whose mitigation is undertaken by NCAs with ESMA playing a facilitation role through its convergence work, and one for ESMA's own direct supervision. The aim of both sub-KOIs is to measure ESMA's ability to mitigate and manage identified supervisory risks. As such, the KOIs measure one important aspect of ESMA's contribution to achieving effective risk prioritisation and outcome-based supervision.

A. ESMA direct supervision based on ESMA's internal annual risk assessment

Every year, ESMA carries out an assessment of the main supervisory risks relating to the entities under its direct supervision: Tier 2 TC CCPs, CRAs, TRs and SRs, certain DRSPs and certain benchmark administrators. This KOI tracks the number of identified risks that were addressed or reduced over a three-year risk cycle/ action period (i.e. the elevated risks that were deemed to be of lower level in the 2024 risk assessment compared with the 2021 risk assessment) ⁽³⁴⁾.

Years (risk year–reporting year)	Direct supervision		
	Number of elevated risks in 2021	Number of risks reduced by end of 2024	Risks reduced/addressed (%)
2021–2024	97	76	78 %

³⁴ The KOI does not include the respective data for Securitisation Repositories, Benchmark Administrators and Data Reporting Service Providers as these mandates were not yet within ESMA's scope of supervision during the risk assessment of 2021. Also for Third country Tier 2 CCPs, the risks were first identified in 2023. At the end of 2024 the KOI cannot be reported yet, because there is no 3-year track record yet.

Comments and interpretation of results: With regard to the supervision of CRAs, ESMA has observed a reduction in risks related to outstanding concerns, particularly in the areas of governance, disclosures and methodologies. While certain concerns in these areas have been addressed and the risks are no longer at high levels, they still require close supervisory attention. Regarding TR supervision, the large majority of supervisory concerns have been addressed. Significant progress has been made in mitigating risks, particularly in IT project management and cybersecurity, as several TRs transitioned to cloud environments without major incidents, leading to the closure of these supervisory concerns. However, some issues persist regarding data quality and access for authorities, especially following the EMIR refit release. Consequently, ESMA will continue to supervise this area to ensure compliance and data integrity.

B. National supervision facilitated by ESMA convergence initiatives

Every year, ESMA, together with NCAs, identifies the key supervisory risks in the EU to be prioritised for ESMA convergence activities and NCAs' supervision across the investment management, investment services, market abuse, issuers disclosure, trading and post-trading, and CCP sectors. This KOI tracks the number of all identified risks which were reduced or addressed over a three-year risk cycle/action period, i.e. which were deemed to be a lower risk in 2024 compared with 2021. The methodology of this risk identification exercise has evolved since its inception, including the requirement for a defined number of risks per sector. As a result, the level of risk mitigation reported in ensuing years will be affected by these methodological changes.

Years (risk year–reporting year)	Supervisory convergence		
	Number of areas of elevated risk	Number areas where the risk was reduced/addressed	Risks reduced/addressed (%)
2021–2024	60	37	62 %

Comments and interpretation of results: this indicator shows the evolution of identified risks prioritised in NCA supervision on which ESMA carried out supporting supervisory convergence initiatives. For example, risks related to costs and charges in the areas of investment management and investment services were covered through several initiatives launched by ESMA under the USSP framework, including CSAs (although the matter continues deserving important ongoing supervisory attention). Risks linked to cyber and digital operational resilience were among those which remained elevated despite extensive work undertaken by ESMA. This is largely due to the nature and complexity of the risk and the evolving regulatory and market environment. Continued intense supervisory focus is therefore justified in this area. Accordingly, ESMA has increased its own and the NCAs' supervisory focus in this area through several initiatives, including the launch of a new USSP on cyber and digital operational resilience in 2025.

3. Average costs and charges for RI products for retail investors

This KOI measures the evolution of total costs ⁽³⁵⁾ charged by retail UCITS ⁽³⁶⁾, split by management type (active, and passive non-ETF and ETF). Costs are taken from the funds' PRIIPs KID and include maximum entry and exit costs and management fees and other administrative or operating costs (i.e. ongoing costs), but exclude fees paid directly by the investor to the distributor. Entry and exit costs have been annualised assuming a five-year investment horizon and fund-level data have been aggregated through a weighted average using the funds' assets under management. The baseline is the average of the 2019–2023 period (see table below). In 2028, a new baseline and target will be established. The KOI reflects certain aspects of the level of accessibility and attractiveness of investments for retail investors and, indirectly, also the efficiency and competitiveness of EU financial markets.

³⁵ To the extent these costs can be aggregated (i.e. depending on availability of data for the purpose of aggregation, given some of these costs may be expressed through different metrics in the PRIIPs KID).

³⁶ Sample limited to funds for which enough information is available. The information regarding the type of investors is provided at the share class level by Refinitiv Lipper, which accounts for share classes declaring themselves institutional. If the share class does not declare itself institutional, the share class is considered retail.

Type	Annualised costs 2023	Baseline average 2019–2023	Target
Active	1.77 %	1.87 %	Decreased relative to baseline by 2028
Passive – non-ETF	0.62 %	0.75 %	
Passive – ETF	0.47 %	0.57 %	

Comments and interpretation of results: in terms of supervisory convergence activities, in 2024 ESMA organised a discussion with NCAs to take stock of any supervisory actions undertaken and/or planned on UCITS potentially engaging in closet indexing, and those that present the highest charges to investors. Moreover, even if there have been significant efforts in the EU to improve investor protection and market efficiency, there remains a need for greater transparency. In this perspective, the Commission mandated ESMA to report on costs linked to investment in UCITS and AIFs in relation to the review of the AIFMD and UCITS directives. ESMA launched a data collection exercise aimed to gather information from fund manufacturers on the different costs charged for the management of the investment funds and from distributors on the fees paid directly to them by investors ⁽³⁷⁾. This initiative helps to shed light on pricing practices in a crucial segment of the EU financial markets – information that has so far been inaccessible to retail investors and supervisory authorities. Enhancing transparency will empower investors with a better view of the overall costs of the products available to them. This enables investors to make meaningful comparisons between products and select options that truly align with their financial goals and, therefore, further promote the development of a more competitive market for UCITS and AIFs. This work is currently ongoing.

4. Greenwashing risks in the funds industry

This KOI assesses the evolution of sustainability-related claims made by fund managers. ESMA has an important role to play in achieving investor protection and the effectiveness and integrity of ESG markets, including via effective and consistent supervision of sustainability claims. This KOI aims to measure progress in delivering on these objectives. It relies on three proxies, which respectively monitor (i) the potential inconsistency between funds regulatory documents addressed to retail investors (i.e. PRIIPS KiDs) and fund names, (ii) the potential lack of substantiation of the claims, and (iii) the potential misalignment between fund names and portfolios. The proxies are measured using automated analysis of text in funds documentation and fund names as well as data on funds' portfolio holdings. The analysis builds on reported data and on data from third-party providers, with the European ESG template and Morningstar-Sustainalytics as principal sources. The KOI is not a compliance assessment tool and should not be read as a measure of overall compliance levels.

Proxies		Baseline (2022)	2023	2024
1. Share of funds with sustainability-related features with inconsistent ESG name relative to regulatory documentation.		0.9 %	0.8 %	0.7 %
2. Share of funds with sustainability-related features using vague, unsubstantiated ESG language.		50 %	51 %	55 %
3. Share of funds with an ESG name possibly inconsistent with their portfolio...	... due to the low positive impact of the portfolio on ESG factors.	2.2 %	1.6 %	N/A
	... due to the high negative impact of the portfolio on ESG factors.	N/A	7.9 %	6.6 %

NB: For proxy 3.1, 2024 data will become available at a later stage. For proxy 3.2, 2022 data is not available.

Sources: ESMA calculations, European ESG templates, Morningstar, Sustainalytics.

³⁷ 'ESMA is collecting data linked to investment in AIFs and UCITS', ESMA website, November 2024.

Comments and interpretation of results: addressing potential risks to investor protection and the integrity of ESG markets is a priority for ESMA and NCAs, as also set out under the USSP on ESG disclosures. The share of funds with potential inconsistency between their regulatory documentation and their names has remained low and broadly stable, below 1 %. We observed a more concerning trend regarding the potential lack of substantiation of ESG claims: the share of funds with sustainability-related features which use vague, unsubstantiated ESG language increased from 50 % to 55 % between 2022 and 2024. The risk to investor protection appears higher regarding funds that disclose under Article 8 of the SFDR (59 % of funds flagged). For funds disclosing under Article 9 of the SFDR, the risk appears more limited (17 %). This evolution appears to be driven by both types of funds adding vague ESG language to their documentation without further details, and funds deleting more specific explanations to explain their ESG characteristics. ESMA and NCAs are committed to ensuring that fund managers adhere to the requirement that sustainability disclosures are fair, clear and not misleading. Data that monitor the evolution of potential misalignment between funds names and portfolio holdings indicate that the proportion of funds with an ESG-related name that invest relatively little in companies that deliver a corresponding ESG impact decreased in 2023 to 1.6 %, from 2.2 % in 2022 (figures for 2024 will be available in the Annual Report 2025). Similarly, funds with ESG-themed names that stood out for their scarce performance in avoiding negative impact decreased to 6.6 % in 2024 from 7.9 % in 2023. These figures provide useful insights on the application of the guidelines on fund names using ESG- or sustainability-related terms.

5. Use of ESMA's proprietary databases

This KOI measures the sum of individual users among ESMA staff and NCAs across ESMA's datasets. The KOI provides an indication of ESMA's ability to ensure effective use of supervisory data. Targets for groups of users or datasets will be developed once a baseline has been established. The baseline is the average of the first three years of calculation.

Reference year	Total number of users
2024	268

Comments and interpretation of results: ESMA successfully migrated to its new data platform in 2024, granting for the first time direct access to non-ESMA users such as NCAs. The number of non-ESMA users was 0 at the beginning of 2024 but has since far exceeded 100 and continues to increase, which highlights a strong interest from NCAs in using the data platform.

Annex II – Statistics on financial management

C1 Budget implementation

2024 C1	Voted budget for 2024 (after transfers) (1)	Commitments (2)		Payments (3)		To be carried forward (4)	
ESMA budget title	Budget for 2024 (EUR)	Committed (EUR)	(2) / (1) (%)	Paid (EUR)	(3) / (1) (%)	(2) – (3) (EUR)	(4) / (1) (%)
I	52 929 809	52 929 807	100.00	52 740 401	99.64	189 406	0.36
II	8 385 708	8 384 915	99.99	7 961 263	94.94	423 652	5.05
III	13 516 298	13 515 447	99.99	10 225 776	75.66	3 289 672	24.34
IV	61 286	61 286	100.00	60 754	99.13	532	0.87
Total C1	74 893 101	74 891 455	99.99	70 988 193	94.79	3 903 262	5.21

Number and values of budget transfers

ESMA budget title	2024 Initial budget (A)	1st budget transfer	2nd budget transfer	1st budget amendment	3rd budget transfer	2nd budget amendment	3rd budget amendment	4th budget transfer	2024 final budget (B)	B – A	VAR %
1. Staff	49 598 597	312 000	2 233 000	206 372	738 597	236 777	–	157 845	53 483 188	3 884 591	8 %
2. Infrastructure & administration	9 110 942	61 000	– 257 000	52 950	– 403 631	–	–	– 10 261	8 554 000	– 556 942	– 6 %
3. Operating expenditure	16 036 342	– 373 000	– 1 976 000	24 640	– 334 966	–	399 356	– 157 982	13 618 390	– 2 417 952	– 15 %
4. Delegated tasks	400 000	–	–	–	–	– 10 398	–	10 398	400 000	–	0 %
TOTAL	75 145 882	–	–	283 962	–	226 379	399 356	–	76 055 579	909 697	1 %

Budget out-turn and cancellation of appropriations (data from provisional accounts for 2024) (EUR)

Calculation budget out-turn	2022	2023	2024
Reserve from the previous years' surplus (+)			
Revenue actually received (+)	67 854 647	72 188 568	76 306 472
Payments made (–)	– 61 491 034	– 66 391 756	– 72 078 217
Carry-over of appropriations (–)	– 7 684 750	– 6 266 387	– 4 875 624
Cancellation of appropriations carried over (+)	300 324	209 043	278 841

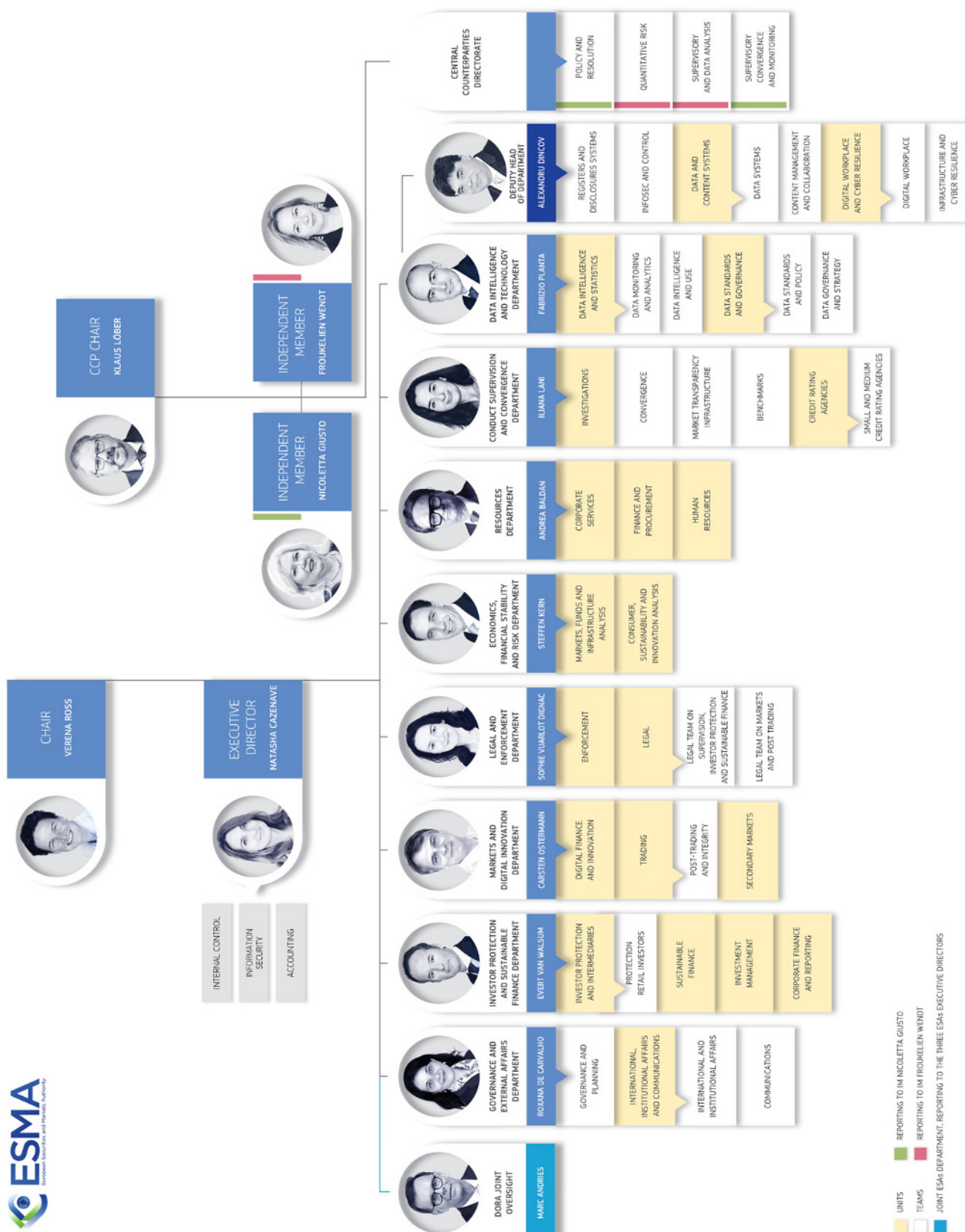
Calculation budget out-turn	2022	2023	2024
Adjustment for carry-over of assigned revenue appropriation from previous year (+)	1 532 034	989 786	768 331
Exchange rate differences (±)	- 3 582	- 880	244
Adjustment for negative balance from previous year (-)	0	0	0
TOTAL ⁽³⁸⁾	507 639	728 374	400 047 ⁽³⁹⁾

³⁸ Due to rounding, there may be a EUR 1 difference in the sub-totals and totals.

³⁹ 2024 out-turn figures will only be final by the time of the presentation of the provisional annual accounts.

Annex III – Organisational chart

Organisational chart as of 1 January 2025



Annex IV – Establishment plan and additional information on human resources management

ESMA's staff population in 2024 (all categories of staff)

Staff population		Headcount as of 31 December 2023	Headcount as of 31 December 2024
Officials	ADs	–	–
	ASTs	–	–
	ASTs/SCs	–	–
TAs	ADs	223	230
	ASTs	12	12
	ASTs/SCs	–	–
Total TAs		235	242
CAs (FG IV)		60	63
CAs (FG III)		25	29
CAs (FG II)		–	–
CAs (FG I)		–	–
Total CAs		85	92
SNEs		23	24
Total		343	358

NB: AD, Administrator; AST, Assistant; FG, function group; SC, Secretary; SNE, Seconded National Expert.

Indicative table – Information on recruitment grade/function group for each type of post

Key functions	Type of contract (official, TA or CA)	Function group, grade of recruitment*	Indication whether the function is dedicated to administrative support or operations
Chair	TA	AD15	Operations
Executive Director	TA	AD14	Operations
Chair of the CCP Supervisory Committee	TA	AD16	Operations
Independent Member of the CCP Supervisory Committee	TA	AD15	Operations
Head of Department	TA	AD12	Operations
Head of Resources Department	TA	AD12	Administrative support
Head of Unit	TA	AD9	Operations
Head of Unit in Resources Department	TA	AD9	Administrative support
Team leader	TA	AD8	Operations

Key functions	Type of contract (official, TA or CA)	Function group, grade of recruitment*	Indication whether the function is dedicated to administrative support or operations
ICT Team Leaders	TA	AD8	Administrative support
Communication Team leader	TA	AD8	Administrative support
Senior Officer	TA	AD7	In all areas
Chief Information Security Officer	TA	AD7	Administrative support
Senior Internal Control Officer	TA	AD8	Administrative support
Accounting Officer	TA	AD7	Shared with EBA
Officer	TA	AD5	In all areas
Officer	CA	FGIV	In all areas
Senior Assistant / Personal Assistant / Assistant	TA	AST3	Administrative support
Assistant	CA	FGIII	Administrative support

Information on the list of HR implementing rules adopted in 2024

1. Commission Decision C(2024)1038 of 21 February 2024 amending Decision C(2011)1278 final, on the general implementing provisions for Articles 11 and 12 of Annex VIII to the Staff Regulations on the transfer of pension rights.
2. Decision ESMA64-1894467651-394 on working time and hybrid working, adopted by the Management Board on 1 October 2024.

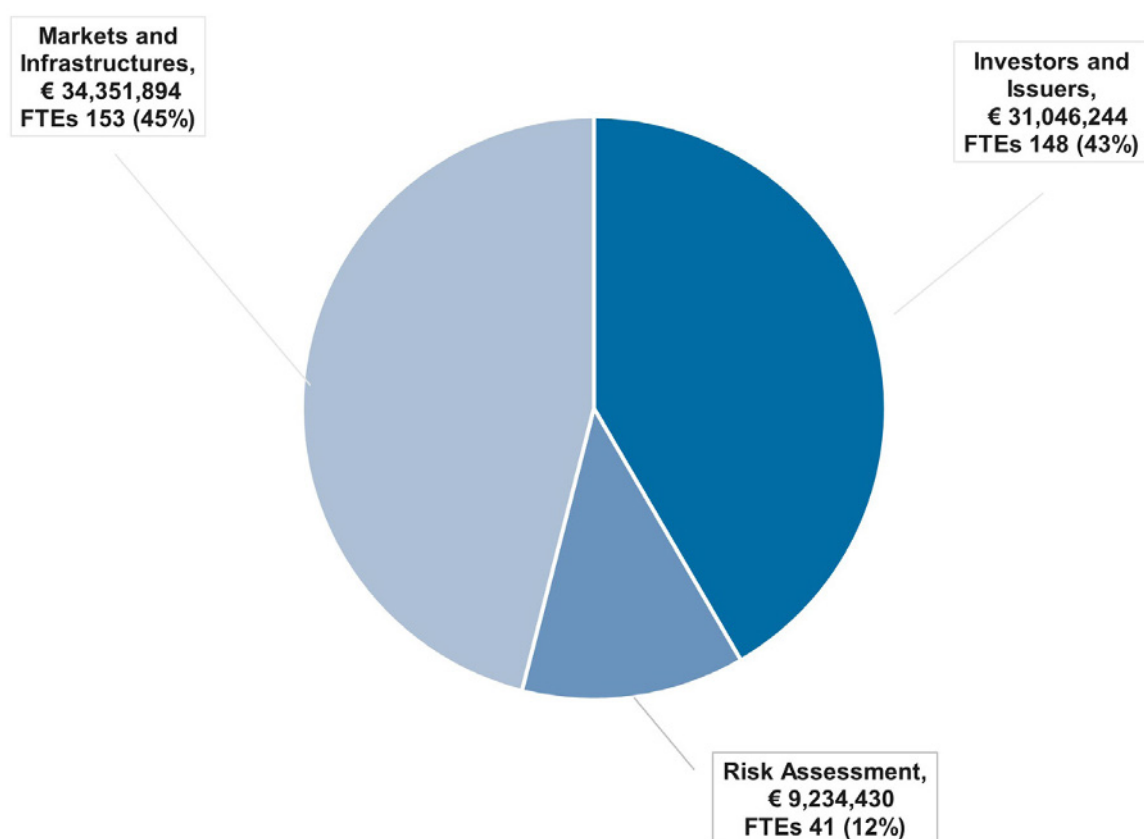
Job benchmarking against previous year results

Job (sub)category	2023 (%)	2024 (%)
Administrative support and coordination	15.95	18.14
Administrative support	12.15	13.35
Coordination	3.8	4.79
Operational	79.24	77.33
General operational activities	13.16	13.35
Programme management and implementation	47.35	43.83
Top operational coordination	5.32	5.54
Evaluation and impact assessment	13.42	14.61
Neutral	4.81	4.53
Accounting, finance, non-operational procurement, contract management and quality management, internal audit and control	4.81	4.53
Linguistic activities	0	0

NB: Reference dates – 31 December 2023/2024.

Annex V – Human and financial resources by activity

The total costs for 2024 amount to EUR 74 632 568, with 352 internal FTEs (TAs, CAs and SNEs), excluding the financial and human resources for the delegated projects and DG Structural Reform Support projects.



Annex VI – Contribution, grant and service-level agreements.

Financial framework partnership agreements

At the end of 2024, ESMA had in place the following service-level agreements with other EU institutions.

	Entity	Topic	Duration
1	EC	Medical services	2011 – automatically renewed
2	CERT-EU	IT security support	2014 – automatically renewed
3	Publications office of the European Union	Production of ESMA general publications and related services	2015 – automatically renewed
4	DIGIT	DIGIT services	2019 – automatically renewed
5	DG HR	HR services	2018 – automatically renewed
6	EPSO	EPSO – Assistance with a view to the selection of officials EUSA – Training	2019 – automatically renewed
7	DG BUDG	Use of ABAC and ABAC-DWH data extraction	2020 – automatically renewed
8	EBA	Provision of accounting services	2021 – automatically renewed
9	PMO	Conditions under which the PMO provides services, goods or works to the client	2021 – automatically renewed
10	EBA, EIOPA	Services in the context of the Article 31a of the ESAs regulation	2022 – indefinite (until all services are provided)
11	DG REFORM	EU Supervisory Digital Finance Academy: Strengthening supervisory capacity in innovative digital finance	2022–2025
12	EBA	Learning Management System 'EBA Learning Hub'	2023–2025
13	DG REFORM	REFORM/SLA2023/001- ESMA – Flagship: ESG Risk Management Framework for the Financial Sector	2023–2025
14	EBA, ECHA, EIOPA	Common data protection impact assessment, data protection, record of processing activities and privacy statement for Microsoft Azure	2023 – indefinite (until all services are provided)
15	DG REFORM	SLA2024/002 – Tackling greenwashing risks within German and Dutch sustainable investment funds	2024–2026
16	EIOPA	Service-level agreement for HUBEX between EIOPA and ESMA	2024 – automatic renewal
17	EIOPA	SLA between ESMA and EIOPA – Inter-agency service-level agreement on the sharing of the ServiceNow platform	2024 – automatic renewal
18	EBA, EIOPA, ENISA	SLA for DORA Incident Reporting Implementation	2024 – automatic renewal

The above SLAs allow ESMA to have access to high-quality and specialised services, all while benefiting from economies of scale, good prices and efficiency gains. Overall, the financial impact is positive.

Annex VII – Environmental management

ESMA implemented an EMS, officially recognised in 2022 under EMAS and the ISO 14001 standard.

An environmental review is conducted every year to identify significant environmental aspects, accompanied by a regulatory check to ensure legal compliance with EU, national and local environmental requirements. The EMAS registration is assessed annually and validated by an external verifier to ensure continuous progress towards the organisation's environmental objectives.

The scope of the EMS is in accordance with the EMAS regulation, covering ESMA's operations and activities, as well as its mandates related to the integration of sustainability and ESG factors. This consistency is fundamental to ESMA's mandates on sustainable finance. ESMA's environmental policy commits to reducing the environmental impact of its activities, monitoring its environmental performance and continually improving actions.

The measurement and monitoring of impacts, together with tracking the progress towards the set-up objectives, are managed through a KPI control panel.

ESMA's GHG emissions are calculated and reported using the GHG Protocol methodology, based on ESMA's collected activities data and documented in the environmental statement published on ESMA's website every year. ⁽⁴⁰⁾

To fulfil these commitments, ESMA works alongside its staff and suppliers to minimise waste, enhance recycling efforts, digitalise processes and reduce GHG emissions due to travel and other significant activities by implementing good practices in the planning and organisation of business trips and mitigating building measures. Additionally, ESMA's premises hold High Environmental Quality (HEQ) certification, adhering to sustainable development principles in construction, design and operations.

⁴⁰ Up to the 2023 Environmental Statement, ESMA's emissions were calculated according to the recognised methodology 'Bilan Carbone' provided by ADEME (Agence de la Transition Écologique). Starting in 2024, reported data will be converted into GHG Protocol-compliant data. Those adjustments will be integrated and explained in the next Environmental Statement.

Annex VIII – ESMA's boards and standing committees

The ultimate decision-making body of ESMA is the Board of Supervisors, whereas the Management Board ensures that the authority carries out its mission and performs the tasks assigned to it.

ESMA's boards and their composition

Members of the Management Board as of 1 January 2025

Member	Authority	Country
Verena Ross	ESMA (Chair)	–
Eduard Müller	Finanzmarktaufsicht	Austria
Thorsten Pötsch	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)	Germany
Armi Taipale	Finanssivalvonta	Finland
Vasiliki Lazarakou	Hellenic Capital Market Commission	Greece
Jos Heuvelman	Autoriteit Financiële Markten	Netherlands
Carlo Comporti	Commissione Nazionale per le Società e la Borsa	Italy
Martin Merlin	European Commission (non-voting member)	–
Natasha Cazenave	ESMA Executive Director (non-voting member)	–
Vojtěch Belling	ESMA Vice-Chair (observer)	–

Members of the Board of Supervisors as of 1 January 2025

Member	Authority	Country
Verena Ross	ESMA (Chair)	–
Jean-Paul Servais	Financial Services and Markets Authority	Belgium
Petar Dzhelepov	Комисията за финансов надзор	Bulgaria
Vojtěch Belling	Czech National Bank	Czechia
Karen Dorte Abelskov	Finanstilsynet	Denmark
Thorsten Pötsch	German Federal Financial Supervisory Authority	Germany
Andre Nõmm	Finantsinspektsioon	Estonia
Derville Rowland	Central Bank of Ireland	Ireland
Vasiliki Lazarakou	Hellenic Capital Market Commission	Greece
Carlos San Basilio	Spanish National Securities Market Commission	Spain
Marie-Anne Barbat-Layani	Autorité des marchés financiers	France
Ante Žigman	Hrvatska agencija za nadzor financijskih usluga	Croatia
Carlo Comporti	Commissione Nazionale per le Società e la Borsa	Italy
George Theocharides	Cyprus Securities and Exchange Commission (Επιτροπή Κεφαλαιαγοράς Κύπρου)	Cyprus

Member	Authority	Country
Kristaps Soms	Finanšu un kapitāla tirgus komisija	Latvia
Vaidas Cibas	Lietuvos Bankas	Lithuania
Claude Marx	Commission de Surveillance du Secteur Financier	Luxembourg
Gergő Szeniczey	Magyar Nemzeti Bank	Hungary
Christopher Buttigieg	Malta Financial Services Authority	Malta
Jos Heuvelman	Autoriteit Financiële Markten	Netherlands
Eduard Müller	Finanzmarktaufsicht	Austria
Piotr Koziński	Komisja Nadzoru Finansowego	Poland
Luis Laginha De Sousa	Comissão do Mercado de Valores Mobiliários	Portugal
Alexandru Petrescu	Autoritatea de Supraveghere Financiară	Romania
Anka Čadež	Agencija za trg vrednostnih papirjev	Slovenia
Peter Tkáč	Národná Banka Slovenska	Slovakia
Armi Taipale	Finnish Financial Supervisory Authority	Finland
Anna Cederberg	Finansinspektionen	Sweden

Non-voting members of the Board of Supervisors as of 1 January 2025

Member	Authority	Country/organisation
Björk Sigurgisladóttir	Central Bank of Iceland	Iceland
Reto Degen	Finanzmarktaufsicht	Liechtenstein
Marte Voie Opland	Finanstilsynet	Norway
Martin Merlin	European Commission	EU
François-Louis Michaud	European Banking Authority	EU
Fausto Parente	European Insurance and Occupational Pensions Authority	EU
Francesco Mazzaferro	European Systemic Risk Board	EU
Stefan Barriga	European Free Trade Association Surveillance Authority	European Free Trade Association

Central Counterparty Supervisory Committee

The CCP Supervisory Committee (CCP SC) was established under EMIR to address the risks in relation to CCPs established in the EU (EU CCPs) and in TC CCPs and to enhance supervisory convergence of EU CCPs and direct supervision of recognised systemically important TC CCPs (Tier 2 CCPs). In particular, the CCP SC prepares draft opinions on NCAs' decisions, reports and measures under certain articles of EMIR, as well as draft decisions in relation to i) the validation of significant changes to CCP risk models, ii) the tiering and recognition of TC CCPs, and iii) the supervision of Tier 2 CCPs. Draft opinions and decision are submitted for approval to the Board of Supervisors.

The CCP SC is composed of a permanent Chair, Klaus Löber, two independent members, Nicoletta Giusto and Froukelien Wendt, and representatives from the NCAs supervising CCPs established in the EU and from relevant central banks of issue. A list of the current members can be found on ESMA's website ⁽⁴¹⁾.

⁴¹ <https://www.esma.europa.eu/about-esma/governance-structure/ccp-supervisory-committee>.

Central Counterparty Resolution Committee

In line with the CCP RRR, ESMA established a CCP Resolution Committee (CCP ResCo) in 2023. The membership of the CCP ResCo is significantly broader than other ESMA committees in order to foster coordination of all relevant authorities involved in CCP resolution. This covers all the national resolution authorities for CCPs, as members, and all the NCAs responsible for the supervision and resolution of EU banks, along with the ECB, the SRB and, where relevant, the Council, the Commission and the EBA as observers. A list of the current members can be found on ESMA's website ⁽⁴²⁾. The CCP ResCo is chaired by the Head of Legal and Enforcement Department at ESMA, Sophie Vuarlot-Dignac, to ensure structural separation.

The role of the CCP ResCo is to:

- contribute to ESMA's work programme in the areas of the single rule book for resolution related measures;
- prepare the resolution-related decisions entrusted to ESMA in the CCP RRR;
- assess CCP resolution arrangements across the EU in terms of their aggregate effect on EU financial stability, including by taking into account stress-testing and crisis simulation exercises with respect to potential system-wide stress events; and
- promote convergence in the drawing up and coordination of resolution plans and in developing methods for the resolution of failing CCPs.

These objectives will contribute to achieving ESMA's strategic priorities of strengthening supervision and ensuring fair, orderly and effective markets.

Standing committees and working groups as of 1 January 2025

ESMA's work is supported by SCs ⁽⁴³⁾, WGs and task forces, which bring together senior experts. The various ESMA SCs are established on a permanent basis and prepare the technical work for all areas of ESMA's activities. Each committee is chaired by a board member or senior ESMA staff and supported by ESMA staff. Many SCs also have consultative WGs made up of external stakeholder representatives.

Standing committee	Chair
CCP Supervisory Committee	Klaus Löber, ESMA
CCP Policy Committee	Klaus Löber, ESMA
CCP Resolution Committee	Sophie Vuarlot-Dignac, ESMA
Risk Standing Committee	George Theocharides, Cyprus
Senior Supervisors Forum	Jos Heuvelman, Netherlands
ESMA Supervision Policy Committee	Natasha Cazenave, ESMA
Investor Protection Standing Committee	Marie-Anne Barbat-Layani, France
Sustainability Standing Committee	Thorsten Pötzsch, Germany
Digital Finance Standing Committee	Carlo Comporti, Italy
IT Standing Committee	Alexandru Dincov, ESMA
Data Standing Committee	Armi Taipale, Finland
Issuers Standing Committee	Karen Dorte Abelskov, Denmark
Markets Standing Committee	Carsten Ostermann (ad interim), ESMA
Investment Management Standing Committee	Derville Rowland, Ireland
Proportionality and Coordination Committee	Christopher Buttigieg, Malta

⁴² <https://www.esma.europa.eu/about-esma/governance-structure/ccp-resolution-committee>.

⁴³ <https://www.esma.europa.eu/about-esma/governance-structure/standing-committees>.

Annex IX – Overview of the activities of the Securities and Markets Stakeholder Group

The SMSG was established under the ESMA regulation to facilitate consultation with stakeholders in areas relevant to ESMA's tasks. In 2024, the SMSG held seven meetings, two of which were held together with ESMA's Board of Supervisors.

The rules of procedure of the SMSG ⁽⁴⁴⁾ stipulate that ESMA include in its annual report an overview of the activities of the group, including a summary of any reports and other advice it has formulated throughout the year. In 2024, the SMSG produced the following advice and reports. These were either in response to a consultation launched by ESMA or a result of the group's own initiative. All these documents are available on ESMA's website ⁽⁴⁵⁾.

- SMSG advice to ESMA on its May 2024 MiFIR consultation package (17 September 2024).
 - SMSG advice to ESMA on its consultation papers on CSDR and the draft RTS on the substantial importance of a CSD (17 September 2024).
 - SMSG advice to ESMA on its MiFID-MiFIR third consultation package (15 October 2024).
- SMSG meetings typically start with discussions on recent market developments. Such discussions allow the SMSG to highlight to ESMA, and the group to exchange views on topics of general interest in the securities markets and related areas. In 2024, the presentations given at these meetings were on topics such as:
- CMU/SIU:
 - the future of the CMU/SIU,
 - the competitiveness of the EU economy;
 - retail investors:
 - long-term and pension savings in Europe,
 - household participation in capital markets,
 - the Swedish investment savings account,
 - the ETF market;
 - sustainable finance:
 - sustainable retail finance and banking;
 - the results of studies and surveys on:
 - retail investor trends in Finland,
 - shareholder general meetings in Germany, and
 - the financial literacy of Italian households.
- Joint ESA Stakeholder Group Advice on RTS-ITS on major incident reporting (10 March 2024);
 - Joint ESA Stakeholder Group Advice on RTS on subcontracting of ICT services (10 March 2024);
 - Joint ESA Stakeholder Group Advice on RTS on threat-led penetration testing (TLPT) (10 March 2024);
 - SMSG Advice on the Discussion Paper on Digitalisation and Retail Investors Protections (10 March 2024);
 - SMSG Advice on the Draft Guidelines on Enforcement of Sustainability Information (GLESI) (10 March 2024);
 - SMSG advice on the consultation on reverse solicitation and the qualification of crypto-assets as financial instruments under MiCA (23 April 2024);
 - SMSG advice on the third MiCA package (21 June 2024);
 - End of Term Report (30 June 2024);

⁴⁴ https://www.esma.europa.eu/sites/default/files/2023-05/ESMA22-106-4162_SMSG_Rules_of_Procedure_2023.pdf.

⁴⁵ https://www.esma.europa.eu/databases-library/esma-library?f_%5B0%20%5D=im_esma_sections%20%3A&f_%5B0%5D=basic_%3A364.

Annex X – Provisional annual accounts for 2024

The ESMA 2024 annual accounts are produced in accordance with its financial regulation; they are adopted by ESMA's Management Board and Board of Supervisors and are published on ESMA's website.

Disclaimer: please note that the annual accounts are provisional and at the publishing date of the annual report are awaiting observations of the external auditor of ESMA.

The final ESMA's 2024 annual accounts will be published separately, end of June 2025.

Statement of financial position

	Note	2024	2023
ASSETS			
Non-current assets			
Intangible fixed assets	II.1.a		
Computer software		4 143 078	4 554 269
Tangible fixed assets	II.1.b		
Plant and equipment		-	-
Computer hardware		15 713	91 455
Furniture		209 925	261 444
Other fixtures and fittings		2 784 520	3 389 314
Other non-current assets			
Long-term receivables	II.1.c	288 900	-
Total		7 442 136	8 296 483
Current assets			
	II.2		
Current receivables	II.2.a	1 731 450	1 459 098
Sundry receivables	II.2.b	2 222 776	6 946 861
Deferred charges and accrued income	II.2.c	4 775 635	4 391 928
Cash and cash equivalents	II.2.d	869 823	1 935
Total		9 599 683	12 799 822
TOTAL ASSETS		17 041 819	21 096 305
LIABILITIES			
Non-current liabilities			
Long-term payables	II.4	288 900	-
Deferred revenue	II.3	2 304 266	3 116 131
Total		2 593 165	3 116 131
Current liabilities			
Current payables	II.5.a	3 188 549	4 592 576

	Note	2024	2023
ASSETS			
Payables towards consolidated entities	II.5.b	2 814 799	755 303
Deferred revenue	II.3	854 250	1 275 770
Total		6 857 598	6 623 649
TOTAL LIABILITIES		9 450 763	9 739 780
TOTAL NET ASSETS		7 591 056	11 356 525

Statement of financial performance

	Note	2024	2023
OPERATING RESULT			
Operating revenue	III.1		
Subsidy from the Member States		30 041 495	28 810 689
Subsidy from EFTA countries		930 077	891 971
EU balancing subsidy		19 842 611	18 222 451
Fees from supervised entities		23 678 866	23 062 056
NCA contribution to IT delegated projects		329 862	396 732
Foreign currency conversion gains		1 122	3 684
Other miscellaneous revenue		794 786	385 496
Total		75 618 819	71 773 079
Operating expenses	III.2		
Staff expenses	III.2.a	52 919 553	46 098 575
Building and related expenses	III.2.b	6 343 909	6 254 355
Other expenses	III.2.c	18 014 855	16 275 328
Depreciation and amortisation	III.2.d	2 116 280	2 240 600
Foreign currency conversion losses		878	4 564
Total		79 395 475	70 873 423
OPERATING RESULT		(3 776 656)	899 656
NON-OPERATING RESULT			
	III.3		
Financial revenue		12 285	10 527
Financial expenses		1 099	565
NON-OPERATING RESULT		11 186	9 962
Result from ordinary activities		(3 765 469)	909 618
Result from extraordinary items		-	-
ECONOMIC RESULT FOR THE YEAR		(3 765 469)	909 618

Cashflow statement

	2024	2023
CASHFLOW FROM ORDINARY ACTIVITIES		
Surplus/(deficit) from ordinary activities	(3 765 469)	909 618
Depreciation and amortisation	2 116 280	2 240 600
Increase/(decrease) in provisions	-	-
(Increase)/decrease in receivables	4 067 970	(3 825 040)
Increase/(decrease) in accounts payable	(1 404 026)	1 354 848
Increase/(decrease) in liabilities to cons. entities	2 059 496	243 804
Increase/(decrease) in deferred income	(1 233 386)	(582 565)
Net cashflow from operating activities	5 606 333	(568 352)
CASHFLOW FROM INVESTING ACTIVITIES		
(Increase)/decrease in fixed assets	(973 034)	(1 076 417)
Net cashflow from investing activities	(973 034)	(1 076 417)
OTHER		
	57	57
NET INCREASE/(DECREASE) IN CASH	867 887	(735 094)
Cash at the beginning of the period	1 935	737 030
Cash at the end of the period	869 823	1 935

Statement of changes in net assets

Capital	Reserves		Accumulated equity	Economic result of the year	Total net assets
	Fair value	Other			
Balance as at 31 December 2023	-	-	10 446 907	909 618	11 356 525
Changes in accounting policies	-	-	-	-	-
Balance at 1 January 2024 (if restated)	-	-	10 446 907	909 618	11 356 525
Allocation of the result of 2023	-	-	909 618	(909 618)	-
Economic result for the year	-	-	-	(3 765 469)	(3 765 469)
Balance as at 31 December 2024	-	-	11 356 525	(3 765 469)	7 591 056

Annex XI – Abbreviations

ACER	Agency for the Cooperation of Energy Regulators
AI	artificial intelligence
AIF	alternative investment fund
AIFMD	AIF managers directive
AWP	annual work programme
BMR	benchmark regulation
BUL	breach of EU law
CA	Contract Agent
CCP	central counterparty
COI	conflict of interest
CMU	capital markets union
CRA	credit rating agency
CSA	common supervisory action
CSD	central securities depository
CSDR	central securities depositories regulation
CTP	consolidated tape provider
DeFi	decentralised finance
DLT	distributed ledger technology
DORA	Digital Operational Resilience Act
DRSP	data reporting service provider
EBA	European Banking Authority
ECA	European Court of Auditors
ECB	European Central Bank
EEA	European Economic Area
EFIF	European Forum for Innovation Facilitators
EFRAG	European Financial Reporting Advisory Group
EIOPA	European Insurance and Occupational Pensions Authority
ELTIF	European long-term investment funds
EMAS	European eco-management and audit scheme
EMS	environmental management system
EMIR	European market infrastructure regulation

ENISA	European Union Agency for Cybersecurity
ESAP	European Single Access Point
ESAs	European supervisory authorities
ESEF	European single electronic format
ESG	environmental, social and governance
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
ESRS	European Sustainability Reporting Standards
ETFs	exchange-traded funds
FSB	Financial Stability Board
FTE	full-time equivalent
GHG	greenhouse gas
HR	human resources
IASB	International Accounting Standards Board
ICT	information and communications technology
IFR/IFD	investment firms regulation / investment firms directive
IFRS	International Financial Reporting Standards
IOSCO	International Organization of Securities Commissions
IT	information technology
ITS	implementing technical standard
JC	Joint Committee
KOI	key outcome indicators
KPI	key performance indicators
MAR	market abuse regulation
MiCA	markets in crypto-assets regulation
MiFID	markets in financial instruments directive
MiFID II	revised markets in financial instruments directive
MiFIR	markets in financial instruments regulation
MMF	money market fund
MTI	market transparency infrastructure
NCA	national competent authority
OTC	over the counter
PAI	principal adverse impact
PRIIP	packaged retail and insurance-based investment product

PTC	pre-trade controls
Q & A	questions and answers
RRR	recovery and resolution regulation
RTS	regulatory technical standards
SC	standing committee
SECR	securitisation regulation
SFDR	sustainable finance disclosure regulation
SFTR	securities financing transactions regulation
SIU	savings and investment union
SME	small and medium-sized enterprises
SMSG	Securities and Markets Stakeholder Group
SNE	Seconded National Expert
SR	securitisation repository
SRB	Single Resolution Board
SSR	short selling regulation
STS	simple, transparent and standardised
TA	Temporary Agent
TC	third country (i.e. non-EU)
TR	trade repository
TRV	trends, risks and vulnerabilities
UCITS	undertakings for collective investment in transferable securities
USSP	Union strategic supervisory priority
WG	working group

