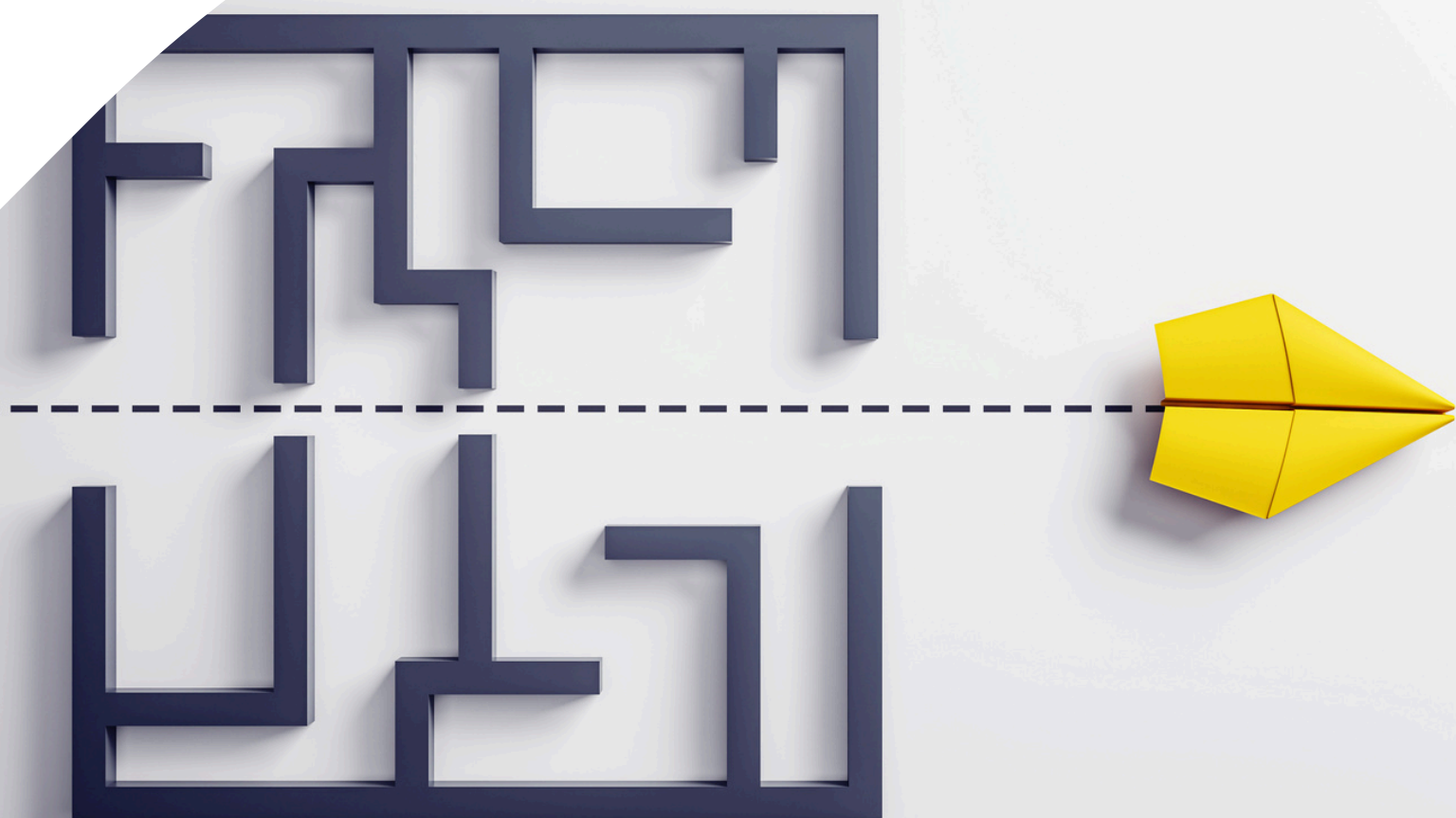


Spotlight on Markets – September & October 2025

ESMA WORK PROGRAMME FOR 2026

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- Second risk monitoring report of 2025
- Second consolidated report on sanctions and measures



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ESMA 2026 Work Programme – advancing on more integrated, accessible and competitive financial markets in the EU

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, has today published its **2026 Annual Work Programme**.

Guided by its multi-annual strategy for 2023–2028 which sets out three strategic priorities and two thematic drivers, ESMA's 2026 work programme focuses on delivering on core policy and supervisory mandates while contributing to ambitious reforms for more integrated, accessible, and innovative EU capital markets.

“A core focus in 2026 is ESMA’s ambitious, and at the same time pragmatic, approach to simplification and burden reduction. We are pursuing a holistic strategy to streamline rules, enhance risk-based supervision and ensure proportionate reporting requirements across the ESMA remit. In that spirit, we will continue the work linked to three landmark consultations already launched in 2025, on integrated funds reporting, transactional reporting and the investor journey.

We also stand ready to play a central role in the legislative initiatives set out in the upcoming SIU Strategy, including the removal of barriers in trading and post-trading, facilitating cross-border provision of funds, and strengthening supervision across the EU single market.”

Verena Ross, Chair



“ESMA’s ongoing supervisory responsibilities will expand in 2026, through the authorisation and supervision of Consolidated Tape Providers (CTPs), external reviewers under the European Green Bond framework (EUGBR), ESG rating providers, and the extension of third-country benchmark supervision. ESMA and its fellow European Supervisory Authorities will also, for the first time, jointly exercise the oversight of critical third party providers under the Digital Operational Resilience Act (DORA).

These new responsibilities will complement our existing mandates and be subject to our risk based, data driven and outcome focused supervision. Through extensive outreach and preparatory work, ESMA supervisory teams are gearing up to take on these new responsibilities.”

Natasha Cazenave, **Executive Director**



Supporting the Saving and Investments Union (SIU)

In 2026, ESMA will continue to build on existing priorities, supporting the forthcoming strategic developments set out by the Commission's Saving and Investments Union (SIU) Strategy. This includes aligning supervisory practices across Member States, enhancing market data capabilities, and actively contributing to upcoming reforms designed to create a more integrated and globally competitive EU financial system. ESMA also aims at seizing opportunities arising from digitalisation, for example by facilitating the simplification and use of clear language in disclosures.



[Read ESMA's 2026 Work Programme here](#)

ESMA's activities will remain closely aligned with the agenda of the European Commission and co-legislators, maintaining the agility needed to address evolving regulatory, economic, and technological landscapes. This responsiveness is crucial as volatility, uncertainty, and rapid change shape the global environment and impact EU financial markets. Given the significance of the forthcoming proposals under the Savings and Investments Union, ESMA stands ready to provide its technical expertise and support to the preparation and implementation of the new legislative files that will be launched.

Other regulatory and supervisory priorities for 2026

Beyond the priorities coming from the SIU strategy, ESMA will continue supporting implementation of key legislative files agreed under the previous legislature, notably the European Market Infrastructure Regulation (EMIR 3) and the European Single Access Point (ESAP).

Other ongoing legislative files which, depending on progress, may require ESMA's attention in 2026 are the Retail Investment Strategy (RIS), as well as the review of the PRIIPS, SFDR and Securitisation Regulation. ESMA will ensure that it integrates the principles of Simplification and Burden Reduction across all its activities and will follow up on the 2025 'flagship' projects seeking simplification and efficiencies in disclosure and reporting frameworks



Driving data innovation and market integration

ESMA will focus on enhancing data capabilities and promoting innovation across the EU financial sector. Key projects for 2026 include the rollout of the ESMA Data Platform, centralisation studies, and the development of AI-powered supervisory tools. These initiatives will bring common benefits to both ESMA and the National Competent Authorities, improving market efficiency and transparency through the support that data provides for risk-based and data-driven supervision across Europe.

In the digital finance sector ESMA will continue to focus on the effective implementation of MiCA, as it is key to ensuring investor protection and the orderly functioning of crypto-asset markets. ESMA's supervisory convergence efforts will remain focused notably on the authorisation and supervision of CASPs.

Finally, in line with the EU's ambition to accelerate the settlement cycle to T+1 by 11 October 2027, ESMA will also coordinate closely with market participants to ensure the smooth transition and preparedness of the financial sector for this event.



[Read ESMA's 2026 Work Programme here](#)

ESMA proposes key reforms to settlement discipline, supporting the transition to T+1

The European Securities and Markets Authority (ESMA), the EU financial markets regulator and supervisor, has published its [final report](#) recommending significant amendments to the Regulatory Technical Standards (RTS) on Settlement Discipline.

These changes aim to enhance settlement efficiency across the EU, facilitate the transition to a shorter settlement cycle (T+1) by 11 October 2027 and reduce the administrative burden on central securities depositories (CSDs) and market participants.

The proposed changes are designed to improve operational readiness of the EU financial industry and include:

- Same-day (trade date) timing for trade allocations and settlement instructions.
- Machine-readable formats for allocations and confirmations.
- Mandatory implementation of key functionalities such as hold and release, auto-partial settlement, and auto-collateralisation.
- Updated provisions for the monitoring and reporting of settlement fails.
- A phased-in implementation schedule, beginning in December 2026 and concluding by 11 October 2027, intended to ensure a smooth transition to the new regime.

ESMA strongly encourages market infrastructures, financial intermediaries and their clients to treat these regulatory changes as a central element of their T+1 transition strategy.

Next steps

The draft amendments have been submitted to the European Commission, which has three months to decide on their adoption.

The draft amendments have been submitted to the European Commission, which has three months to decide on their adoption.

The European Securities and Markets Authority (ESMA), the European financial markets regulator and supervisor, has outlined the [European Common Enforcement Priorities \(ECEP\)](#) for the 2025 annual financial reports of listed issuers.

ESMA asks issuers to focus on the following areas in their 2025 annual financial reports, in addition to general considerations:

- **IFRS financial statements:**
 - Geopolitical risks and uncertainties
 - Segment reporting
- **Sustainability statements:**
 - Materiality considerations in reporting under the European Sustainability Reporting Standards (ESRS)
 - Scope and structure of the sustainability statements
- **ESEF digital reporting:**
 - Common ESEF filing errors found in the Statement of Cash Flows

This year's priorities reaffirm ESMA's commitment to simplification and burden reduction, while maintaining a strong focus on investor protection and market stability.

In addition, the statement published today highlights the importance of connectivity between financial and sustainability information, recent IFRS developments, and consistent use of alternative performance measures.

ESMA has also published a fact-finding exercise on the 2024 corporate sustainability reporting practices by European issuers under ESRS Set 1. It examines disclosures on the double materiality assessment process and its outcomes, providing insights on enforcement priorities and future regulatory improvements.



Next steps

Issuers, auditors and supervisory bodies should consider the topics and recommendations when preparing, auditing, and supervising the 2025 annual financial reports. Issuers should take the recommendations into account based on their materiality and relevance for the issuer's operations and annual financial report.

ESMA publishes technical standards on CCP authorisations, extensions and validations

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, has published its Final Reports on the Regulatory Technical Standards (RTS) on central counterparties' (CCPs) [authorisations](#), [extensions of authorisation](#) and [model validations](#), following the review of the European Market Infrastructure Regulation (EMIR 3).

EMIR 3 introduces several measures to make EU clearing services and EU CCPs more efficient and competitive, notably by streamlining and shortening supervisory procedures for initial authorisations, extensions of authorisation and validations of changes to models and parameters.

The two sets of RTS specify:

1. the conditions for extensions of authorisation and the list of required documents and information for applications by CCPs for initial authorisations and extensions thereof, and
2. the conditions for validations of changes to CCPs' models and parameters and the list of required documents and information for applications for validations of such changes.

ESMA conducted public consultations on the draft RTS in Q1 2025. The Final Reports consider the feedback received.

Next steps

The two sets of RTS will now be submitted to the European Commission for endorsement, following which they will be subject to scrutiny by the European Parliament and the Council.

ESMA consults on CCP participation requirements

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, has launched today a [public consultation](#) on draft Regulatory Technical Standards (RTS) on the elements to be considered when central counterparties (CCPs) define participation requirements.

ESMA is encouraging stakeholders to share their views about the elements that a CCP should consider when

- establishing its admission criteria, and
- assessing the ability of non-financial counterparties acting as clearing members to meet margin requirements and default fund contributions.

All interested stakeholders are invited to provide input to the consultation. In particular, responses are sought from CCPs and direct or indirect participants of CCPs (as well as potential participants of CCPs), both financial counterparties and non-financial counterparties.

Next steps

The deadline to respond to the consultation is **5 January 2026**.

Based on the responses received, ESMA will prepare the final report and submit the final draft RTS to the European Commission by the end of Q1 2026.



[Consultation Participation Requirements](#)

EU Supervisory Authorities warn consumers of risks and limited protection for certain crypto-assets and providers

The European Supervisory Authorities (EBA, EIOPA and ESMA – the ESAs) today issued a [warning](#) to consumers, reminding that crypto-assets can be risky and that legal protection, if any, may be limited depending on which crypto-assets they invest in. This warning is accompanied by a [factsheet](#) explaining what the new EU regulation on Markets in Crypto-Assets (MiCA) means for consumers. The ESAs recommend concrete steps consumers can take to make informed decisions before investing in crypto-assets, such as checking if the provider is authorised in the EU.

Since December 2024, MiCA applies to certain types of crypto-assets and establishes a consistent supervisory regime at both national and European level for issuers and providers of crypto-assets services across the EU.

While innovative financial products, including crypto-assets, may enhance the efficiency, resilience, and competitiveness of the EU's financial system, consumers should be mindful that not all crypto-assets are the same. They should also be warned that their consumer protection (if any) might be limited depending on the types of crypto-assets and crypto-asset services they are using (e.g. lack of access to comprehensive information or a transparent and uniform claims handling procedure).

Key proposals and findings

- learn about the product or service and evaluate the risk before investing,
- check the provider of crypto-asset services is authorised in the EU and,
- make sure any wallets used to store their crypto-assets are sufficiently secured.

Those steps are particularly important at a time when consumers' interest in such products and services is on the rise, in part due to aggressive promotion on social media by influencers.

The [Joint ESAs factsheet](#) – also available in all EU languages – provides an overview of what crypto assets are, which ones are regulated under MiCA and which ones are not, and the providers consumers may encounter.



The ESAs note greater effort from financial market participants in their disclosure of principal adverse impacts

The Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA – the ESAs) today published their [fourth annual Report on the extent of voluntary disclosure of principal adverse impacts \(PAIs\)](#) under the Sustainable Finance Disclosure Regulation (SFDR). The ESAs have observed a steady improvement in the quality of the PAI voluntary disclosures at both entity and product level.

Similar to previous years, the ESAs surveyed National Competent Authorities and conducted staff-level analysis of publicly available PAI statements from the asset management, insurance and occupational pension sectors and of a sample of financial products' PAI disclosures.

The 2025 Report notes an effort from financial market participants to publish more complete information in compliance with SFDR disclosure requirements, with a general improvement in the quality of information provided.



In line with previous years, the findings also confirm that financial market participants within larger multinational groups tend to provide more detailed disclosure, while smaller entities often combine general ESG or marketing information with their SFDR disclosures.

Surveyed National Competent Authorities affirmed that some financial market participants have taken onboard the good practices included in the previous reports and have improved their disclosures.

Additionally, the 2025 Report also includes recommendations for National Competent Authorities to support their supervision of PAI disclosures and for the European Commission to consider ahead of the forthcoming review of the SFDR.

Background and legal basis

PAIs are the most significant negative impacts of investments on the environment and people. When a financial market participant considers principal adverse impacts, it means that it should seek to reduce the negative impact of the companies they invest in.

Under Article 18 of the SFDR, the ESAs must take stock of the extent of voluntary disclosures at entity and product level and publish a Report on an annual basis by 10 September.



Report on the Principal Adverse Impact disclosures

Heightened geopolitical uncertainties drive risks

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, today publishes its [second risk monitoring report of 2025](#), setting out the key risk drivers currently facing EU financial markets.

Geopolitical events continue to have a strong impact on the evolution of financial markets. In the first half of 2025 securities markets experienced pronounced volatility as global uncertainties intensified, notably with escalating trade conflicts. Investor risks have also risen in crypto-asset markets, where exuberance has been fuelled by political developments in the US and the emergence of new, high-risk business models. Overall, ESMA sees high or very high risks in the markets within its remit, and retail and institutional investors should remain alert to potential sharp market corrections, and to the liquidity strains they could entail.

Beyond the general risk drivers, ESMA's report provides an update on structural developments and the status of key sectors of financial markets, during the first half of 2025.



“We have recently seen strong volatility in most global markets, including for equities, bonds and crypto-assets.

Whilst the situation has stabilised since March/April, global uncertainties remain. Any unexpected geopolitical developments could risk driving sudden market corrections. Furthermore, the persistent growth and sophistication of cyber and hybrid threats amid heightened geopolitical tensions is amplifying the risks of operational disruptions to financial markets.

In this environment retail investors are at risk of making poor trading decisions due to information overload or misinformation, a phenomenon particularly pronounced with social media and potential gamification of trading.”

Verena Ross, *Chair*



Key proposals and findings

Markets: EU equity market performance over the last months was characterised by high volatility, at levels not seen since the COVID-19 related market stress. Equity valuations saw sharp falls and fast recovery in April related to the US tariff announcements. Overall, EU market performance as of end-June stood at +11% since the beginning of the year, amid significant sectoral heterogeneity. In fixed income markets, escalating trade tensions led to a significant widening of corporate bond spreads in early April, particularly in the high-yield (HY) segment.

Market metrics of credit quality worsened in April with the geopolitical developments, and Moody's downgraded the US to Aa1 in May. Despite a 10% drop in valuation in 1H25, crypto markets remain near their historical peak volume at EUR 3tn. The US administration's approach to crypto-assets has boosted investor sentiment. However, there are growing concerns that potential conflicts of interest may add to existing issues related to governance, credibility, and money laundering in these markets.

Asset management: In 1H25, EU funds experienced their highest episode of volatility since the COVID-19 outbreak but exhibited positive performance amid muted flows. While funds have been overall resilient, leverage and liquidity risks persist in parts of the sector. In the real-estate fund sector, market prices seem to have bottomed out, but real-estate funds continued to experience sustained outflows in some jurisdictions. In this context, ESMA and the IMF performed a stress test showing the resilience of funds to a market shock but potential spillovers to the underlying bond markets.

Consumers: Confidence around future market conditions rebounded following a sharp dip in April, supported by the continued improvement of household finances. In 1H25, consumers maintained a strong demand for bond funds, alongside a marked increase in purchases of equities and ETFs. The demographic profile of consumers suggests that older investors have a higher share of fixed income investments in their portfolios. Overall, consumer complaint levels remained steady.

Infrastructures and services: Cyber risks continued to rise globally amid ongoing geopolitical tensions. In addition, operational vulnerabilities were exposed through recent incidents, such as the blackout in the Iberian Peninsula and the T2S outage in 1Q25, even though they did not lead to systemic impacts. Equity-trading volumes increased significantly in 1H25 (+23% year-on-year), with March seeing record-high activity.

Structural developments

Market-based finance: The financing of European corporates via equity markets slowed toward the end of 2024 and remained muted in 1H25. Despite expectations of a recovery in 2025, the EU initial public offering (IPO) activity has remained subdued. Corporate bond issuance remained stable at historically high levels, with significant amounts of debt due to mature over the next five years. Corporate debt sustainability remains a concern, as highlighted by the recent widening of spreads particularly in the HY segment.

Sustainable finance: Despite shifting policy perceptions, record climate extremes are adding pressure to the global low-carbon transition. While EU ESG funds saw small net outflows in 1Q25, demand for ESG fixed-income strategies remains strong. Continued growth in the ESG bond market and robust green bond issuance reflect sustained investor appetite. Meanwhile, new ESMA guidelines on ESG fund naming are driving greater alignment between fund names and investments, contributing to market integrity and reduced greenwashing risks.

Financial innovation: Tokenisation has had limited adoption so far, but tokenised funds have seen some uptake recently. The impacts and risks of tokenisation on markets still need to be fully understood. Asset managers' bets on the AI theme have continued into 1H25 with the launch of new AI-sector investment funds. Though still limited in deployment, agentic AI poses supervisory challenges around accountability, explainability, misalignment, and systemic risks — intensified by social media and multi-agent interactions.



Trends, Risks and Vulnerabilities (TRV) Report, No. 2, 2025

ESMA publishes second consolidated report on sanctions

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, has today published its [second consolidated report on sanctions and measures](#) imposed in Member States in 2024.

In 2024, more than 970 administrative sanctions and measures were imposed across Member States in financial sectors under ESMA's remit. The number of administrative sanctions and measures remained stable compared to 2023.

The aggregated value of administrative fines increased comparing to 2023 and amounted to more than EUR 100 million. Similarly to last year, the highest amounts of administrative fines were imposed under the Market Abuse Regulation and the Markets in Financial Instruments Directive.

This year, more granular data on the types of administrative sanctions and measures, including settlements, were analysed. This shows that more than 60% of all administrative sanctions and measures imposed in 2024 were administrative fines and 10% were issued using settlement procedures. Settlements amounted to more than EUR 20 million.

Overall, the data show discrepancies in the use of sanctioning powers across Member States, for example, in terms of amounts of fines, number and types of sanctions and measures and use of settlements.

The use of sanctions is only one of multiple tools in the national securities markets authorities' supervisory toolkit, and supervisory effectiveness cannot be measured solely based on the number or value of the sanctions imposed in a Member State.



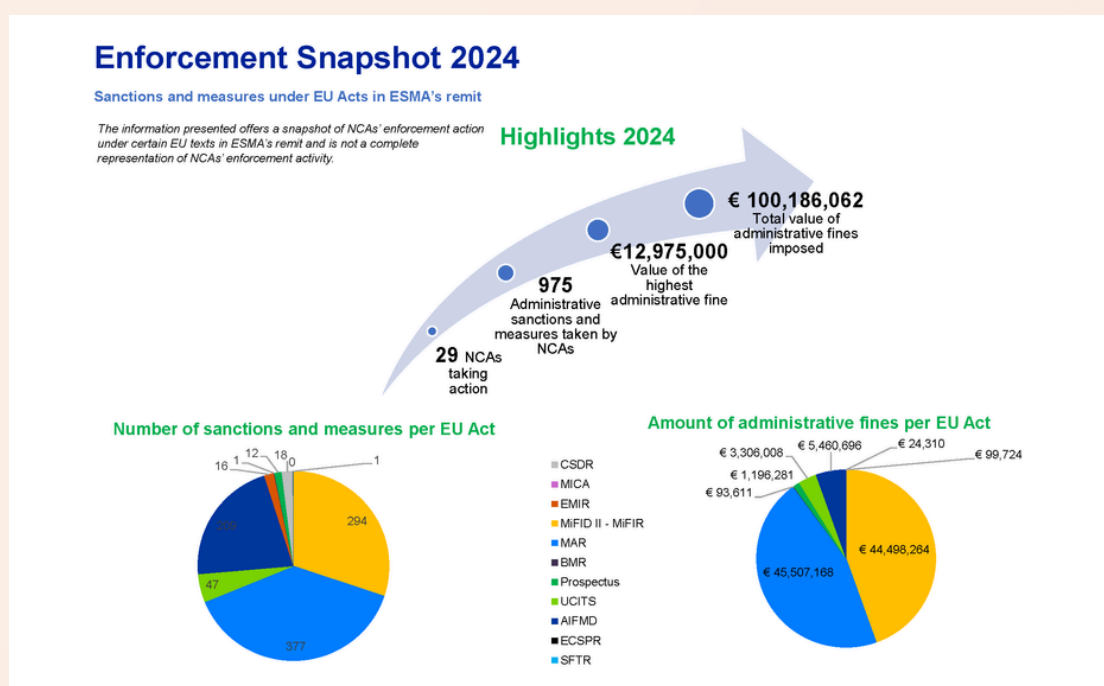
Report on sanctions and measures imposed in Member States in 2024

The data on the use of sanctions included in this report were reported to ESMA by the national securities markets authorities. In line with the ESMA Strategy 2023-2028, the consolidated report contributes to supervisory and enforcement convergence and facilitates greater transparency on sanctions. Enhancing enforcement convergence in the EU financial sector is also key for the Savings and Investments Union.

Next steps

Building on this report, ESMA will further foster discussions between national securities markets authorities on the effective and consistent implementation of capital markets rules and continue working towards ensuring that similar breaches lead to similar enforcement outcomes across the EU, irrespective of where they have been initiated.

The underlying data are available in [excel format](#). In addition, a snapshot of the report's key findings is published [here](#).



Consultations

Click on the consultation

Closing date

05 Jan

[Consultation on the EMIR 3 draft RTS on Participation Requirements](#)

Events

Click on the event

Date

05 Nov

[12th Joint ESAs Consumer Protection Day](#)

06 Nov

[Webinar on emerging trends in transition fund strategies](#)

25 Nov

[Research Conference - Understanding investment funds: Developments and risks in the EU fund industry](#)

05 Dec

[ESMA Data Day focused on burden reduction and digitalisation](#)

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