

SUMMARY OF CONCLUSIONS

Management Board

Date: 19 June 2014
Time: 14:00 – 17:30h
Location: Paris
Contact: max.simonis@esma.europa.eu T: +33 1 58 36 59 46

No Items

1. Activity report on CRA and TR supervisory activities *MB/31 discussion*

- MEMBERS & ADVISORS ONLY -

The Head of the Credit Rating Agencies Unit updated the Board on the activities of the CRA Unit.

The Board discussed the update, in particular;

- the on-going thematic investigations of small and medium sized CRAs and the monitoring of structured finance ratings; and
- the impact of the single resolution mechanism on rating methodologies for banks.

The Executive Director and a representative from the Markets Division updated the Board on the activities related to Trade Repository supervision and CCPs.

The Board discussed the update, in particular;

- the on-boarding of entities and progress of regulatory access to Trade Repositories;
- the need to improve the quality of data; and
- the functioning of the CCP colleges.

Conclusion: The Board took note of the reports. The Board will be further informed at its next meeting on the thematic investigation of small and medium sized CRAs and the planned actions and timeline for improving the data quality for TR supervision.

2. Adoption of agenda *MB/30 decision*

Decision: The agenda was adopted.

3. Report on CRA resources and staff

MB/32

discussion

The Executive Director presented the report.

The Board discussed the report, in particular;

- the allocation of resources between ESMA's different supervisory tasks; and
- the funding of ESMA's activities in the field of CRAs, in particular the proposal to have a separate establishment plan for these activities.

Conclusion: The Board agreed to submit the report on CRA resources and staff for approval to the Board of Supervisors. Paragraph 48 will be amended by stating that ESMA's budget would remain as one line in the EU budget but clearly indicating the part of the establishment plan and budget related to the fee-funded activities.

4. Summary of conclusions of March meeting

MB/28

decision

Decision: The summary of conclusions was approved.

5. Report by Chair and Executive Director

Oral

information

The Chair proposed to the Board to have an earlier election for three Management Board positions given the upcoming departure of one member and to align the replacement of this member with the expiring mandates of two other members. The Management Board supported the proposal to have the election taking place at the September Board of Supervisors.

The Executive Director reported on;

- the recent visits to ESMA by the IAS for an audit on IT Governance and project management and a follow up of the limited review on the implementation of Internal Control Standards that they performed in 2013;
- the finalised audit by the European Court of Auditors (ECA) on the ESMA financial accounts 2013 and the recently started performance audit;
- the 2014 IT work programme, indicating that the work programme will not require any mid-year amendments except for some minor changes to the budget as indicated under item 11 of this meeting;
- the decision by the Executive Director to delegate certain tasks to the Head of the Markets Division and the Head of the CRA Unit;
- the Head of EU Agencies meeting that took place on 6 June;
- the internal work on ESMA's core characteristics;
- the internal project on a data classification scheme and associated set of classification rules;
- the preliminary results of the staff satisfaction survey on which the Board will get a more detailed briefing at its next meeting.

6. Activity report

MB/33 discussion

The Executive Director and the Head of the Operations Division presented the general activity report.

The Board discussed the report, in particular;

- the progress made on the work programme, in particular the activities and risks in the area of the single rulebook, investor protection, financial stability and supervision; and
- the activities and risks in the areas of finance and procurement, human resources, IT and internal control.

Conclusion: The Board took note of the report.

7. Draft 2015 work programme

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|-----------------------------|--------------|--------------------|
| – Cover note | <i>MB/34</i> | <i>information</i> |
| – Draft 2015 work programme | <i>MB/35</i> | <i>discussion</i> |

The Executive Director presented the draft 2015 work programme and informed the Board on the recent proposal for ESMA's 2015 budget by the European Commission.

The Board discussed the report, in particular;

- the overall structure of the work programme;
- the need to have the IT-activities included in the work programme;
- the activities by the Review Panel in 2013 and 2014;
- the resources relating to ESMA's activities in the areas of supervision, MiFID II/MiFIR, product intervention, economic research and ESMA's international activities;
- the identified possible negative priorities, in particular with a view at the budget proposal by the European Commission; and
- the possible impact of political priorities of the EU institutions.

Conclusion: The work programme will be revised taking into account the comments from the Board. Following the consultation of the Standing Committees and the Securities and Markets Stakeholder Group during the summer the final 2015 work programme will be submitted for approval to the September meetings of the Management Board and Board of Supervisors.

8. Final accounts 2013

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| – Cover note | <i>MB/36</i> | <i>information</i> |
| – Final accounts 2013 | <i>Annex 1</i> | <i>decision</i> |
| – Opinion of the Management Board | <i>Annex 2</i> | <i>decision</i> |
| – Report on budgetary and financial management | <i>Annex 3</i> | <i>decision</i> |

- Management Representation Letter *Annex 4 information*

The Senior Accountant presented the 2013 final accounts.

The Board discussed the 2013 final accounts and the opinion by the Management Board, in particular the possible impact on ESMA's earlier accounts of an incorrect assumption regarding a liability of ESMA towards NCAs.

Decision: The Board approved the final accounts 2013 and adopted the opinion on the final accounts without including the final paragraph. The final accounts and the Management Board's opinion will be submitted to the European institutions.

The Senior Accountant will check the possible impact on ESMA's earlier accounts of the incorrect assumption regarding a liability of ESMA towards NCAs.

9. Financial Regulation and Implementing Rules

- Cover note *MB/37 & information
Annex 1*
- Financial Regulation and Implementing Rules *MB/38 & decision
MB/39*

The Head of the Operations Division presented the Financial Regulation and Implementing Rules.

The Board discussed the reports, in particular the provisions on the access to supervisory data by auditors.

Decision: The Board approved the Financial Regulation and Implementing Rules.

10. Payment of additional contributions – impact on 2016 budget *MB/40 information*

The Head of the Operations Division presented the report.

Conclusion: The Board took note of the report.

11. Budget transfers *MB/41 decision Annex 1*

The Head of the Operations Division presented the report.

Decision: The Board approved the budget transfer, including a minor correction to Annex 1.

12. Conflicts of interests policy

- Cover note *MB/42 information*
- Conflicts of interests policy for non-staff *MB/43 discussion*
- ESAs legal report on Article 70 ESAs Regulations *MB/44 information*

The Executive Director presented the conflicts of interest policy for non-staff.

The Board discussed the policy, in particular;

- whether the obligations on prospective employment are legally enforceable;
- the procedure for identifying and handling potential conflicts of interest, in particular the envisaged governance and the possibility for the Chair to take preventive action; and
- possible conflicts with national law.

Conclusion: Following a final round for written comments by the Management Board, the revised policy will be submitted to the Management Board for approval by written procedure.

13. HR implementing rules - flexitime

*MB/45 decision
Annex 1*

The Head of the Operations Division presented the report.

Conclusion: The Management Board showed support for the proposal but due to the absence of a quorum, no formal decision was taken.

14. Analysis of staff turnover

MB/46 information

The Head of the Operations Division presented the report.

Conclusion: The Board took note of the report.

15. Future meetings

information

- 24 September 2014 (Rome)
- 16 December 2014 (Paris)

16. Appraisal process Chair & ED

Oral discussion

- VOTING MEMBERS ONLY -

The item will be discussed at a future Management Board meeting.

17. Confidential item

- VOTING MEMBERS ONLY -

The item will be discussed at a future Management Board meeting.

Participants list

	Members	Advisers
ESMA	Steven Maijoor (Chair)	
AT	Klaus Kumpfmüller	
DK	Julie Galbo**	
FR	Gérard Rameix	Françoise Buisson
EL	Konstantinos Botopoulos	Eleftheria Apostolidou
LU	Jean Guill*	
UK	Karen Northey (alternate)	

European Commission	Patrick Pearson
Vice-Chair	Carlos Tavares* Maria Ruiz de Valasco (advisor)*
Executive Director	Verena Ross
Head of Operations Division	Nicolas Vasse
Head of Credit Rating Agencies Unit	Felix Flinterman
Markets Division	Sotiris Papiotis
Senior accountant	Stefan Meert
Ethics Officer	Stephan Karas
Summary of Conclusions	Max Simonis

* Participation via video conference

** Not attending item 1

Done at Rome on 24 September 2014

Steven Maijoor
Chair
For the Management Board