

RESOLUTION (EU) 2019/1501 OF THE EUROPEAN PARLIAMENT**of 26 March 2019****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Securities and Markets Authority for the financial year 2017**

THE EUROPEAN PARLIAMENT,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Securities and Markets Authority for the financial year 2017,
 - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Economic and Monetary Affairs (A8-0141/2019),
- A. whereas, according to its statement of revenue and expenditure ⁽¹⁾, the final budget of the European Securities and Markets Authority (the 'Authority') for the financial year 2017 was EUR 42 076 719, representing an increase of 6,37 % compared to 2016; whereas the Authority is financed by a contribution from the Union (EUR 11 019 552, 26,19 %), contributions from national supervisory authorities of the Member States (EUR 18 584 866, 44,17 %) and fees received from supervised entities (EUR 11 831 781, 28,12 %);
- B. whereas the Court of Auditors (the 'Court'), in its report on the annual accounts of the Authority for the financial year 2017 (the 'Court's report'), has stated that it has obtained reasonable assurances that the Authority's annual accounts are reliable and that the underlying transactions are legal and regular;

Budget and financial management

1. Notes with appreciation that the budget monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 100 %, representing an increase of 0,03 % compared to 2016; notes that the payment appropriations execution rate was at 89,76 %, representing an increase of 2,47 % compared to the previous year;

Cancellation of carry-overs

2. Notes that the cancellation of carry-overs from 2016 to 2017 amounted to EUR 164 310, representing 3,51 % of the total amount carried over, and a decrease of 3,65 % in comparison to 2016;

Performance

3. Acknowledges that the Authority uses certain measures as key performance indicators to assess the added value provided by its activities and to improve its budget management;
4. Notes that the Authority completed 90 % of the activities included in its annual work programme;
5. Highlights the role of the Authority in facilitating and promoting the coordination between national supervisory authorities and, where appropriate, with institutions responsible for international supervision;
6. Acknowledges that the Authority's task is to improve the functioning of the EU internal financial markets by ensuring a high, effective and consistent level of regulation and supervision, to promote the integrity and stability of the financial systems and to strengthen international supervisory coordination in order to ensure the stability and effectiveness of the financial system;
7. Stresses that, while making sure that all assignments are carried out in full and within deadline, the Authority should fulfil the tasks and the mandate assigned to it by the European Parliament and the Council and should stay within the mandate of those assignments; calls on the Authority to ensure a proper follow-up and implementation of the Court's recommendations;

⁽¹⁾ OJ C 154, 2.5.2018, p. 3.

8. Stresses that the Authority should pay particular attention to the principle of proportionality in carrying out its mandate; underlines that, in particular when formulating Level 2 and Level 3 measures, attention should be devoted to specific features of national financial markets;
9. Notes that, as the Authority's workload is increasingly shifting from regulatory tasks to enforcing and applying the Union law, the Authority's budgetary and personnel resources should be reallocated; stresses, in this respect, the need to ensure an appropriate level of prioritisation as regards resource allocation;
10. Believes that any potential increase in the Authority's means must be accompanied by adequate rationalisation measures;
11. Requests the European Securities and Markets Authority and the European Banking Authority ('EBA') to conduct an inquiry into dividend arbitrage trading schemes such as cum-ex in order to assess potential threats to the integrity of financial markets and to national budgets; to establish the nature and magnitude of actors in these schemes; to assess whether there were breaches of either national or Union law; to assess the actions taken by financial supervisors in Member States; and to make appropriate recommendations for reform and for action to the competent authorities concerned;
12. Stresses the need to allocate sufficient resources, to address existing anti-money laundering competences and to ensure a swift exchange with EBA regarding money laundering and countering the financing of terrorism; asks the Authority to develop common guidance in exchange with EBA and the European Insurance and Occupational Pensions Authority ('EIOPA') on how to integrate AML/CFT risks in prudential supervision;
13. Welcomes the fact that the Authority, along with EBA and EIOPA, forms part of the Joint Committee which aims to ensure cross-sector consistency and joint positions in the area of supervision of financial conglomerates and on other cross-sector issues, and that it shares an accounting officer with the European Union Agency for Railways;
14. Notes that an external evaluation of the three European Supervisory Authorities was carried out in 2017; calls on the Authority to report to the discharge authority on the measures taken (by the Authority) to address the shortcomings identified by the external evaluation;

Staff policy

15. Notes that, on 31 December 2017, the establishment plan was 97,33 % executed, with 146 temporary agents appointed out of 150 temporary agents authorised under the Union budget (compared with 140 authorised posts in 2016); notes that in addition 55 contract agents and 23 seconded national experts worked for the Authority in 2017;
16. Notes that the staff turnover rate of the Authority was 6,5 %, meeting the Authority's target of less than 10 % and implying a decrease of 1,50 % in comparison to the previous year;
17. Welcomes the suggestion of the Court to publish vacancy notices on the website of the European Personnel Selection Office in order to increase publicity; understands the Authority's reply concerning the high translation costs triggered by such publication;
18. Notes that the Authority has adopted a policy on protecting the dignity of the person and preventing harassment;

Procurement

19. Observes with satisfaction that the Authority successfully led an inter-EU Agency open tender procurement procedure for language e-learning, making an online learning platform for European languages available to staff; notes that thirty EU Agencies joined that procedure;

Prevention and management of conflicts of interests and transparency

20. Acknowledges the measures the Authority already has in place and its ongoing efforts to secure transparency, to prevent and manage conflicts of interests, and to protect whistleblowers; furthermore, welcomes the fact that the Authority publishes a register of staff meetings with external stakeholders;
21. Welcomes in the context of the Authority's oversight function with regards to AML and CFT the adoption of guidelines on whistleblowing and stresses the need for national supervisory authorities to adopt similar policies;

22. Notes that 28 % of the Authority's budget came from fees charged to the entities it supervises; notes with satisfaction that measures have been implemented in order to mitigate any conflicts of interests, and that those structures and processes have been audited; calls on the Authority to continue reporting to the discharge authority on its measures to ensure that no conflict of interest occurs; furthermore, notes that the Authority believes that if the Commission collected the fees, inefficiencies would arise as the Authority already has the appropriate fee-setting and collection structures and processes in place, and the Authority considers that the procedure requires specific expertise due to its dynamic and technical nature;
23. Considers that, while carrying out its work and in particular when drafting implementing measures, the Authority needs to regularly and comprehensively inform the European Parliament and Council about its activities; stresses that it is essential for the Authority, in view of the nature of its assignments, to exhibit transparency, not only to the European Parliament and the Council, but to the Union citizens as well;

Internal Controls

24. Notes that the Commission's Internal Audit Service (IAS) performed an audit on Peer Reviews of National Competent Authorities, concluding that the processes are generally adequate, efficient and effective; notes that the IAS made four recommendations, none of which were considered as critical or very important; calls on the Authority to report to the discharge authority on the measures taken to address those recommendations;

Other comments

25. Notes that, according to the Court's report, the United Kingdom's decision to withdraw from the European Union might affect the Authority's activities since the most significant supervised entities are currently located there; notes that a future decrease of the Authority's revenue resulting from the United Kingdom's decision to withdraw from the European Union is possible; calls on the Authority to remain aware of the situation in hand, prepare to mitigate any risks that may occur, and report to the discharge authority on any developments in that regard;
26. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of 26 March 2019 ⁽²⁾ on the performance, financial management and control of the agencies.

⁽²⁾ Texts adopted, P8_TA(2019)0254. See page 361 of this Official Journal.