[ESMA identifies costs and performance and data quality as new Union Strategic Supervisory Priorities]

Under these Priorities, the specific topics on which NCAs will undertake supervisory action in 2021, coordinated by ESMA, are:

1. costs and fees charged by fund managers; and
2. improving the quality of transparency data reported under MiFIR.

Under its revised Regulation, ESMA is now responsible for identifying supervisory Priorities to address key market risks impacting Member States. In this context, ESMA will coordinate supervisory action with NCAs on specific topics, the aim being to provide a structured and comprehensive response to such key risks. NCAs will incorporate these Priorities into their supervisory work programmes.

Steven Maijoor, Chair, said:

“The new powers represent an important part of the new supervisory convergence toolkit to address market risks that require specific attention and concerted supervisory action in the EU.”

“The selection of costs and performance and data quality will ensure that risks and problems in these two areas are addressed simultaneously by NCAs across the European Union and thereby ensuring greater protection for investors and the orderly functioning of markets.”

The reasons for selecting these two Priorities are the following:

Costs and Performance

The area of costs and performance is a key part of investor protection. ESMA considers that problems linked to cost and performance are multifaceted due to the lack of transparency and undue costs or differences observed in the application of certain MiFID requirements across Member States.

Unfair and disproportionate costs and fees can increase investor detriment and affect investors’ trust in financial markets. Investment firms and fund managers should have their clients’ best interests at heart and ensure that costs and charges are reasonable and disclosed in a transparent and non-complex manner.

Data Quality

Data is now a core element of securities markets regulation and it is a vital component of NCAs’ data-driven approaches to supervision. The reporting datasets and requirements have grown exponentially since the 2008 financial crisis and data quality is improving.

A better understanding of the requirements by market participants could avoid poor and late reporting. Making progress in improving data quality is important to investors, market participants and regulators as reliable and timely data is needed to deter and detect market abuse, provide transparency calculations and identify systemic and counterparty risk building up in jurisdictions.