

## ESMA sees rising market nervousness and sensitivity linked to Brexit risks

Equity markets increased slightly over the course of the 3rd quarter 2018, however market nervousness and sensitivity are rising, as evidenced by the global equity market sell-off at the beginning of October. The budget plans of Italy have led to sovereign bond market volatility remaining at a high level, and generally high market valuations coupled with market uncertainty contribute to very high market risk.

Going forward, ESMA sees concerns over a potential no-deal Brexit increasingly weighing on economic and market expectations. Risks to business operations from Brexit as well as from cyber threats continue to be a major concern, leading operational risk to remain elevated with a negative outlook