

ESMA 1Q18 RISK DASHBOARD SEES COMPLEX PRODUCTS AND VOLATILITY AS KEY RISKS

Consumer risks posed by complex products key concern

ESMA remains concerned about risks posed to investors, which have been mounting across a range of products. Therefore, ESMA has, following its earlier risk alert on Initial Coin Offerings (ICOs), issued a pan-EU warning to consumers regarding the risks of buying Virtual Currencies. To protect investors from undue risk-taking, ESMA also brought in a temporary prohibition of Binary Options and leverage restrictions on Contracts for Difference (CFDs) using its new product intervention powers under the Market in Financial Instruments Regulation (MiFIR).

Overall high levels of risk persist

In 1Q18, equity markets in the EU and elsewhere saw significant price corrections, with a 6% drop in EU stock prices in the week of 5 February alone, and the return of market volatility. ESMA's Risk Dashboard also raises concerns about persisting very high market risks. These risks result from asset over-valuations in equities as well as market uncertainty as the period of ultra-low interest rates draws to a close.

ESMA's outlook for liquidity, contagion and credit risk remains unchanged at high. Operational risk continues to be elevated, with a deteriorating outlook, as Brexit-related risks to business operations and vulnerabilities to cyber-attacks rise.

ESMA Risk Dashboard No. 2 2018

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EU's Climate-ADAPT found to be a key tool for adaptation in Europe

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The EEA report '[Sharing adaptation information across Europe](#)' is a first evaluation of the [Climate-ADAPT portal](#), which has steadily grown in content over the past six years. The evaluation is complemented by two other publications:

The number of users increased from 2 800 monthly users to over 14 000 between 2013 and 2017, reflecting the value of the information system which is seen as a practical 'first-stop-shop' for experts dealing with adaptation. Climate-ADAPT has also successfully involved many information providers who have shared their knowledge, although the evaluation notes the scope to engage more providers in the future.

The report suggests that there is also potential to grow the use of the platform by improving its reach, especially to users in eastern and central

Europe and users with less experience of adaptation. It explains that increasingly countries are moving from developing adaptation strategies to implementing action plans, which requires other information, for example, on indicators of progress and effectiveness of policies and actions – areas where Climate-ADAPT can help inform users.

The outcome of the evaluation will feed into the European Commission's evaluation of the EU's climate adaptation strategy currently taking place. It will help the Commission and the EEA in their work to update the platform ensuring it reflects changing policies and information demands at national, European and global level.

Climate-ADAPT was launched in 2012 by the European Commission and the EEA to make better use of knowledge on adaptation in Europe, to build an updated knowledge base, to enhance effective uptake by decision makers and contribute to better coordination among sectors and governance levels. It supports the EU's Adaptation Strategy to help experts make better-informed decisions and policies. The portal consists of two main components. The first provides information on vulnerability assessments, adaptation policies and strategies, funding opportunities, results from research and other projects, and news and events. The second is a database, which aims to share information on adaptation in Europe by guiding users to relevant resources held elsewhere. Case studies on what regions, cities and towns are doing in terms of adaptation actions like expanding city parks or improving flood protection to address the adverse effects of climate change, are an important part of the platform.